



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

CITY COUNCIL AGENDA Monday, June 27, 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/94877121629>*

*Members of the public may also dial in by phone using the following number:
Call 301 715 8592 Webinar ID: 948 7712 1629*

6:00 PM

15-Minute Public Comment Period*

COUNCIL MEETING

Call to Order - Mayor Archie Campbell

Invocation

Pledge of Allegiance

Roll Call

Public Comments ®

Adoption/Ordinance 2022-25/Amendment to Chapter 84/Bicycles, Skateboards and Other Conveyances
Adoption/Ordinance 2022-19/Amendment to Chapter 88//Building Code

Recognition

New City Employees

Monthly Finance Report

Ward Reports & Communications

Unfinished Business

Adoption/Resolution 2022-07/Final Clarification/Council Rules & Procedures ®
City of Milford FY21 Audit Draft

New Business

None

Executive Session ²

Motion to Recess into Executive Session

Pursuant to 29 Del. C. §10004(b)(4) Strategy sessions, including those involving legal advice or opinion from an attorney-at-law, with respect to collective bargaining or pending or potential litigation

Motion to Return to Open Session

Potential Vote/General Teamsters Local 326D

Adjournment

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

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

Ⓟ *Designated Items only; Public Comment, up to three minutes per person will be accepted.*

**The time limit is three minutes per speaker, not to exceed a total of fifteen minutes for all speakers.*

080521 113921 123021 060222 060822 061122

¹ 062222 Late Addition by City Manager/Receipt of Document

062322 Items Removed (including ¹)

² 062722 Late Addition by City Manager/Out of Town





Local Government
Management Fellow
201 S. Walnut St.
Milford, DE 19963

PHONE 302.422.1111 Ext. 1215
www.cityofmilford.com

Date: June 27, 2022

To: Mayor Archie Campbell and Members of City Council

From: Melody Barger, Local Government Management Fellow

Re: Chapter 84 Revisions

Dear Mayor and Members of Council,

In your packet you will find some revisions to Chapter 84 of the Municipal Code, Bicycles, Skateboards and Other Conveyances. The main intent of this revision is to remove city regulation requiring bicycles to be registered. The revision accomplishes this task and offers a few clarifications to the rest of the ordinance. For example, scooters and motorized scooters were not included in the original ordinance, but have now been defined and prohibited (in concurrence with the state code). Furthermore, safety equipment requirements for mobility scooters have been updated, as has some of the language in the ordinance that does not appear to be relevant in modern times. I think you will find the updated ordinance to be better organized, less choppy, and more reasonable than the original ordinance. Please let me know if you have any questions or changes.

Sincerely,

Melody Barger

PUBLIC NOTICE
NOTICE OF ORDINANCE REVIEW

NOTICE IS HEREBY GIVEN that the proposed Ordinance is currently under review by the City of Milford City Council. City Council has the option to approve, deny, or make changes to the proposed language. By adopting the ordinance, City Council will approve the ordinance which is the reason for the language being written in the affirmative. This form of writing is not used to influence any decision of City Council:

ORDINANCE 2022- 25
CHAPTER 84
Bicycles, Skateboards and Other Conveyances

The City of Milford is amending the current Chapter 84: Bicycles, Skateboards and Other Conveyances to remove antiquated language and to provide further clarification regarding regulations.

WHEREAS, the current City of Milford Chapter 84: Bicycles, Skateboards and Other Conveyances contains antiquated and irrelevant language; and

WHEREAS, the City Council has a goal to maintain ordinances in an up-to-date fashion; and

WHEREAS the City Council has expressed a desire to no longer require bicycles to be required to register at the Police Department; and

WHEREAS, further clarification of the ordinance was deemed necessary by staff; and

WHEREAS, the Milford City Council held a postponed Public Comment Session on Monday, June 27, 2022 to allow for additional comments and review of the proposed ordinance, after which a final determination was made; and

WHEREAS, this ordinance becomes effective ten days following the date of its adoption by City Council.

NOW THEREFORE BE IT RESOLVED the City of Milford hereby ordains as follows:

Section 1. Upon the adoption of this Ordinance, bicycles will no longer be required to be registered with the Police Department in Milford.

Section 2. Scooters will be regulated under the same guiding principles that regulate skateboards.

Section 3. Safety guidelines will be required to be followed regarding use of mobility scooters during the day and at night.

Section 4. Direct penalties for failure to follow the enumerations of Chapter 84 are left up to the discretion of police officers.

Section 5. Chapter 84 is hereby amended by removing text that is stricken through and adding new language in bold and underlined text:

Chapter 84 - BICYCLES, SKATEBOARDS AND OTHER CONVEYANCES

ARTICLE I – **General Provisions** ~~Use on Sidewalks~~

§ 84-1. – **Purpose** ~~Prohibited acts; penalties.~~

Bicycles, skateboards and other conveyances have become an increasingly frequent occurrence in the City of Milford on streets, sidewalks and other public areas used by automobile traffic and pedestrians. The City has determined the following regulation of such conveyances in public areas is necessary in order to protect and preserve the public health, safety and welfare.

~~A. — Any person or persons using, riding, propelling themselves or being propelled upon any bicycle or tricycle or skating upon roller skates or wheeling a wheelbarrow or pushing any pushcart with slop on it upon any of the sidewalks or pavements within the Town of Milford shall forfeit and pay a fine of not less than \$1 nor more than \$10, to be collected as other fines are collected.~~

~~ARTICLE II – Bicycle Registration~~

~~§ 84-2. – Definitions Procedure; fees.~~

As used in this article, the following terms shall have the meanings indicated:

CONVEYANCE: A bicycle, skateboard, scooter, pair of roller skates, pair of roller blades, or other devices used for transportation.

DESIGNATED SKATEBOARDING FACILITY — A public area which is designed and operated for skateboarding, approved and designated as such by Milford City Council.

MOBILITY SCOOTERS AND WHEELCHAIRS — Any self-propelled device, regardless of the number of wheels, powered by any style motor, which is designed and intended primarily for use by individuals with mobility disabilities.

MOTORIZED SCOOTER – A vehicle consisting of a footboard between two small end wheels, controlled by an upright steering handle attached to the front wheel, propelled by an electric or gasoline motor.

POSTED AREAS — Areas ~~that contain “no skateboarding” signs~~ **with signs restricting skateboarding, rollerblading, scootering, or bicycling.**

PUBLIC AREAS — Any place which is open and available to public use, occupation, passage or traffic, whether owned by a public or private entity, and including all streets, lanes, ways, alleys, sidewalks, parking lots, parks, plazas, tennis courts, basketball courts, playgrounds and school yards. In addition to its ordinary meaning, "public place" shall also include the City's benches, plaques, memorials, steps and railings.

PUBLIC STREETS – Roads, highways, sidewalks or any other thoroughfare dedicated, constructed or maintained by the City of Milford or the State of Delaware within the municipal limits.

ROLLER BLADES – A type of roller skate that has two front and two rear wheels, typically referred to as “inline skates.”

ROLLER SKATES - A shoe or boot with a set of wheels attached to its sole for skating on hard surfaces.

SCOOTER – A vehicle typically ridden as recreation, consisting of a footboard mounted on two wheels and a long steering handle, propelled by resting one foot on the footboard and pushing the other against the ground.

SCOOTERING – The act of pushing, propelling or riding a scooter.

SKATEBOARD — A single platform mounted on a wheel or wheels in which a person can ride in a standing or crouching position, propelling themselves by occasionally pushing one foot against the ground or operating a motor.

SKATEBOARDING — The act of pushing, propelling or riding a skateboard.

~~Beginning August 15, 1974, any bicycle being on the streets or other public places within the City of Milford shall have been registered with the Milford Police Department, as follows:~~

~~A. — The bicycle is to be brought to the Milford Police Department, where a registration form giving pertinent information about the owner and the bicycle will be filled out and kept at the Police Department.~~

~~B. — A registration tag will be issued each owner, and the registration number thereon will be permanently stamped into the frame of the bicycle for identification purposes.~~

~~C. — In the event of change of ownership of a bicycle registered under this article, the new owner shall appear at the Milford Police Department with proof of ownership and have the registration transferred into his name within 10 days.~~

~~D. — A fee of \$1 shall be charged by the Police Department for each bicycle registered under this article.~~

~~E. — Any bicycle being owned by a resident of the City of Milford and being upon the streets or other public places within the city and not registered as set forth in this article shall be impounded by the Police~~

~~Department, and an impoundment fee of \$5 will be charged the owner thereof. The five-dollar fee is a flat fee.~~

~~F. Upon payment of the impoundment fee the bicycle will be properly registered and released to the owner.~~

~~G. All registration and impoundment fees collected under the terms of this article shall be shown on the monthly police report, as are other miscellaneous sources of income.~~

~~ARTICLE III – Skateboards~~

~~ARTICLE II – Bicycles~~

~~§ 84-3. – Permitted use Purpose~~

~~Any person or persons using, riding, propelling themselves or being propelled upon any conveyance upon any of the sidewalks or pavements within the City of Milford shall do so in a safe manor.~~

~~Skateboarding has become an increasingly frequent occurrence in the City of Milford on streets, sidewalks and other public areas used by automobile traffic and pedestrians. The City has determined the following regulation of skateboarding in public areas is necessary in order to protect and preserve the public health, safety and welfare.~~

~~§ 84-4. – Prohibited acts Definitions~~

~~A. **When parking and securing bicycles in public locations, bike racks shall be used. When bike racks are not available, no bicycle shall be attached to a post, tree, bench or fence located on any sidewalk, street or public place within the City limits in such a manner that impedes pedestrian travel or public safety.**~~

~~B. **The Chief of Police or City Manager (or designee) may post areas where bicycle riding is prohibited to ensure the safety of the public. In such cases, no person shall ride or operate any bicycle within areas posted by the City of Milford.**~~

~~As used in this article, the following terms shall have the meanings indicated:~~

~~DESIGNATED SKATEBOARDING FACILITY — A public area which is designed and operated for skateboarding, approved and designated as such by Milford City Council.~~

~~POSTED AREAS — Areas that contain "no skateboarding" signs.~~

~~PUBLIC AREAS — Any place which is open and available to public use, occupation, passage or traffic, whether owned by a public or private entity, and including all streets, lanes, ways, alleys, sidewalks, parking lots, parks, plazas, tennis courts, basketball courts, playgrounds and school yards. In addition to its ordinary meaning, "public place" shall also include the City's benches, plaques, memorials, steps and railings.~~

~~SKATEBOARD — A single platform mounted on wheels, having no mechanism device with which to power, steer, or control direction of movement while being used, operated or ridden.~~

~~SKATEBOARDING — The act of pushing, propelling or riding a skateboard.~~

~~ARTICLE III – Skateboards **and Scooters**~~

~~§ 84-5. – Purpose~~

~~Skateboarding has become an increasingly frequent occurrence in the City of Milford on streets, sidewalks and other public areas used by automobile traffic and pedestrians. The City has determined the following regulation of skateboarding in public areas is necessary in order to protect and preserve the public health, safety and welfare.~~

~~§ 84-4. – Definitions~~

~~As used in this article, the following terms shall have the meanings indicated:~~

~~DESIGNATED SKATEBOARDING FACILITY—A public area which is designed and operated for skateboarding, approved and designated as such by Milford City Council.~~

~~POSTED AREAS—Areas that contain "no skateboarding" signs.~~

~~PUBLIC AREAS—Any place which is open and available to public use, occupation, passage or traffic, whether owned by a public or private entity, and including all streets, lanes, ways, alleys, sidewalks, parking lots, parks, plazas, tennis courts, basketball courts, playgrounds and school yards. In addition to its ordinary meaning, "public place" shall also include the City's benches, plaques, memorials, steps and railings.~~

~~SKATEBOARD—A single platform mounted on wheels, having no mechanism device with which to power, steer, or control direction of movement while being used, operated or ridden.~~

~~SKATEBOARDING—The act of pushing, propelling or riding a skateboard.~~

§ 84-6. Use in public areas ~~prohibited~~

Skateboards and scooters may be operated in the following public areas: ~~No person shall operate, or cause to be operated, a skateboard on a public area except:~~

- A. In a designated skateboarding facility.
- B. In a privately owned public parking lot, if the owner has provided express written permission.

Motorized skateboards and scooters are prohibited in public areas.

ARTICLE IV – Mobility Scooters and Wheelchairs

§ 84-7. – Safety Equipment ~~Enforcement, rules and regulations~~

A. Daytime Operation. All Mobility Scooters and Wheelchairs operating in Public Areas during daylight hours shall be equipped with at least one of the following:

- (1) Slow moving vehicle fluorescent triangle on the rear of the device; or**
- (2) Fluorescent or brightly colored safety flag.**

B. Nighttime Operation. All Mobility Scooters and Wheelchairs operating in Public Areas at night or any other time when lighted lamps are required under 21 Del. C. § 4331 shall be equipped, at a minimum, with all of the following:

- (1) A lamp emitting a white light which, while the device is in a Public Area, illuminates the Public Area in front of the operator and is visible from a distance of 300 feet in front and from the sides of the motorized scooter or wheelchair.**
- (2) A red reflector on the rear of the device of the type approved by the Department of Transportation for bicycles, as defined under 21 Del. C. § 4198F(b).**
- (3) A white, yellow, or red reflector on each side of the device that is visible from a distance of at least 200 feet.**

C. Every Mobility Scooter and Wheelchair operating in Public Areas shall be equipped with a braking system which enables its operator to stop the device within 25 feet from a speed of 10 miles per hour on dry, level, clean pavement.

~~A.—This article may be enforced by any law enforcement officer.~~

~~B. River Park Skating Committee shall adopt written rules and regulations governing the use of skateboards and operation of a skateboarding facility or designated area.~~

ARTICLE V – Violations and penalties; enforcement

§ 84-7. - Violations and penalties.

A. Any person found in violation of this article shall be penalized as follows:

- (1) First offense: written warning.
- (2) Second offense: fine of \$10.
- (3) Third offense: fine of \$25.
- (4) Fourth offense: fine of \$50.
- (5) Fifth offense: fine of \$100.

B. Fines may be doubled in areas where signs are posted.

C. In the case of any violator 16 years or younger, the parents will be subject to a court summons if the fine is not paid. If not paid within 30 days, the offender is subject to a court summons, with a fine up to \$150.

~~ARTICLE IV – Motorized Scooters and Wheelchairs~~

§ 84-8. - **Enforcement** ~~Definitions~~

A. This chapter may be enforced by any law enforcement officer.

~~MOTORIZED SCOOTERS AND WHEELCHAIRS — Any self-propelled device, regardless of the number of wheels, powered by any style motor, which is designed and intended primarily for use by individuals with mobility disabilities.~~

~~PUBLIC STREETS — For purposes of this Article IV shall mean roads, highways, sidewalks or any other thoroughfare dedicated, constructed or maintained by the City of Milford or the State of Delaware within the municipal limits.~~

~~§ 84-9. — Safety equipment:~~

~~A. — Daytime Operation. All Motorized Scooters and Wheelchairs operating on Public Streets during daylight hours shall be equipped with at least one of the following:~~

- ~~(1) — Slow moving vehicle fluorescent triangle on the rear of the device; or~~
- ~~(2) — Red safety flag.~~

~~B. — Nighttime Operation. All Motorized Scooters and Wheelchairs operating on Public Streets at night or any other time when lighted lamps are required under 21 Del. C. § 4331 shall be equipped, at a minimum, with all of the following:~~

- ~~(1) — A lamp emitting a white light which, while the device is on the Public Street, illuminates the Public Street in front of the operator and is visible from a distance of 300 feet in front and from the sides of the motorized scooter or wheelchair.~~
- ~~(2) — A red reflector on the rear of the device of the type approved by the Department of Transportation for bicycles, as defined under 21 Del. C. § 4198F(b).~~
- ~~(3) — A white, yellow, or red reflector on each side of the device that is visible from a distance of at least 200 feet.~~

~~C. — Every Motorized Scooter and Wheelchair operating on Public Streets shall be equipped with a braking system which enables its operator to stop the device within 25 feet from a speed of 10 miles per hour on dry, level, clean pavement.~~

~~§ 84-10. — Enforcement.~~

~~This article shall be enforced by the City of Milford Police Department.~~

~~§ 84-11. Fines and penalties.~~

~~A. Any person found in violation of this article shall be penalized as follows:~~

- ~~1) First offense: Written Warning.~~
- ~~2) Second offense: \$10 fine.~~
- ~~3) Third offense: \$25 fine.~~
- ~~4) Fourth offense: \$50 fine.~~
- ~~5) Fifth and subsequent offenses: \$100 fine.~~

Section 6. Scheduled Dates.

City Council Introduction: Monday, May 9, 2022

City Council Public Comment & Hearing: Monday, June 27, 2022

Section 7. Effective: Ten (10) Days following adoption.

DSN 06/24/2022



THE CITY of

Milford
DELAWARE

Chapter 84: Bicycles, Skateboards and Other Conveyances

June 27, 2022



Relevant Changes

- ▶ Removed antiquated language
 - ▶ Pushcart of slop
- ▶ Removed requirement that all bicycles must be registered at the police station
- ▶ Added clarifying language
 - ▶ Definitions clarified
 - ▶ Required bikes to be parked at bike racks
 - ▶ Clarified the difference between a motorized scooter and a mobility scooter
- ▶ Added language regarding scooters and motorized scooters
 - ▶ Same as skateboard requirements (designated facilities and privately own lots at owner's written permission)



Questions?



TO: Mayor and City Councilmembers

FROM: Rob Pierce, AICP - Planning Director

DATE: June 27, 2022

RE: Chapter 88 – Building Construction – Code Amendment

City Council held workshops on January 10, 2022 and February 23, 2022 to discuss a proposed amendment to Chapter 88 Building Construction that would adopt the 2018 International Residential Code (IRC), the 2018 International Building Code (IBC), and the 2018 International Swimming Pool and Spa Code (ISPSC). The discussions involved several stakeholders, including representatives from the Delaware Fire Sprinkler Coalition, State Fire Marshal’s Office, and Carlisle Fire Company.

Adoption of the 2018 IRC would include a requirement to install automatic fire sprinkler systems for new one- and two-family dwellings and townhouses.

The City currently operates under the 2012 version of the IRC and IBC, which was adopted by City Council in March 2018. The City elected not to require automatic fire sprinkler systems for residential dwellings and deleted this code section in its entirety during the 2012 code adoption.

Kent County operates under the 2018 IRC and IBC but does not mandate automatic fire sprinkler systems for residential dwellings. Sussex County recently adopted the 2021 IRC and IBC and voted not to require automatic fire sprinkler systems for residential dwellings. The City of Newark, City of Lewes, and Town of Milton are the only three jurisdictions in the State of Delaware that mandate automatic fire sprinkler systems for one- and two-family dwellings. There are a total of 57 municipalities and 3 county jurisdictions in Delaware.

Staff recommends approval of Ordinance 2022-19 to adopt the 2018 International Residential Code (IRC), the 2018 International Building Code (IBC), and the 2018 International Swimming Pool and Spa Code (ISPSC), including adoption of the automatic fire sprinkler system requirement for townhouses and one- and two- family dwellings. Staff recommends delaying the effective date of this ordinance to January 1, 2023.

CITY OF MILFORD PUBLIC NOTICE
NOTICE OF ORDINANCE REVIEW
Chapter 88 BUILDING CONSTRUCTION
Ordinance 2022-19

PUBLIC COMMENTS: Monday, June 27, 2022 at 6:00 p.m.
Joseph R. Rogers Council Chambers, Milford City Hall, 201 South Walnut Street, Milford, DE

NOTICE IS HEREBY GIVEN that the proposed Ordinance is currently under review by the City of Milford City Council. City Council has the option to approve, deny, or make changes to the proposed language. By adopting the ordinance, City Council will approve the amendment to the Code which is the reason for the language being written in the affirmative. This form of writing is not used to influence any decision of City Council:

WHEREAS, the Mayor and City Council of the City of Milford are charged with the protection of the public health, safety and welfare of the citizens of the City of Milford; and,

WHEREAS, the City regulates construction practices and standards by means of technical codes prepared by the International Code Council; and

WHEREAS, the Mayor and City Council desire to amend the City of Milford Code Chapter 88 Building Construction to adopt the 2018 editions of the International Residential Code, International Building Code and International Swimming Pool and Spa Code; and

WHEREAS, Milford City Council held a Public Comment Session on June 27, 2022 to allow the public to comment, followed by a final review and determination of the ordinance.

NOW, THEREFORE, the City of Milford hereby ordains:

Section 1. An Ordinance to amend Chapter 88 Building Construction of the City of Milford Code.

Section 2. Sections 88-1, 88-2, 88-4, and 88-5 are hereby amended.

Section 3. Sections 88-26 and 88-27 are hereby added.

Section 4. Strikethrough text denotes deletion; underlined and bold text denotes an addition.

ARTICLE I - International Residential Code

§ 88-1. - Adoption of code.

That a certain document, three copies of which are on file in the office of the Department of Planning of the City of Milford, being marked and designated as the International Residential Code, ~~2012~~**2018** edition, including Appendix Chapters C, ~~G, E, and J,~~ **and Q** be and is hereby adopted as the Residential Code of the City of Milford, in the State of Delaware, for regulating and governing the construction, alteration, movement, enlargement, replacement, repair, equipment, location, removal, and demolition of detached one- and two-family dwellings and multiple single-family dwellings (townhouses) not more than three stories in height with separate means of egress as herein provided; providing for the issuance of permits and collection of fees therefor; and each and all of the regulations, provisions, penalties, conditions, and terms of said Residential Code on file in the office of the City of Milford are hereby referred to, adopted, and made a part hereof, as if fully set out in this article, with the additions, insertions, deletions, and changes, if any, prescribed in § 88-2 of this chapter.

§ 88-2. - Additions, insertions and changes.

The following sections are hereby revised:

A. Chapter 1, **Scope and Application** Administration.

- (1) Section R101.1. Insert: City of Milford
- (2) Section R105. Permits.

(a) Add: Section R105.1.

[1] Delaware Department of Transportation Approval. The building official may require an entrance/exit permit from the Delaware Department of Transportation upon application for a building permit for all nonresidential and residential buildings on state-maintained roads.

[2] Other permit approvals. Before a building permit is issued, additional agency approvals may be required. Such agency approvals include, but are not limited to, Delaware State Fire Marshal, Kent/Sussex Conservation District, Delaware Division of Public Health, Delaware Department of Natural Resources and Environmental Control, and a Delaware-recognized electrical inspection agency.

[3] Energy code compliance. An energy code compliance certificate shall be submitted with each single-family dwelling permit application, or meet the prescriptive requirements of Section 402 of the International Energy Conservation Code currently adopted by the State of Delaware.

(ab**) Section R105.2, Work exempt from permit, is deleted in its entirety. Remove language under "Building:" and replace with the following;**

[1] One-story detached accessory structures used as tool and storage sheds, playhouses and similar uses, provided the floor area does not exceed 24 square feet.

[2] Fences not over six feet in height.

[a] Exceptions:

[i] Fences required for pools

[ii] Fences required by the State of Delaware for home-based day cares.

[iii] Fences required by the City of Milford Planning Department as part of an approved subdivision or land development application.

[3] Retaining walls which are not over four feet in exposed height, unless supporting a surcharge or impounding class I, II or III-A liquids.

[4] Painting, papering, tiling, carpeting, cabinets, counter tops and similar finish work.

[5] Water tanks supported directly on grade if the capacity is not greater than 5,000 gallons and the ratio of height to diameter or width is not greater than 2:1.

[6] Sidewalks and driveways.

[7] Replacement of roof covering that does not involve the repair or replacement of more than 25 percent of the roof.

[8] Prefabricated swimming pools accessory to a one- or two-family dwelling, which are less than 24 inches deep, do not exceed 5,000 gallons and are installed entirely above ground.

[9] Swings and other playground equipment accessory to one- and two-family dwellings.

[10] Window awnings supported by an exterior wall which do not project more than 54 inches from the exterior wall and do not require additional support.

[11] Non-fixed and movable fixtures, cases, racks, counters and partitions not over five feet nine inches in height.

(b)c) Add: R105.5.1. Time limitation of permit. A permit for any activity for which a permit is required shall be valid for one year from the date of issuance.

(e)d) Add: R105.5.2. Completion of construction. All construction for which a building permit is required must be completed and pass final inspection within one year after issuance of a building permit. One extension of six months, accompanied by a renewal fee of a minimum of \$50 or 10% of the original building permit fee, whichever is greater, may, at the discretion of the Code Official, be granted.

(3) Section R108, Fees.

(a) Add: R108.6.1. Violation fee. When obtaining a building permit after the start of construction, the building permit fee shall be assessed a violation fee as outlined in the adopted Planning and Economic Development Department Fee Schedule.

(b) Add: R108.7. Delinquent taxes and fees. No building permits, certificate of occupancy, or certificate of completion shall be issued for a property if any of the following parties, having an interest in the application or the property the application is filed for, are not in good standing with the city: the applicant, the property owner, the equitable owner, the permit holder, or any individual with a controlling interest in the property (controlling interest means the acquisition of sufficient dominance to determine the operational and financial policies, including disposition of its assets, of any legal entity that is an applicant, property owner, equitable owner or permit holder, but excluding mortgage holders). "Not in good standing" means that at the time of the request a municipal lien has been imposed upon the property or any of the above enumerated parties are delinquent in the payment of monies owed to the city.

(4) Add: 109.1.1.1. Waterproofing inspection. A waterproofing inspection will be required for all dwelling units with basements. The inspection will be required before the basement walls are backfilled.

(5) Add: 109.1.1.2. As-Built Survey. An as-built survey prepared by a State of Delaware licensed professional surveyor or civil engineer shall be required for new structures and additions to existing structures as follows:

(a) Foundation as-built survey shall be provided once the foundation has been constructed and prior to commencement of framing in the following instances:

1. All new structures other than residential accessory structures.

2. At any time when a variance from required area requirements was required for construction approval.

3. Where required by the building/code official.

(5) ~~(6)~~ **Replace:** Section R112. Board of Appeals, ~~is deleted in its entirety and replaced with the following:~~

R112.1. General. Appeals of orders, decisions, or determination made by the Building and/or Code Official relative to the application and interpretation of this code, shall proceed as described in Article III of this Chapter.

(6) ~~(7)~~ **Replace:** R113.4. Violation penalties. Any person who shall violate a provision of this code or fails to comply with any of the requirements thereof or who shall erects, constructs, alters or repairs a building or structure in violation of the approved construction documents or directive of the Building Official, or of a permit or certificate issued under the provisions of this code shall be guilty of a misdemeanor, punishable by a fine of not more than \$500. Each day that a violation continues after due notice has been served shall be deemed as a separate offense.

(7) ~~(8)~~ **Replace:** R114.2. Unlawful continuance. Any person who shall continue any work in or about the structure after having been served with a stop work order, except such work as the person is directed to perform to remove a violation or unsafe condition shall be liable to a fine of not less than \$500.

B. ~~Chapter 2, Definitions. Adopt without changes.~~

~~C. Chapter 3, Building Planning.~~

(1) Add: TABLE R301.2(1)

Climatic and Geographic Design Criteria

Ground Snow Load	Wind Speed (mph)		Seismic Design Category	Subject To Damage From			Winter Design Temp	Ice Barrier Underlayment Required	Flood Hazards	Air Freezing Index	Mean Annual Temp	Assumed Soil Bearing
	Speed (mph)	Topographic Effects		Weathering	Frost line depth	Termite						
25	90	NO	A	SEVERE	24"	MOD-HEAVY	14	YES	9/14/92 3/16/15 7/7/14 1/6/05	368	55.7F	2000 psf

Ground Snow Load	Wind Design				Seismic Design Category	Subject to Damage From			Winter Design Temp	Ice Barrier Underlayment Required	Flood Hazards	Air Freezing Index	Mean Annual Temp
	Speed	Topographic Effects	Special Wind Region	Wind-Borne Debris Zone		Weathering	Frost Line Depth	Termite					
25 lbs./sq. ft.	115 mph	No	No	No	A	Severe	24"	Mod-Heavy	18° F	Yes	9/14/1992 1/06/2005 7/7/2014 3/16/2015	596	54° F
Manual J Design Criteria													
Elevation	Latitude	Winter Heating		Summer Cooling	Altitude Correction Factor	Indoor Design Temp	Design Temp Cooling	Heating Temp Difference					
23 ft.	39°	18° F		89° F	1.0	72° F	75° F	56° F					
Cooling Temp Difference	Wind Velocity Heating	Wind Velocity Cooling	Coincident Wet Bulb		Daily Range	Winter Humidity	Summer Humidity						
14° F	15 mph	7.5 mph	75		M	50%	50%						

(2) Add: Section 310.2.5.1. Replacement Window. At least one emergency escape and rescue opening complying with Section 310.2 is required in any sleeping room that is being added or gutted due to renovation to a structure.

(23) Replace: Section R311, Means of Egress. Replace the following:

~~(a)~~ Section R 311.7.5.1 Risers. The maximum riser height shall be 8-1/4 inches (209.6 mm). The riser shall be measured vertically between leading edges of the adjacent reads. The greatest riser height within any flight of stairs shall not exceed the smallest by more than 3/8 inch (9.5 mm). The riser height at landings with hinged doors shall be measured from the landing vertically to the top of the threshold (not the compression strip). The riser height at landings with sliding doors shall be measured from the landing vertically to the top of the highest projection of the door track. Risers shall be vertical or sloped from the underside of the nosing of the tread above at an angle not more than 30 degrees (0.51 rad) from the vertical. Open risers are permitted provided that the opening between treads does not permit the passage of a 6-inch-diameter (102 mm) sphere.

Exceptions:

~~The opening between adjacent treads is not limited on stairs with a total rise of 8 1/4 inches (209.55 mm) or less.~~

(a) The opening between adjacent treads is not limited on spiral stairways.

(b) The riser height of spiral stairways shall be in accordance with Section R311.7.10.1.

~~(4)(b)~~ **Replace:** R311.7.5.2 Treads. The minimum tread depth shall be 9 inches (229 mm). The tread depth shall be measured horizontally between the vertical planes of the foremost projection of adjacent treads and at a right angle to the tread's leading edge. The greatest tread depth within any flight of stairs shall not exceed the smallest by more than 3/8 inch (9.5 mm).

~~(3)~~ Section R313. Automatic Fire Sprinkler Systems. Deleted in its entirety.

~~(4)~~ Section R319. Site Address.

~~(a) Add: R319.1. Street Identification. Permanent street signs shall be in place prior to the issuance of the Certificate of Occupancy.~~

(5) Replace: R315.2.1. New Construction. For new construction, carbon monoxide alarms shall be provided in dwelling units.

(6) Replace: R324.6. Roof access and pathways. Roof access, pathways and setback requirements shall be provided in accordance with Sections R324.6.1 and R324.6.2, through R324.6.2.1. Access and minimum spacing shall be required to provide emergency access to the roof, to provide pathways to specific areas of the roof, to provide for smoke ventilation opportunity areas, and to provide emergency egress from the roof.

(7) Replace: R324.6.1. Pathways. A 36" pathway shall be provided on all edges, valleys and hips of roofs. Pathways on townhomes shall maintain at least 18" from the property line if the roof on either side of the property line shares the same plane. If the plan of the roof is different, a 36" pathway shall be provided on each side.

(8) Replace: R324.6.2. Setback at ridge. A 36" clear setback is required on each side of the horizontal ridge.

(9) Delete: R324.6.2.1. Alternative setback at ridge.

CD. Chapter 4, Foundations. ~~Adopt without changes.~~

(1) Replace: R403.1.1. Minimum Size. All continuous footings shall be a minimum of 8" depth by 16" width. Footings shall be sized to support the imposed loads. Footing projections, P, shall not be less than 2 inches and shall not exceed the thickness of the footing. Footing thickness and projection for fireplaces shall be in accordance with Section R1001.2. The size of footings supporting piers and columns shall be based on the tributary load and allowable soil pressure in accordance with Table R401.4.1. Footings for wood foundations shall be in accordance with details set forth in Section R403.2, and Figures R403.1(2) and R403.1(3). Footings for precast foundations shall be in accordance with details set forth in Section R403.4, Table 403.4, and Figures R403.4(1) and R403.4(2).

Exceptions:

(a) Minimum footings for single-story decks shall be 3 times the widest nominally measured side of the post. Footings must also be sized to support the imposed loads; interior post locations support more weight than perimeter posts.

(b) Decks having vertical members spaced 6 feet on center or less may be placed on a 4-inch concrete pad, provided the vertical members are placed 12 inches inside the perimeter of the pad and are anchored on all corners with approved anchoring devices. Decks 20 feet or more in length shall have two additional anchors installed on each side mid-span.

(c) Residential accessory structures less than 300 square feet in area, with the exception of a pole building or garage, shall be leveled and secured with tie-downs or equivalent manufactured home anchoring devices, one in each corner. Structures 20 feet or more in length shall have two additional anchors installed on each side mid-span. All lumber and wood siding is to be pressure treated from grade to 8 inches above finished grade. Pressure-treated lumber shall meet the requirements set forth in Section R317.

(d) Prefabricated room enclosures are to be placed on an approved support system per the manufacturer's installation instruction.

- (2) Replace: R405.1. Concrete or masonry foundations. Drains shall be provided around concrete or masonry foundations that retain earth and enclose crawl space/basements of habitable or usable spaces located below grade. Drainage tiles, gravel or crushed stone drains, perforated pipe or other approved systems or materials shall be installed at or below the top of the footing or below the bottom of the slab and shall discharge by gravity or mechanical means into an approved drainage system. Gravel or crushed stone drains shall extend not less than 1 foot above the top of the footing and be covered with an approved filter membrane material. The top of open joints of the drain tiles shall be protected with strips of building paper. Except where otherwise recommended by the drain manufacturer, perforated drains shall be surrounded with an approved filter membrane or the filter membrane shall cover the washed gravel or crushed rock covering the drain. Drainage tiles or perforated pipe shall be placed on not less than two inches of washed gravel or crushed rock not less than one sieve size larger than the tile joint opening or perforation and covered with not less than six inches of the same material.

Exception: A drainage system is not required where the foundation is installed on well-drained ground or sand-gravel mixture soils according to the unified Soil Classification System, Group 1 soils, as detailed in Table R405.1

- (3) Replace: R405.2.3. Drainage systems. In other than Group 1 soils, a sump shall be provided to drain the porous layer and footings. The sump shall be not less than 24 inches in diameter or 20 inches square, shall extend not less than 24 inches below the bottom of the crawl space or basement floor and shall be capable of positive gravity or mechanical drainage to remove any accumulated water. The drainage system shall discharge into an approved sewer system or to daylight.

DE. Chapter 5, Floors. ~~Adopt without changes.~~

- (1) Add: R502.3.4. Deck floor joist spans. Deck floor joist spans shall be in accordance with American Forest and Paper, Design for Acceptance #6, Prescriptive Residential Wood Deck Construction Guide.
- (2) Add: R502.5.1. Deck girder spans. Deck girder spans shall be in accordance with the American Forest and Paper, Design for Acceptance #6, Prescriptive Residential Wood Deck Construction Guide.

EF. Chapter 6, Wall Construction. ~~Adopt without changes.~~

- (1) Replace: R602.10. Wall bracing. Buildings shall be braced in accordance with this section or, when applicable, Section R602.12. Where a building or portion thereof, does not comply with one or more of the bracing requirements in this section, those portions shall be designed and constructed in accordance with Section R301.1.

Exception: Porches with roofs and screen porches shall not be required to comply with the requirements of R602.10 Wall Bracing, when constructed with approved translucent or transparent plastic not more than 0.125 inch in thickness.

- (2) Add: R611.1. Definitions. POST FRAME BUILDING: A structural building frame consisting of a wood truss or rafters connected to vertical timber columns or sidewall posts, which function as the principal gravity and load resisting elements of the building. A building used for motor vehicles is considered a garage and must meet the requirements in Section R309 as well as Section 614 of this code.
- (3) Add: R612.1. Design loads. Plans are required to meet the minimum design loads noted in Table 301.2(1). Uplift reaction forces involved are required to be provided.

- (4) Add: R612.2. Truss design drawings. Truss design drawings are required at the time of plan submittal. The building plans should specify the permanent bracing for cords and webs to meet the bracing requirements shown on the truss design drawings.
- (5) Add: R612.3. Size, grade and species of wood members. All lumber shown on the submitted drawings should identify the size, grade and species or species group. Any engineered lumber should be identified by the product name, size and stress grade.
- (6) Add: R612.4. Isolation of siding. Methods and materials to isolate siding from preservative treated lumber should be specified 26 and detailed on the submitted plans.
- (7) Add: R612.5. Construction of truss carrier to bearing post. Submitted plans shall specify a bearing notch, properly designed bearing block, or other means for positive load transfer.
- (8) Add: R612.6. Fastener schedule. Submitted plans are required to include a fastener schedule completely describing the fasteners and quantities required at each connection. Power-driven nails should specify the type, diameter and length.
- (9) Add: R612.7. Roofing and siding diaphragms. Submitted plans shall include metal roof and wall panel thickness, fastener type and size, and the fastener pattern for roof and siding panels. If stitch screws are required to attach metal sheet-to-sheet, the plans should show the locations. Shingles roofs shall meet the requirements of Section R905.
- (10) Add: R613.1. Footing depth. Footings for post frame structures shall extend a minimum of 40 inches below grade.
- (11) Add: R613.2. Footing size. Footings for all post frame structures shall be sized to support the loads imposed. Minimum footing sizes for all post frame structures shall be 18 inches diameter and a minimum of 12 inches thick concrete under the support posts.
- (12) Add: R613.3. Resistance to uplift. A lumber cleat shall be attached to the bottom of all vertical support posts to resist uplift. Exception: Other means to resist uplift may be used and should be noted on the submitted plans.
- (13) Add: R614.1. Preservative treatment. All wood in contact with the ground shall be preservative-treated meeting the requirements of Section R319.
- (14) Add: R614.2. Support posts. Support posts fabricated from multiple plies shall have the number of plies of lumber, lumber species, grade, and connection system between plies noted.
- (15) Add: R614.3. Truss carrier spans. The allowable spans for truss carriers shall support the load of the proposed roof structure and floor system if present. Fabricated or dimensional lumber shall not exceed the values set forth in Tables R617.4(1) through R617.4(3). Spans exceeding the values set forth in Tables R617.4(1) through R617.4(3) shall be engineered.

G.— Chapter 7, Wall Covering. Adopt without changes.

H.— Chapter 8, Roof Ceiling Construction. Adopt without changes.

I.— Chapter 9, Roof Assemblies. Adopt without changes.

J.— Chapter 10, Chimneys and Fireplaces. Adopt without changes.

K.— Chapter 11, Energy Efficiency. Deleted in its entirety. Refer to the current adopted State Energy Code

L.— Chapter 12, Mechanical Administration. Adopt without changes.

- M.— Chapter 13, General Mechanical System Requirements. Adopt without changes.
- N.— Chapter 14, Heating and Cooling Equipment. Adopt without changes.
- O.— Chapter 15, Exhaust Systems. Adopt without changes.
- P.— Chapter 16, Duct Systems. Adopt without changes.
- Q.— Chapter 17, Combustion Air. Adopt without changes.
- R.— Chapter 18, Chimneys and Vents. Adopt without changes.
- S.— Chapter 19, Special Fuel-Burning Equipment. Adopt without changes.
- T.— Chapter 20, Boilers and Water Heaters. Adopt without changes.
- U.— Chapter 21, Hydronic Piping. Adopt without changes.
- V.— Chapter 22, Special Piping and Storage Systems. Adopt without changes.
- W.— Chapter 23, Solar Systems. Adopt without changes.
- X.— Chapter 24, Fuel Gas. Adopt without changes.
- Y.— Chapter 25, Plumbing Administration. Delete in its entirety. Refer to current adopted State Plumbing Code.
- Z.— Chapter 26, General Plumbing Requirements. Delete in its entirety. Refer to current adopted State Plumbing Code.
- AA.— Chapter 27, Plumbing Fixtures. Delete in its entirety. Refer to current adopted State Plumbing Code.
- BB.— Chapter 28, Water Heaters. Delete in its entirety. Refer to current adopted State Plumbing Code.
- CC.— Chapter 29, Water Supply and Distribution. Delete in its entirety. Refer to current adopted State Plumbing Code.
- DD.— Chapter 30, Sanitary Drainage. Delete in its entirety. Refer to current adopted State Plumbing Code.
- EE.— Chapter 31, Vents. Delete in its entirety. Refer to current adopted State Plumbing Code.
- FF.— Chapter 32, Traps. Delete in its entirety. Refer to current adopted State Plumbing Code.
- GG.— Chapter 33, Storm Drainage. Delete in its entirety. Refer to current adopted State Plumbing Code.
- HH.— Chapter 34, General Requirements. Delete in its entirety. Refer to current adopted State Electrical Code.
- II.— Chapter 35, Electrical Definitions. Delete in its entirety. Refer to current adopted State Electrical Code.
- JJ.— Chapter 36, Services. Delete in its entirety. Refer to current adopted State Electrical Code.
- KK.— Chapter 37, Branch Circuit and Feeder Requirements. Delete in its entirety. Refer to current adopted State Electrical Code.
- LL.— Chapter 38, Wiring Methods. Delete in its entirety. Refer to current adopted State Electrical Code.
- MM.— Chapter 39, Power and Lighting Distribution. Delete in its entirety. Refer to current adopted State Electrical Code.
- NN.— Chapter 40, Light Fixtures. Delete in its entirety. Refer to current adopted State Electrical Code.

~~OO. Chapter 41, Appliance Installation. Delete in its entirety. Refer to current adopted State Electrical Code.~~

~~PP. Chapter 42, Swimming Pools. Delete in its entirety. Refer to current adopted State Electrical Code.~~

~~QQ. Chapter 43, Class 2 Remote Control, Signaling and Power Limited Circuits. Delete in its entirety. Refer to current adopted State Electrical Code.~~

~~RR. Chapter 44, Referenced Standards. Adopt without changes.~~

FSS. Appendix C, Exit Terminals of Mechanical Draft and Direct-Venting Systems. **Adopt without changes.**

GTT. Appendix ~~E~~**G**, ~~Swimming Pools, Spas, and Hot Tubs~~ **Manufactured Housing as Dwellings.**
Adopt without changes.

(1) ~~Section AG102. Definitions.~~

(a) ~~Add: Swimming Pool: Any structure intended for swimming or recreational bathing that contains or is capable of containing water over 24 inches (610 mm) deep or more water. This includes in-ground and on-ground swimming pools, hot tubs and spas.~~

(2) ~~AG105.2 Outdoor swimming pool. Add:~~

11. ~~For split rail fences, 14 gauge wire with opening no greater than 2 inches (51 mm) wide and 4 inches (102 mm) high shall be permitted. The fence must be 48 inches (1219 mm) high with the top edge securely fastened to the top rail. The wire must be applied on the side away from the pool (outside).~~

HUU. Appendix J, Existing Buildings and Structures. Adopt without changes.

I. Appendix Q, Tiny Houses. Adopt without changes.

§ 88-3. - Fee schedule.

Permit fees shall be set by resolution adopted by City Council and maintained by the City Clerk's Office.

ARTICLE II - International Building Code

§ 88-4. - Adoption of code.

A certain document, three copies of which are on file in the office of the Department of Planning of the City of Milford, State of Delaware, being marked and designated as the International Building Code, ~~2012~~**2018** edition be and is hereby adopted as the Building Code of the City of Milford for regulating and governing the conditions and maintenance of all property, buildings, and structures, by providing the standards for supplied utilities and facilities and other physical things and conditions essential to ensure that structures are safe, sanitary, and fit for occupation and use; and the condemnation of buildings and structures unfit for human occupancy and use and the demolition of such structures as herein provided; providing for the issuance of permits and collection of fees therefor; and each and all of the regulations; provisions, penalties, conditions and terms of said Building Code on file in the office of the City of Milford and hereby referred to, adopted, and made a part hereof, as if fully set out in this article, with the additions, insertions, deletions, and changes, if any, prescribed in § 88-5 of this chapter.

§ 88-5. - Additions, insertions and changes.

The following sections **of the International Building Code, 2018 edition, are revised as follows.**
References to the International Fire Code, 2018 edition, as published by the International Code Council, specifically are not adopted. Provisions of the International Fire Code are addressed through

the adoption of the National Fire Prevention Association (NFPA) Codes and Standards and the Delaware Fire Prevention Regulations as adopted by the Delaware State Fire Marshal's Office. ~~or~~
portions are hereby revised as follows:

A. Chapter 1, Scope and Administration.

- (1) Section R101.1. Insert: City of Milford
- (2) Section 105, Permits.

(a) Add: Section R105.1.

[1] Delaware Department of Transportation Approval. The building official may require an entrance/exit permit from the Delaware Department of Transportation upon application for a building permit for all nonresidential and residential buildings on state-maintained roads.

[2] Other permit approvals. Before a building permit is issued, additional agency approvals may be required. Such agency approvals include, but are not limited to, Delaware State Fire Marshal, Kent/Sussex Conservation District, Delaware Division of Public Health, Delaware Department of Natural Resources and Environmental Control, and a Delaware-recognized electrical inspection agency.

[3] Energy code compliance. Any energy code compliance certificate shall be submitted with each single-family dwelling permit application, or meet the prescriptive requirements of Section 402 of the International Energy Conservation Code currently adopted by the State of Delaware.

~~(a)~~ b) Section 105.2. Work exempt from permit. Remove language under "Building:" and replace with the following;

[1] One-story detached accessory structures used as tool and storage sheds, playhouses and similar uses, provided the floor area does not exceed 24 square feet.

[2] Fences not over six feet in height.

[a] Exceptions:

[i] Fences required for pools

[ii] Fences required by the State of Delaware for home-based day cares.

[iii] Fences required by the City of Milford Planning Department as part of an approved subdivision or land development application.

[3] Retaining walls which are not over four feet in exposed height, unless supporting a surcharge or impounding class I, II or III-A liquids.

[4] Painting, papering, tiling, carpeting, cabinets, counter tops and similar finish work.

[5] Water tanks supported directly on grade if the capacity is not greater than 5,000 gallons and the ratio of height to diameter or width is not greater than 2:1.

[6] Sidewalks and driveways.

[7] Replacement of roof covering that does not involve the repair or replacement of more than 25 percent of the roof.

[8] Prefabricated swimming pools accessory to a one- or two-family dwelling, which are less than 24 inches deep, do not exceed 5,000 gallons and are installed entirely above ground.

[9] Swings and other playground equipment accessory to one- and two-family dwellings.

[10] Window awnings supported by an exterior wall which do not project more than 54 inches from the exterior wall and do not require additional support.

[11] Non-fixed and movable fixtures, cases, racks, counters and partitions not over five feet nine inches in height.

(b)c) Add: 105.5.1. Time limitation of permit. A permit for any activity for which a permit is required shall be valid for two years from the date of issuance.

(e)d) Add: 105.5.2. Completion of construction. All construction for which a building permit is required must be completed and pass final inspection within two years after issuance of a building permit. One extension of six months, accompanied by a renewal fee of a minimum of \$50 or 10% of the original building permit fee, whichever is greater, may, at the discretion of the Code Official, be granted.

(3) Section 109. Fees.

(a) Add: 109.4.1. Violation fee. When obtaining a building permit after the start of construction, the building permit fee shall be assessed a violation fee as outlined in the adopted Planning and Economic Development Department Fee Schedule.

(b) Add: R109.7. Delinquent taxes and fees. No building permits, certificate of occupancy, or certificate of completion shall be issued for a property if any of the following parties, having an interest in the application or the property the application is filed for, are not in good standing with the city: the applicant, the property owner, the equitable owner, the permit holder, or any individual with a controlling interest in the property (controlling interest means the acquisition of sufficient dominance to determine the operational and financial policies, including disposition of its assets, of any legal entity that is an applicant, property owner, equitable owner or permit holder, but excluding mortgage holders). "Not in good standing" means that at the time of the request a municipal lien has been imposed upon the property or any of the above enumerated parties are delinquent in the payment of monies owed to the city.

(4) Add: 110.3.1.1. As-Built Survey. An as-built survey prepared by a State of Delaware licensed professional surveyor or civil engineer shall be required for new structures and additions to existing structures as follows:

(a) Foundation as-built survey shall be provided once the foundation has been constructed and prior to commencement of framing in the following instances:

1. All new structures other than residential accessory structures.

2. At any time when a variance from required area specifications was required for construction approval.

3. Where required by the building/code official.

(4) ~~(5)~~ Section 113, Board of Appeals, is deleted in its entirety and replaced with the following;

113.1. General. Appeals of orders, decisions, or determination made by the Building and/or Code Official relative to the application and interpretation of this code, shall proceed as described in Article III of this Chapter.

(5) (6) Replace: 114.4. Violation penalties. Any person who shall violate a provision of this code or shall fail to comply with any of the requirements thereof or who shall erect, construct, alter or repair a building or structure in violation of an approved plan or directive of the Code Enforcement Official, or of a permit or certificate issued under the provisions set forth under this code shall be guilty of a misdemeanor, punishable by a fine of not more than \$500. Each day that a violation continues after due notice has been served shall be deemed as a separate offense.

(6) (7) Replace: 115.3. Unlawful continuance. Any person who shall continue any work in or about the structure after having been served with a stop-work order, except such work as would be necessary to correct said violation(s) or unsafe conditions, shall be liable to a fine of not less than \$500.

(7) Replace: 116.5. Restoration. A building or structure condemned by the Code Enforcement Official is permitted to be restored to a safe and fully code compliant condition, provided that said restoration or repairs do not exceed 50% of the value of said building or structure as determined by the assessment given by the City for tax purposes. This valuation figure shall be exclusive of foundations. Said repairs shall be made to comply, in all respects, with the requirements for materials and methods of construction of structures hereafter erected. To the extent that the repairs, alterations or additions are made or a change of occupancy occurs during the restoration of the structure, such repairs, alterations, additions or change of occupancy shall comply with the requirements of Section 105.2.2 and Chapter 34.

B. — Chapter 2, Definitions. Adopt without changes.

C. — Chapter 3, Use and Occupancy Classification. Adopt without changes.

D. — Chapter 4, Special Detailed Requirements Based on Use and Occupancy. Adopt without changes.

E. — Chapter 5, General Building Heights and Areas. Adopt without changes.

F. — Chapter 6, Types of Construction. Adopt without changes.

G. — Chapter 7, Fire Resistance Rated Construction. Adopt without changes.

H. — Chapter 8, Interior Finishes. Adopt without changes.

I. — Chapter 9, Fire Protection Systems. Adopt without changes.

J. — Chapter 10, Means of Egress. Adopt without changes.

K. — Chapter 11, Accessibility. Adopt without changes.

L. — Chapter 12, Interior Environment. Adopt without changes.

M. — Chapter 13, Energy Efficiency. Delete in its entirety. Refer to current State Energy Code.

N. — Chapter 14, Exterior Walls. Adopt without changes.

O. — Chapter 15, Roof Assemblies and Rooftop Structures. Adopt without changes.

P. — Chapter 16, Structural Design.

1612.3. Establishment of flood hazard areas. Insert: "City of Milford" for Name of Jurisdiction and "dated most recently enacted" for Date of Issuance.

Q. — Chapter 17, Structural Tests and Special Inspections. Adopt without changes.

- ~~R. — Chapter 18, Soils and Foundations. Adopt without changes.~~
- ~~S. — Chapter 19, Concrete. Adopt without changes.~~
- ~~T. — Chapter 20, Aluminum. Adopt without changes.~~
- ~~U. — Chapter 21, Masonry. Adopt without changes.~~
- ~~V. — Chapter 22, Steel. Adopt without changes.~~
- ~~W. — Chapter 23, Wood. Adopt without changes.~~
- ~~X. — Chapter 24, Glass and Glazing. Adopt without changes.~~
- ~~Y. — Chapter 25, Gypsum Board and Plaster. Adopt without changes.~~
- ~~Z. — Chapter 26, Plastic. Adopt without changes.~~
- ~~AA. — Chapter 27, Electrical. Delete in its entirety. Refer to current adopted State Electric Code.~~
- ~~BB. — Chapter 28, Mechanical Systems. Adopt without changes.~~
- ~~CC. — Chapter 29, Plumbing Systems. Delete in its entirety. Refer to current adopted State Plumbing Code.~~
- ~~DD. — Chapter 30, Elevators and Conveying Systems. Adopt without changes.~~
- ~~EE. — Chapter 31, Special Construction. Adopt without changes.~~
- ~~FF. — Chapter 32, Encroachments into the Public Right of Way. Adopt without changes.~~
- ~~GG. — Chapter 33, Safeguards During Construction. Adopt without changes.~~
- ~~HH. — Chapter 34, Existing Structures. Adopt without changes.~~
- ~~II. — Chapter 35, Referenced Standards. Adopt without changes.~~
- ~~JJ. — Appendix E, Supplementary Accessibility Requirements. Adopt without changes.~~
- ~~KK. — Appendix F, Rodentproofing. Adopt without changes.~~
- ~~LL. — Appendix H, Signs. Adopt without changes.~~

§ 88-6. - Fee schedule.

Permit fees shall be set by resolution adopted by City Council and maintained by the City Clerk's Office.

ARTICLE III - Board of Appeals

§ 88-7. - General.

In order to hear and decide appeals of orders, decisions, or determinations made by the building or code official relative to the application and interpretation of the code, there shall be and is hereby created a board of appeals. The Board of Appeals shall be appointed by City Council and shall hold office at its pleasure. The Board shall adopt rules of procedure for conducting its business, and shall render all decisions and findings in writing to the appellant with a duplicate copy to the building official.

§ 88-8. - Limitations on authority.

An application for appeal shall be based on a claim that the true intent of this code or the rules legally adopted thereunder have been incorrectly interpreted, the provisions of this code do not fully apply or an equally good or better form of construction is proposed. The board shall have no authority to waive requirements of this code.

§ 88-9. - Membership of the board.

The Board of Appeals shall consist of members who are qualified by experience and training to pass on matters pertaining to building construction and are not employees of the jurisdiction. City Council shall appoint three members for terms of three years, provided that the terms of the original members shall be established in a manner that the term of at least one member shall expire each year and the successor shall be appointed for a term of three years.

§ 88-10. - Alternate members.

City Council shall appoint an individual of its choice to be an alternate during those times where one of the permanent members is unable to attend an appeals hearing or in cases where a conflict of interest may exist. Said appointment shall be made for a two-year term.

§ 88-11. - Chairperson.

The Board shall annually select one of its members to serve as chairperson.

§ 88-12. - Disqualification of member.

A member shall not hear an appeal in which that member has a personal, professional or financial interest.

§ 88-13. - Secretary.

The City Manager shall designate a qualified clerk or staff as Secretary to the Board. The Secretary shall file a detailed record of all proceedings with the office of the City Clerk. Secretary shall have no right to vote on matters coming before the board.

§ 88-14. - Compensation of members.

Compensation of members shall be determined by ordinance of City Council.

§ 88-15. - Application for appeal.

Any person directly affected by a decision of the Code Official or an notice or order issued under this code shall have the right to appeal a decision of the Code Enforcement and/or Building Official to the Board of Appeals provided the application is filed within 20 days of the day the decision, notice, or order was served. An application for appeal shall be based on a claim that the true intent of the code or the rules legally adopted thereunder have been incorrectly interpreted, that the provisions of this code do not apply or that an equivalent form of construction is to be used.

§ 88-16. - Hearing fee.

The following nonrefundable fee schedule shall apply for hearings of the Board of Appeals:

International Residential Code: \$300.00

International Building Code: \$1,000.00

International Property Maintenance Code: \$300.00

§ 88-17. - Notice of meeting.

The Board shall meet upon notice from the Chairperson. The meeting date and time shall be scheduled in accordance with the state guidelines for public hearings. Surrounding property owners within 200 feet of the property or building in question shall be notified by mail.

§ 88-18. - Open hearing.

All hearings before the Board shall be open to the public. The appellant's representative, the Code Official and any other person or persons that may be deemed necessary as witnesses and all other persons whose interests are affected shall be given an opportunity to be heard.

§ 88-19. - Procedure.

The hearing shall address only those issues or items that may be deemed relevant to the case being heard. The Board shall adopt and publish, for public information, the procedures under which the hearing will be conducted.

§ 88-20. - Postponed hearing.

When there are fewer than two members of the Board available and the authorized or appointed alternate is unavailable, notification shall be given to the interested parties.

§ 88-21. - Board decision.

The Board shall affirm, modify or reverse the decision of the Code Official by means of a simple majority.

§ 88-22. - Records and copies.

The decision of the board shall be recorded. Copies shall be furnished to the appellant and to the appropriate Building or Code Official.

§ 88-23. - Administration.

The appropriate Building or Code Official shall take immediate action in accordance with the decision of the Board.

§ 88-24. - Court review.

Any person, whether or not a previous party of the appeal, shall have the right to apply to the Superior Court of the State of Delaware in the applicable county for a writ of certiorari to correct errors of law. Application for review shall be made in the manner and time required by law, following the filing of the Board's decision in the Office of the City Clerk.

§ 88-25. - Stays of enforcement.

Appeals of notices and orders (other than Imminent Danger Notices) shall stay the enforcement of the notice and order until the appeal is complete or the stay is lifted by the Superior Court.

ARTICLE IV - International Swimming Pool and Spa Code

§ 88-26. - Adoption of code.

A certain document, three copies of which are on file in the office of the Department of Planning of the City of Milford, State of Delaware, being marked and designated as the International Swimming Pool and Spa Code, 2018 edition be and is hereby adopted by the City of Milford for regulating and governing the conditions and maintenance of all swimming pools, spas, hot tubs and aquatic facilities. Any additions, insertions, deletions, and changes, if any, are prescribed in § 88-27 of this chapter.

§ 88-27. - Additions, insertions and changes.

A. Chapter 1, Scope and Administration.

(1) Section R101.1. Insert: City of Milford

(2) Section 105, Permits. Replace. Permitting and fees for residential permits shall be subject to the permit requirements of the IRC as adopted by the City of Milford. Permitting and fees for commercial permits shall be subject to the permit requirements of the IBC as adopted by the City of Milford.

(3) Section 107, Violations. Replace. Violations for residential permits shall be subject to the violation requirements of the IRC as adopted by the City of Milford. Violations for commercial permits shall be subject to the violation requirements of the IBC as adopted by the City of Milford.

(4) Section 108, Appeals. Replace. Means of appeal for residential permits shall follow the appeal procedures of the IRC as adopted by the City of Milford. Means of appeal for commercial permits shall follow the appeal procedures of the IBC as adopted by the City of Milford.

Section 5.

Dates.

Council Introduction: June 13, 2022

Council Adoption: June 27, 2022

Section 6.

Effective Date is Ten Days Following Adoption by City Council



Chapter 88 - Building Construction 2018 IRC/IBC

Draft Revisions
January 10, 2022



Purpose of the Code Review

- ▶ Update the City Building Code for residential construction from the 2012 International Residential Code (IRC) to the 2018 IRC.
- ▶ Update the City Building Code for commercial construction from the 2012 International Building Code (IBC) to the 2018 IBC.



Draft Revisions

- ▶ Enclosed are draft revisions of Chapter 88 Building Construction.
- ▶ Language to be added is underlined.
- ▶ Language to be removed is stricken.



Article I - International Residential Code

▶ Chapter 1 - Administration

- ▶ Added State agency requirements associated with building permit applications.
- ▶ Defined which construction activities were exempt from permits. Previously, nothing was exempt from needing a building permit.
- ▶ Added language related to “clean hands.”
- ▶ Added requirement for as-built survey of building footprint between foundation and framing inspections to ensure proper placement of building.



Article I - International Residential Code

- ▶ Chapter 3 - Building Planning
 - ▶ Updated Climatic and Geographic Design Criteria.
 - ▶ Added statement requiring proper egress window to be installed in any sleeping room being added or gutted due to renovations.
 - ▶ Added requirement for the installation of carbon monoxide alarms in dwelling units.
 - ▶ Added language to require a 36" pathway along the perimeter of a roof and at the ridge clear of any solar panels.
 - ▶ Will need to determine whether the City wants to require domestic sprinklers. Currently, we are proposing residential sprinkler systems to be optional. (Second half of the presentation is devoted to this subject)



Article I - International Residential Code

▶ Chapter 4 - Foundations

- ▶ Revised footings language to allow exceptions for decks, residential accessory structures and prefabricated room enclosures.
- ▶ Revised concrete or masonry foundation language to include both crawlspaces and basements. Standard language only pertains to basements.
- ▶ Revised drainage systems to include both crawlspaces and basements. Standard language only pertains to basements.



Article I - International Residential Code

- ▶ Chapter 5 - Floors

- ▶ Added language to refer to the American Forest and Paper, Design for Acceptance #6, Prescriptive Residential Wood Deck Construction Guide for deck floor joist spans and deck girder spans.



Article I - International Residential Code

- ▶ Chapter 6 - Wall Construction
 - ▶ Added exception to wall bracing requirements for walls made of translucent or transparent plastic not more than 0.125 inch in thickness.
 - ▶ Added design and construction requirements for Post Frame Buildings.



Article I - International Residential Code

- ▶ Appendices
 - ▶ Adopted Appendix C - Exit Terminals of Mechanical Draft and Direct-Venting Systems without changes.
 - ▶ Adopted Appendix E - Manufactured Housing as Dwellings without changes.
 - ▶ Adopted Appendix J - Existing Buildings and Structures without changes.
 - ▶ Adopted Appendix Q - Tiny Houses without changes.



Article II - International Building Code

▶ Chapter 1 - Administration

- ▶ Added State agency requirements associated with building permit applications.
- ▶ Defined which construction activities were exempt from permits. Previously, nothing was exempt from needing a building permit.
- ▶ Added language related to “clean hands.”
- ▶ Added requirement for as-built survey of building footprint between foundation and framing inspections to ensure proper placement of building.



Article IV - International Swimming Pool and Spa Code

- ▶ Adopted 2018 International Swimming Pool and Spa Code
- ▶ Directs applicants to the permit procedures, violation procedures and appeal procedures for the IRC or IBC depending on whether the application is for a residential use or for a commercial use.



FIRE SPRINKLER INITIATIVE
Bringing Safety Home



Delaware Fire Sprinkler Coalition: An Overview

Fall 2015 | Paul Eichler | Chairman

America's Home Fire Problem

In 2019:

- More than **361,500** U.S. home fires
- Close to **3,700** civilian fire deaths
- Nearly **16,600** civilian fire injuries
- **75 percent** of all civilian fire deaths resulted from home fires



Source: 2019 NFPA Fire Loss in the U.S. Report



Delaware's Home Fire Problem

In 2013:

- **10** civilian fire deaths (All)
- **9** civilian fire deaths (1 & 2 Family)
- **1** civilian fire deaths (Type Other)
- **90-100** percent of all civilian fire deaths resulted from 1 & 2 family home fires

Source: USFA Home fire fatalities in the news



Delaware's Home Fire Problem

For FY2020:

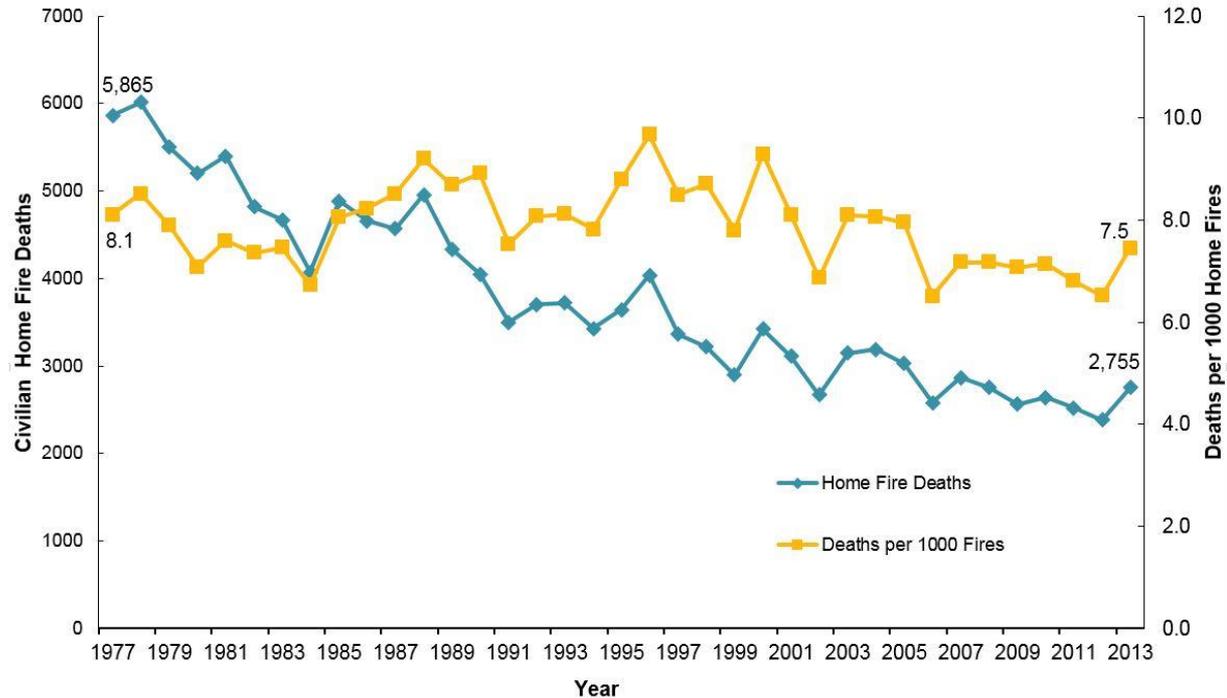
- **10** civilian fire deaths (1 & 2 Family)
- firefighter death (1 & 2 Family)
- firefighter injuries
- **\$31.2 Million** damage to 1 & 2 family homes

Source: DE SFMO



America's Home Fire Problem

Figure 3. Civilian Home Fire Deaths and Rates per 1000 Fires, 1977-2013



Who is at Highest Risk?

Children under **five years old**

Adults over **65 years old**

Groups unable to exit on their own, even if working smoke alarms are present



The Solution Exists

Home Fire Sprinklers: An Historical Perspective

1975: NFPA 13D, *Installation of Sprinkler Systems in One- and Two-Family Dwellings and Manufactured Homes*, is first issued

2006: NFPA 5000, *Building Construction and Safety Code®*, includes first-of-its kind requirement in a U.S. building code for sprinklers in one- and two-family dwellings.

2009: All model building codes in the U.S. include mandate for sprinklers in all new, one- and two-family homes; NFPA launches Fire Sprinkler Initiative



NFPA's Fire Sprinkler Initiative



FIRE SPRINKLER INITIATIVE®
Bringing Safety Home

*A coordinated effort to provide resources for the
fire service and other sprinkler advocates*

NFPA's Fire Sprinkler Initiative

Campaign Objectives

Increase the number of jurisdictions considering and implementing home fire sprinkler mandates across North America

Increase the number of those involved in public safety who are actively engaged in getting such mandates passed



FIRE SPRINKLER INITIATIVE
Bringing Safety Home

Delaware Fire Sprinkler Coalition

The Delaware Fire Sprinkler Coalition is dedicated to promoting home fire sprinklers. This voluntary coalition is a resource for information about home fire sprinklers in Delaware. The coalition actively works to educate stakeholder groups on home fire sprinklers and collaborates with key state fire service organizations to address and overcome barriers to home fire sprinkler requirements.



FIRE SPRINKLER INITIATIVE
Bringing Safety Home

FireSprinklerInitiative.org

The screenshot shows the homepage of FireSprinklerInitiative.org. At the top left is the NFPA logo, and next to it is the Fire Sprinkler Initiative logo with the tagline "Bringing Safety Home". A search bar is located at the top right. Below the logo area are navigation links for "ABOUT", "CONTACT", and "FOR THE MEDIA". A red navigation bar contains the following categories: "Advocacy Tools", "Research", "State Coalitions", "Legislation & Adoptions", and "Blog".

The main content area features three featured articles:

- Tragedy strikes twice for family**: Two separate home fires, years apart, result in death. Includes a video player with a progress bar.
- Emotional torment follows home fire**: A video player with a play button and the text "Firefighter Survivor story 'FACES OF FIRE'".
- Firefighter Survivor story 'FACES OF FIRE'**: A video player with a play button and the text "More videos >".

Below the featured articles are two columns:

- POPULAR**:
 - > Quiz: Test your knowledge on home fire sprinklers
 - > Free presentation: the dangers of lightweight construction
 - > Report: The cost of home fire sprinklers
 - > Report: Sprinkler successes in one- and two- family homes
 - > What builders need to know about home fire sprinklers
- BLOG**:
 - > Entire town considers sprinkler ordinance following sprinkler successes in one of its communities
 - > Two families say hello to their sprinklered homes, courtesy of Habitat of Humanity
 - > State's code-making body "dysfunctional" for not updating its building code
 - > Tragedy strikes twice as separate home fires, years apart

At the bottom right is a "Read our newsletter" section with a thumbnail image of the newsletter.



Website Resources

- Home fire and sprinkler research reports
- Sprinkler legislation information
- State sprinkler coalition information
- Fact sheets countering sprinkler myths
- Op-ed templates
- Infographics
- Fire Sprinkler Initiative blog
- Videos

Make a Convincing Case for
Home Fire Sprinklers

Home fire sprinklers are cost effective

A report commissioned by the Fire Protection Research Foundation places the average national cost of installing sprinklers in new homes at \$1.35 per sprinklered square foot, or about **one percent** of the total construction cost. While costs can vary from jurisdiction to jurisdiction, people tend to pay more for granite countertops.

FireSprinklerInitiative.org
Visit NFPA's Fire Sprinkler Initiative website for more information.

NFPA FIRE SPRINKLER INITIATIVE Bringing Safety Home

*Data referenced by NFPA and other sources



“FACES OF FIRE”



FIRE SPRINKLER INITIATIVE
Bringing Safety Home

Wanted: Sprinkler Myth Busters

- Join a coalition and use Fire Sprinkler Initiative tools to combat the many myths perpetuated by sprinkler opponents

“Sprinklers are expensive!”

“One sprinkler activates, they all activate!”

“Newer homes are safer homes!”

“Sprinklers are ugly!”



Home Fire Sprinklers 101

- Only activated by heat, not smoke
- Rapid response, typically between 135-160 degrees Fahrenheit
- Only the sprinkler nearest the fire will activate
- More than 90 percent of fires controlled by single sprinkler
- Most new sprinkler heads are unobtrusive



Sprinkler Myths: Delving Deeper

“Smoke alarms offer adequate protection during a fire!”

FACT

Smoke alarms are still critical in cutting the risk of dying in fire, but do nothing to suppress fire



Sprinkler Myths: Delving Deeper

“The fire problem is in older homes, since newer homes are safer!”

FACT

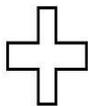
New homes have larger open spaces, lightweight construction materials, and furniture stuffed with combustible materials—all factors that lead to homes burning hotter and faster



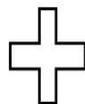
Characteristics of Modern Homes



Larger homes



Open Spaces



Increased fuel loads



Void spaces



Changing bldg. materials



- **Faster fire propagation**
- **Shorter time to flashover**
- **Rapid changes in fire dynamics**
- **Shorter escape times**
- **Shorter time to collapse**

Characteristics of Modern Homes



Large rooms



Open floor plans



Open foyers



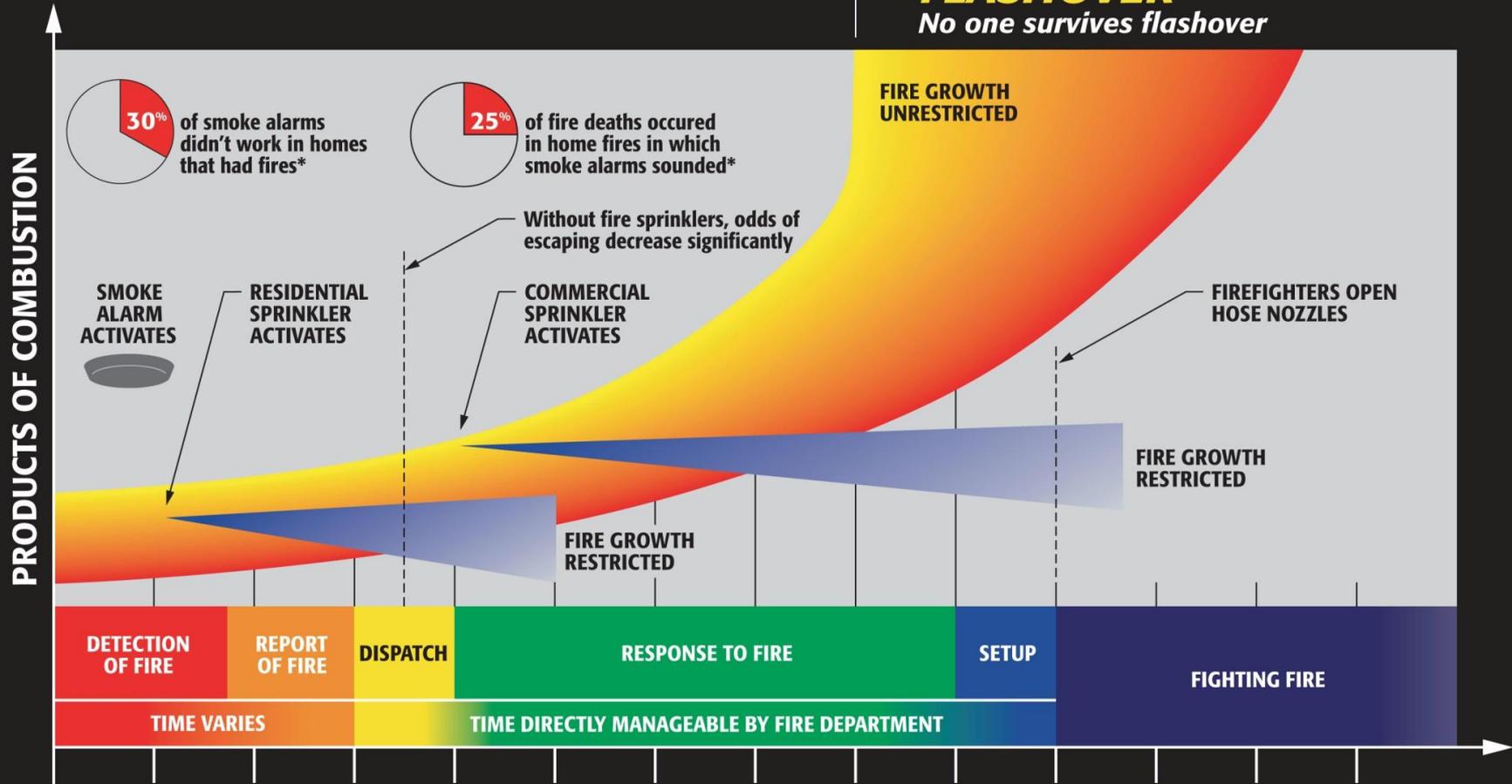
High/Vaulted ceilings

These features add volume/air contributing to faster smoke and fire spread

TIME vs. PRODUCTS of COMBUSTION

FLASHOVER

No one survives flashover



Sprinkler Arguments: Delving Deeper

“Sprinklers should be a matter of consumer choice!”

FACT

All model building codes in the U.S. **require** sprinklers in new, one- and two-family homes

Model code=minimum standard

Removing requirement=substandard housing



Sprinkler Myths: Delving Deeper

“Sprinklers are expensive and will price people out of homes!”

FACT

The average cost per sprinklered square foot is \$1.35



Source: 2013 Fire Protection Research Foundation study



Research Confirms Our Facts

“Comparative Analysis of Housing Cost and Supply Impacts of Sprinkler Ordinances” report

FINDINGS

- No detrimental effects to home construction
- Relative increase in construction



Research Confirms Our Facts

“The Environmental Impact of Automatic Fire Sprinklers” report

FINDINGS

- Fire sprinklers are green!
- Reduce water use to fight a fire by 90% compared with fire hose
- Reduce greenhouse gases by 98%
- Reduce fire damage by up to 97%



NFPA 13D: The Sprinkler Standard

“...shall be expected to prevent flashover (total involvement) in the room of origin, where sprinklered, and to improve the chance of occupants to escape or be evacuated.”

NFPA 13D: An Overview

- Life safety is its aim; property protection an added bonus
- Required only in living areas
- Omitted from
 - Closets (<24 square feet)
 - Bathrooms (<55 square feet)
 - Garages and attics

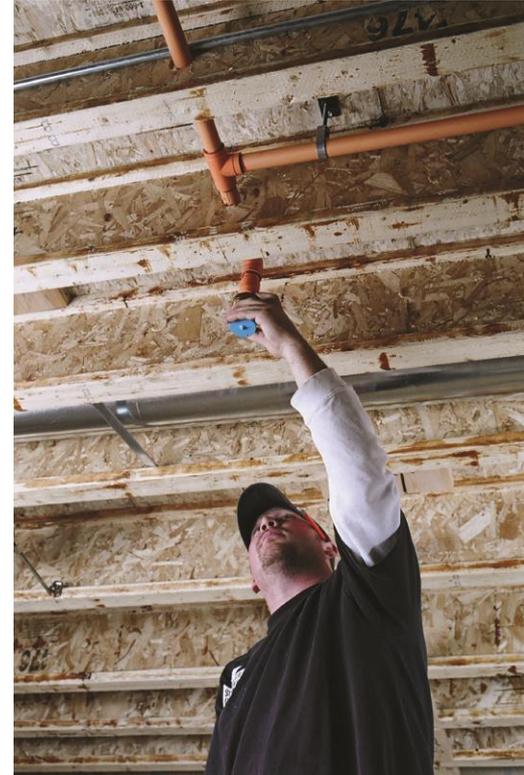
NFPA 13D: Water Supply

Municipal Water

- Standard operating pressure

Private water supply

- Well with pump
- Storage tank with pump
- Pressure tank



But Wait, There's More @ FireSprinklerInitiative.org

The screenshot shows the homepage of the Fire Sprinkler Initiative website. At the top left is the NFPA logo, and next to it is the Fire Sprinkler Initiative logo with the tagline "Bringing Safety Home". A search bar is located in the top right corner. Below the logo area is a navigation menu with links for "ABOUT", "CONTACT", and "FOR THE MEDIA". A secondary navigation bar features "Advocacy Tools", "Research", "State Coalitions", "Legislation & Adoptions", and "Blog". The main content area displays two featured articles. The first article, titled "Tragedy strikes twice for family", includes a video player with a thumbnail of a man and a child. The second article, titled "Emotional torment follows home fire", includes a video player with a thumbnail of a firefighter and the text "Firefighter Survivor story 'FACES OF FIRE'". Below the main content are sections for "POPULAR" and "BLOG" articles, and a "Read our newsletter" section with a thumbnail of a newsletter preview.

SEARCH

NFPA FIRE SPRINKLER INITIATIVE[®]
Bringing Safety Home

ABOUT CONTACT FOR THE MEDIA

Advocacy Tools Research State Coalitions Legislation & Adoptions Blog

Emotional torment follows home fire

Tragedy strikes twice for family
Two separate home fires, years apart, result in death

Firefighter Survivor story
"FACES OF FIRE"
More videos

POPULAR

- Quiz: Test your knowledge on home fire sprinklers
- Free presentation: the dangers of lightweight construction
- Report: The cost of home fire sprinklers
- Report: Sprinkler successes in one- and two- family homes
- What builders need to know about home fire sprinklers

BLOG

- Entire town considers sprinkler ordinance following sprinkler successes in one of its communities
- Two families say hello to their sprinklered homes, courtesy of Habitat of Humanity
- State's code-making body "dysfunctional" for not updating its building code
- Tragedy strikes twice as separate home fires, years apart

Read our newsletter

Fire Sprinkler Initiative NEWS
Bringing Safety Home



Free Newsletter @ FireSprinklerInitiative.org/Newsletter



FIRE SPRINKLER INITIATIVE NEWS

Information for fire service and sprinkler advocates

Advocacy Tools

Research

State Coalitions

Legislation & Adoptions

June 2015



Advocates receive up to \$10,000 to initiate local sprinkler campaigns

Capitalizing on the local momentum taking place around home fire sprinklers, NFA's Fire Sprinkler Initiative awarded 16 grants aimed at furthering efforts that showcase their importance. View the list of recipients and what they have planned this year.

[Read More >>](#)

Share this story: [f](#) [t](#) [in](#)



Sprinkler installation cost a scorching topic during radio show

Listeners inundated the call-in line during a radio interview with NFA staff about home fire sprinklers. Concerns over costs were countered by NFA research and new case studies throughout the U.S. that show how affordable sprinkler installation really is.

[Read More >>](#)

Share this story: [f](#) [t](#) [in](#)

GET THE FACTS



FREE FACT SHEETS



FIRE SPRINKLER INITIATIVE
Bringing Safety Home

Want a peek at the future of home fire

Follow Us @NFPA_FSI

NFPA_FSI
@NFPA_FSI

NFPA's Fire Sprinkler Initiative is an effort to increase the use of home fire sprinklers in North America's new homes via adoptions of sprinkler requirements.

Quincy, MA
firesprinklerinitiative.org

7 Photos and videos

Tweets Tweets & replies Photos & videos

NFPA_FSI @NFPA_FSI · Jun 12
NFPA announces recipients of its Fire Sprinkler Initiative Grant Program - congrats to all! [ow.ly/OeGzb](#)

NFPA_FSI @NFPA_FSI · Jun 12
Home Fire Sprinkler Coalition (@HFSCorg) welcomes @NFFF_News and @NVFC to its Board of Directors [ow.ly/OBLJK](#)

NFPA_FSI retweeted **Nonprofit HFSC** @HFSCorg · Jun 11
Ron Farr (@ulenvironment), HFSC's Peg Paul & Dennis Gentzel (@usfire) talking home fire sprinklers at NFA today.

NFSA West @NFSAWest
Nonprofit HFSC @HFSCorg
Fred Durso Jr. @FredDursoJr
AFSA @AFSA
NFSA @NFSAorg

Trends
#SelenaXPantene
Promoted by Pantene Pro-V
#XboxE3
#MondayMotivation
#Iamdefensesquad
#WoodGate
Tom Brady
Janet Jackson
#3YearsOfBelieveAlbum
Smash Mouth
Spokane NAACP
Sam Baker

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Join the Delaware Fire Sprinkler Coalition



To: Mayor and City Council
Cc: Mark Whitfield, City Manager; Finance Department
From: Louis C. Vitola, Finance Director
Date: June 27, 2022
Re: May 2022 Financial Reporting Package

The Financial Reporting Package for the fiscal year through May 2022 (FY22 YTD) is enclosed. The following executive summary highlights this month's notable developments. The "Quick Reference" section of this memo recaps important financial highlights and modifications made in FY22 to help shorten the executive summaries.

FYTD results continue to exceed budget expectations through eleven months of the year. Operating expenditures remain below even the seasonalized budget across funds for the eleventh consecutive month. Electric Fund margins have been stable the last three months and continue to stay ahead of projections. The water fund surplus remains ahead of the budget, though it marginally stepped back in April and May after having improved in each of the four months prior. The sewer fund operating results improved for the third month in a row, while solid waste results improved for the fifth consecutive month. Cash and investment balances dropped \$0.9 million in May, which was driven by consumption of ARPA funding (\$0.7 million) and capital reserves (net \$0.2 million) as the spring and early summer permit accelerated project activity.

Quick Reference for FY22 Financial Developments and Report Upgrades

Recap FY22 Financial Highlights



Summary of FY22 Modifications

- New P.1 – Net Cash and Funding Availability Summary (in thousands)
 - New page stacks the beginning and ending cash and investment balances from the Cash Rollforward p.2 into columns 1 and 2 so elements of the Restricted Cash Reserves Report on p.3 can be consolidated into a single, comprehensive executive summary.
 - The Lodging Tax Fund and the Parks & Recreation Facilities Fund were added to p.1 and p.2
- P.2 (formerly p.1) – Cash Rollforward
 - New Solid Waste Reserves Acct created by FY22 Water Fund interfund loan forgiveness; new variance indicators
- P.3 (formerly p.2) – Restricted Cash Reserves Report
 - The MSA and RTT reserves were combined into one shared summary to make room for Solid Waste Fund
 - Lines 3 & 17 added to show additions & interest earnings in the capital reserve accounts
 - Lines 12, 13, 24 & 25 feature updated MCR & ERR calculations for FY22 pursuant to cash reserve policy
 - Lines 12 & 24 updated in Feb 2022 to carve out the MCR attributable to Op Cash & report with p.1 Op Cash
- P.4 (formerly p.3) – The Enterprise Funds “P&L Style” Report features a new comparative column and four new rows
 - The rightmost column compares current vs prior FYTD periods by revenue and expense lines and subtotals
 - Rows 16-19 compare current net surplus by fund to the seasonalized budget and prior FYTD periods
 - Variance indicators added for quick reference to both P&L reports; refined in October 2021
- P.5 (formerly p.4) – The General Fund “P&L Style” Report created to complement existing Enterprise Funds P&L Report
 - Rows 19-22 compare current net surplus by major function to the seasonalized budget and prior FYTD periods
- P.6 (formerly p.5) – Planned Use of ARPA Funding by Category compared to Actual Spending added in Sept 2021
- P.7-11 – Revenue (p.7) & Expenditure/Inter-dept Reports (p.8-11) will be produced indefinitely as “legacy” reports



Financial Reporting Package
As of and For the Period Ended May 31, 2022

Net Cash and Funding Availability Summary (*in thousands*)

Cash & Investment Balance Rollforward

Restricted Cash Reserves Report

Enterprise Funds YTD Revenue & Expenditure Report

General Fund YTD Revenue & Expenditure Report

Appendix: ARPA Funding Plan vs Actual Expenses

Legacy Revenue Report with MTD & YTD vs Annual Budget

Legacy Expenditure Report with MTD & YTD vs Annual Budget

Legacy Interservice Department Cost Allocation

City of Milford, Delaware
 Net Cash and Funding Availability Summary (in thousands)¹
 For the Period Ended May 31, 2022

1 **Operating Cash Balances**

▼ Marks Ref Closing Bal⁴

Description	Opening Balance (Apr 30, 2022)	Closing Balance (May 31, 2022)	Projected Cashflows	Commitments & Restrictions	Minimum Cash Requirement/ERR	Uncommitted / Unrestricted
General Fund	\$ 2,903	↓ \$ 2,574	\$ (497)	\$ -	\$ (1,236)	\$ 840
Electric Fund	2,830	→ 2,902	54	-	(1,652)	1,305
Water Fund	1,609	→ 1,699	15	-	(280)	1,434
Sewer Fund	899	→ 982	39	-	(200)	821
Solid Waste Fund	474	→ 498	6	-	(175)	329
Operating Cash Totals⁴	\$ 8,714	\$ 8,656	\$ (383)	\$ -	\$ (3,543)	\$ 4,730

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

Description	Opening Balance (Apr 30, 2022)	Closing Balance (May 31, 2022)	Projected Cashflows	Commitments & Restrictions	Minimum Cash Requirement/ERR	Uncommitted / Unrestricted
General Improvement	\$ 539	→ \$ 538	\$ -	\$ (500)	\$ -	\$ 38
Municipal Street Aid (MSA)	600	→ 600	0	(600)	-	-
Realty Transfer Tax (RTT)	4,566	→ 4,633	65	(2,613)	(1,041)	1,043
Economic Development	682	→ 682	-	(106)	-	576
Lodging Tax Fund ³	383	→ 403	11	(414)	-	-
ARPA Grant Fund	743	↓ 0	3,167	(3,167)	-	-
Special Purpose Cash Totals^{2,4}	\$ 7,513	\$ 6,855	\$ 3,243	\$ (7,401)	\$ (1,041)	\$ 1,657

18 **Reserve Fund Cash Balances¹**

Description	Opening Balance (Apr 30, 2022)	Closing Balance (May 31, 2022)	Projected Cashflows	Commitments & Restrictions	Minimum Cash Requirement/ERR	Uncommitted / Unrestricted
General Fund Capital Reserves	\$ 2,100	→ \$ 2,016	\$ 2,000	\$ (1,036)	\$ (212)	\$ 2,768
Water Fund Capital Reserves	3,221	→ 3,221	0	(458)	(2,580)	183
Sewer Fund Capital Reserves	4,006	→ 3,959	0	(9)	(3,362)	588
Solid Waste Fund Capital Reserves	284	→ 282	0	-	(282)	-
Electric Fund Capital Reserves	15,253	→ 15,167	0	(5,658)	(4,779)	4,730
Operating Cash Totals⁴	\$ 24,864	\$ 24,645	\$ 2,000	\$ (7,162)	\$ (11,215)	\$ 8,268

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

Description	Opening Balance (Apr 30, 2022)	Closing Balance (May 31, 2022)	Projected Cashflows	Commitments & Restrictions	Minimum Cash Requirement/ERR	Uncommitted / Unrestricted
Police & General Gov't Facilities	\$ 196	→ \$ 176	\$ 16	\$ (193)	\$ -	\$ -
Carlisle Fire Co Permit Fund	544	→ 550	5	(555)	-	-
Parks & Recreation Facilities ³	144	→ 144	-	(144)	-	-
Water Impact Fee Reserves	4,749	→ 4,758	10	(4,768)	-	-
Sewer Impact Fee Reserves	2,720	→ 2,725	5	(2,730)	-	-
Electric Impact Fee Reserves	1,095	→ 1,100	5	(1,104)	-	-
Impact Fees & Police/GF Totals⁴	\$ 9,449	\$ 9,454	\$ 41	\$ (9,495)	\$ -	\$ -

Grand Totals⁴	\$ 50,539	\$ 49,610	\$ 4,901	\$ (24,057)	\$ (15,800)	\$ 14,655
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¹New report merges Cash Roll (p.2) and Restricted Reserves (p.3) into one single reference for net funds available after commitments & restrictions.

²The decrease in Special Purpose Cash Balances in March was driven by the application of ARPA funding to capital projects. Please see Appendix for ARPA Spend (line 15) vs Plan Detail.

³The Parks & Recreation Facilities and Lodging Tax Fund have historically not been represented on the monthly finance reports but were added in February 2022 and will be included going forward for comprehensiveness and transparency.

⁴Closing Balance Indicator sets Red, Yellow and Green signify month-to-month cash variance as follows:



-10% ≤ Variance ≤ 10%



-5% ≤ Variance ≤ 5%



-2.5% ≤ Variance ≤ 2.5%

City of Milford, Delaware
Cash and Investment Balance¹ Rollforward
For the Period Ended May 31, 2022

▼ Marks Ref Closing Bal⁴

1 **Operating Cash Balances**

Description	Opening Balance (Apr 30, 2022)	Receipts	Interest Earned	Disbursements	Closing Balance (May 31, 2022)
3 General Fund	\$ 2,903,415	\$ 1,165,453	\$ 417	\$ (1,495,324) ↓	\$ 2,573,962
4 Electric Fund	2,829,625	1,966,127	2,578	(1,895,836) →	2,902,494
5 Water Fund	1,608,752	235,750	1,023	(146,119) →	1,699,405
6 Sewer Fund	898,620	367,805	474	(285,003) →	981,897
7 Solid Waste Fund	473,645	128,675	56	(103,996) →	498,380
8 Operating Cash Totals⁴	\$ 8,714,057	\$ 3,863,811	\$ 4,548	\$ (3,926,278) ●	\$ 8,656,137

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

Description	Opening Balance (Apr 30, 2022)	Receipts	Interest Earned	Disbursements ²	Closing Balance (May 31, 2022)
11 General Improvement	\$ 538,756	\$ -	\$ 76	\$ (1,200) →	\$ 537,632
12 Municipal Street Aid (MSA)	600,157	-	85	- →	600,241
13 Realty Transfer Tax (RTT)	4,565,714	99,733	653	(33,333) →	4,632,767
14 Economic Development	681,714	-	-	- →	681,714
15 Lodging Tax Fund ³	383,220	19,791	-	- →	403,011
16 ARPA Grant Fund	743,439	-	-	(743,439) ↓	0
17 Special Purpose Cash Totals⁴	\$ 7,513,000	\$ 119,524	\$ 814	\$ (777,972) ●	\$ 6,855,365

18 **Reserve Fund Cash Balances**

Description	Opening Balance (Apr 30, 2022)	Receipts ²	Interest Earned	Disbursements ²	Closing Balance (May 31, 2022)
20 General Fund Capital Reserves	\$ 2,099,821	\$ 35,994	\$ -	\$ (119,864) →	\$ 2,015,952
21 Water Fund Capital Reserves	3,220,962	658,385	-	(658,385) →	3,220,962
22 Sewer Fund Capital Reserves	4,005,724	-	-	(46,475) →	3,959,249
23 Solid Waste Fund Capital Reserves	283,950	-	-	(2,094) →	281,856
24 Electric Fund Capital Reserves	15,253,446	-	-	(86,484) →	15,166,963
25 Reserve Fund Cash Totals⁴	\$ 24,863,903	\$ 694,379	\$ -	\$ (913,302) ●	\$ 24,644,981

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

Description	Opening Balance (Apr 30, 2022)	Receipts	Interest Earned	Disbursements ²	Closing Balance (May 31, 2022)
28 Police & General Gov't Facilities	\$ 195,977	\$ 16,464	\$ -	\$ (35,994) →	\$ 176,446
29 Carlisle Fire Co Permit Fund	544,402	5,488	-	- →	549,890
30 Parks & Recreation Facilities ³	144,100	-	-	- →	144,100
31 Water Impact Fee Reserves	4,748,507	9,585	-	- →	4,758,092
32 Sewer Impact Fee Reserves	2,720,327	5,064	-	- →	2,725,391
33 Electric Impact Fee Reserves	1,095,190	4,550	-	- →	1,099,740
34 Impact Fees & Police/GF Totals⁴	\$ 9,448,503	\$ 41,151	\$ -	\$ (35,994) ●	\$ 9,453,660

35 Grand Totals⁴	\$ 50,539,463	\$ 4,718,864	\$ 5,362	\$ (5,653,546) ▲	\$ 49,610,143
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36 ¹Balances are not indicative of funding availability; see enclosed Restricted Cash Reserves and Net Cash & Funding Availability Reports for detail.

37 ²Approx. \$0.7 million was applied from ARPA Fund to Reserve Cash to record ARPA-supported spending; please see Appendix for ARPA Spend (line 16) vs Plan Detail. Outflows from Reserve Accounts (lines 20-24) supported various budgeted capital purchased and project activity, with most spending driven by the Combined Utility & Street Project.

38 ³The Parks & Recreation Facilities and Lodging Tax Fund have historically not been represented on the monthly finance reports but were added in February 2022 and will be included going forward for comprehensiveness and transparency.

39 ⁴Closing Balance Indicator sets **Red**, **Yellow** and **Green** signify month-to-month cash variance as follows:



-10% ≤ Variance ≤ 10%



-5% ≤ Variance ≤ 5%



-2.5% ≤ Variance ≤ 2.5%

City of Milford, Delaware
Restricted Cash Reserves Report
As of May 31, 2022

General Fund Capital Reserves		Amount
Cash/Investment Balance (5/31/22)	\$	2,015,952
Expected Contributions & Interest		80
Restricted Funds:		
Vehicle & Equipment Replacement		(137,000)
Building Upgrades		(205,415)
Parking Enhancements		(200,000)
Parkland, Trails & Recreation		(348,295)
2020 Combined Utilities		-
OpEx Support (Tax R/A & PD R/M)		(145,000)
Support Policy with RTT ¹		2,000,000
Draft Reserve (MCR) Policy ²		-
Equipment Replacement Reserve ²		(212,000)
Uncommitted Reserve Balance	\$	2,768,322

Electric Fund Capital Reserves		Amount
Cash/Investment Balance (5/31/22)	\$	15,166,963
Expected Contributions & Interest		7
Restricted Funds:		
Electric Vehicles & Equipment		(24,006)
Lighting & System Improvements		(505,642)
Traffic Signal Upgrades		(350,000)
Citywide Projects ⁶		(718,779)
Redeem / Defeasement Bond (Jan 2022)		(4,060,000)
Draft Reserve (MCR) Policy ^{3,7}		(4,693,372)
Equipment Replacement Reserve ³		(85,400)
Uncommitted Reserve Balance	\$	4,729,771

Water Fund Capital Reserves		Amount
Cash/Investment Balance (5/31/22)	\$	3,220,962
Expected Contributions & Interest		10
Restricted Funds:		
Vehicle & Equipment Replacement		(145,164)
Vehicle Cost Increase - Post Budget		(20,000)
Streets 2020 Utility Engineering		-
Milford Business Campus		(182,359)
Balance of FY20-21 Projects		(110,776)
Draft Reserve (MCR) Policy ^{3,7}		(2,414,939)
Equipment Replacement Reserve ³		(165,164)
Uncommitted Reserve Balance	\$	182,570

Solid Waste Reserves		Amount
Cash/Investment Balance (5/31/22)	\$	281,856
Expected Contributions & Interest		5
Restricted Funds:		
Draft Reserve (MCR) Policy ^{4,7}		-
Equipment Replacement Reserve ⁴		(281,861)
Uncommitted Reserve Balance	\$	-

Sewer Fund Capital Reserves		Amount
Cash/Investment Balance (5/31/22)	\$	3,959,249
Expected Contributions & Interest		10
Restricted Funds:		
Sewer Vehicles & Equipment		-
Citywide Projects & Engineering		(9,284)
Utility Engineering		-
NE/NW Front St Sewer Rehab, net of Change Order Credit		-
Draft Reserve (MCR) Policy ^{3,7}		(3,127,195)
Equipment Replacement Reserve ³		(235,000)
Uncommitted Reserve Balance	\$	587,780

MSA & RTT Reserves		Amount
RTT Balance (5/31/22)		4,632,767
MSA Balance (5/31/22)		600,241
MSA & RTT Est Receipts thru FY22:		65,011
MSA: Street & Bridge Improvements		(415,958)
RTT: Transfer to Police Dept		(33,333)
RTT: Sidewalk Project Funding		(140,000)
MSA & RTT: Mispillion Street Group		(219,036)
MSA & RTT: 2020 Combined Utilities		(404,316)
RTT: Support GF Policies ¹		(2,000,000)
RTT: Draft Reserve Policy ⁵		(1,041,454)
Uncommitted Reserve Balance	\$	1,043,922

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

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

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

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

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

⁶This \$0.7 million includes only the remaining FY22 CIP projects following the settlement of the Sharp property

⁷The Days Operating Expenditures (Days OpEx) piece of MCRs reclassified from Reserve balances here to Operating Cash; the Total MCR has not changed, except Solid Waste (\$17,000 added to MCR for OpEx)

City of Milford, Delaware
Enterprise Funds: Statement of Revenues & Expenditures
For the YTD Period Ended May 31, 2022 vs Prior FYTD & Current Budget (in thousands)

Enterprise Funds Profit & Loss (P&L) Statement		Electric	Water	Sewer	Solid Waste	Total	FY22 Total (as % of Rev)	FY21 Total (as % of Rev)
1	Operating Revenue	\$ 23,257	\$ 2,835	\$ 4,355	\$ 1,343	\$ 31,791	100.0%	100.0%
2	Cost of Revenue ¹	(16,194)	(284)	(2,300)	(295)	(19,073)	-60.0%	-60.1%
3	Gross Margin	7,063	2,551	2,056	1,048	12,718	40.0%	39.9%
4	Operating Expenses							
5	Operations & Maintenance	(2,029)	(867)	(844)	(605)	(4,344)	-13.7%	-13.9%
6	Personnel	(1,042)	(308)	(299)	(216)	(1,864)	-5.9%	-5.7%
7	Total Operating Expenses	(3,071)	(1,174)	(1,143)	(821)	(6,209)	-19.5%	-19.6%
8	Operating Income	\$ 3,992	\$ 1,377	\$ 913	\$ 227	\$ 6,509	20.5%	20.3%
9	Non-Operating Revenue (Expense)	59	13	5	1	78	0.2%	-0.2%
10	Surplus (Deficit) for debt service & capital	4,051	1,390	918	228	6,587	20.7%	20.1%
11	Debt Service - Principal & Interest	(277)	(319)	(363)	-	(958)	-3.0%	-3.2%
12	Capital Spending / Contributions from (to) Reserves	(94)	-	(125)	-	(219)	-0.7%	-1.7%
13	Surplus (deficit) available for transfers	3,681	1,071	430	228	5,410	17.0%	15.2%
14	Transfers Out	(2,292)	(275)	-	-	(2,567)	-8.1%	-7.4%
15	Net Surplus (Deficit) - FYTD through May 2022	\$ 1,389	\$ 796	\$ 430	\$ 228	\$ 2,843	8.9%	7.9%
16	Net Surplus (Deficit) - FYTD through May 2021	\$ 1,655	\$ 1,013	\$ (323)	\$ 101	\$ 2,446	7.9%	
17	Current vs Prior - Favorable (Unfavorable)²	↓ \$ (266)	↓ \$ (218)	↑ \$ 753	↑ \$ 127	↑ \$ 397	↑ 1.1%	
18	Net Surplus (Deficit) - Current FYTD Budget	\$ 37	\$ 230	\$ (52)	\$ (0)	\$ 214	0.7%	
19	Current vs Budget - Favorable (Unfavorable)²	↑ \$ 1,352	↑ \$ 566	↑ \$ 482	↑ \$ 228	↑ \$ 2,629	↑ 8.2%	

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

²Comparative Indicators **Green**, **Yellow** and **Red** signify favorable variance greater than 5%, marginal variance within ±5%, and unfavorable variance below -5%, respectively, for departmental comparisons. Total variance carries tighter bounds of >2.5%, ±2.5% and <2.5%, while the percentage variance uses >1.0%, ±1.0% and <1.0%, respectively.

City of Milford, Delaware
 General Fund: Statement of Revenues & Expenditures¹
 For the YTD Period Ended May 31, 2022 vs Prior FYTD & Current Budget (in thousands)

General Fund Sources and Uses of Funding	Admin & Council	Public Safety	Parks & Rec	Planning & All Other	Total	FY22 Total (as % of Rev)	FY21 Total ³ (as % of Rev)
Sources of Funding:							
Real Estate (Property) Taxes	\$ 4,699	\$ -	\$ -	\$ -	\$ 4,699	45.6%	44.6%
Permits, Licensing & Franchise Fees	364	-	-	428	792	7.7%	6.4%
Fines, Fees & Misc Revenue	50	328	-	-	378	3.7%	6.0%
General Revenue Subtotal	5,113	328	0	428	5,870	56.9%	56.9%
Utility Transfers & Cost Allocation	3,608	-	-	-	3,608	35.0%	32.8%
Grant Revenue	385	77	-	-	463	4.5%	0.0%
Application of Reserve Balances	-	367	-	-	367	3.6%	10.2%
General Fund Operating Support	3,993	444	0	0	4,438	43.1%	43.1%
Total Sources of Funding	\$ 9,107	\$ 772	\$ -	\$ 428	\$ 10,307	100.0%	100.0%
Uses of Funding:							
Operations & Maintenance	904	641	376	387	2,308	22.4%	17.7%
Personnel	682	4,820	508	1,422	7,432	72.1%	67.5%
Total Operating Expenses²	1,585	5,461	884	1,809	9,740	94.5%	85.2%
Surplus (Deficit) for Debt Svc & Capital	\$ 7,522	\$ (4,689)	\$ (884)	\$ (1,381)	\$ 567	5.5%	14.8%
Debt Service - Principal & Interest	-	-	-	-	-	0.0%	0.0%
Capital Spending / Transfers from (to) Reserves	32	12	135	46	225	2.2%	3.6%
Net Surplus (Deficit) - FYTD through May 2022	\$ 7,490	\$ (4,701)	\$ (1,019)	\$ (1,427)	\$ 343	3.3%	11.2%
Net Surplus (Deficit) - FYTD through May 2021³	\$ 7,166	\$ (4,015)	\$ (868)	\$ (1,193)	\$ 1,089	11.2%	
Current vs Prior - Favorable (Unfavorable)⁴	➔ \$ 324	⬇ \$ (686)	⬇ \$ (151)	⬇ \$ (234)	⬇ \$ (747)	⬇ -7.9%	
Net Surplus (Deficit) - Current FYTD Budget	\$ 7,630	\$ (4,738)	\$ (1,704)	\$ (1,818)	\$ (629)	-6.6%	
Current vs Budget - Favorable (Unfavorable)⁴	➔ \$ (140)	⬆ \$ 36	⬆ \$ 685	⬆ \$ 391	⬆ \$ 972	⬆ 10.0%	

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

²The General Fund Operating Expenses totaling \$8.9mm reported in row 14 ties to the legacy expenditure report in row 58 totaling \$9.96mm, less \$0.2mm in Capital.

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

⁴Comparative Indicators **Green**, **Yellow** and **Red** signify favorable variance greater than 5%, marginal variance within ±5%, and unfavorable variance below -5%, respectively, for departmental comparisons. Total variance carries tighter bounds of >2.5%, ±2.5% and <2.5%, while the percentage variance uses >1.0%, ±1.0% and <1.0%, respectively.

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

Actual Spending by Category vs Plan, as Amended

ARPA Eligibility Categories	Plan (1/31)	Plan (5/31)	Actual (5/31)	Remaining	Notes
COVID-19 Health Impact	\$ 1,033,514	\$ 1,073,014	\$ 281,474	\$ 791,540	
Operational Facilities	491,776	516,776	74,674	442,102	Revised Plan Reflects Take-Home Vehicle Cost @ 50%
Administering COVID-19 Response	213,690	228,379	6,334	222,045	Pro Rata portion of DE Treasury ARPA Attorney
Behavioral Health Care	180,000	180,000	135,056	44,944	Primarily Personnel Costs
Air Quality & Ventilation	147,450	147,262	64,812	82,450	HVAC Replacement Project in Finance Building
COVID-19 Mitigation	598	598	598	-	Vaccination Incentive; COVID test kits
COVID-19 Economic Impact	\$ 861,157	\$ 861,157	\$ 538,296	\$ 322,861	
Assistance to Community (Annual)	324,460	324,460	130,914	193,546	DMI, Armory, Museum
Assistance to Community & Households	256,929	256,929	157,640	99,289	MHDC, CFC, Food Bank, Library
Critical Ops Staffing / Retention	236,476	236,476	236,476	-	December 2021 Initiative
Aid Tourism Recovery	25,483	25,483	7,845	17,638	Signage / Banner Upgrade
Operational Facilities	15,184	15,184	2,796	12,388	
Parks & Rec Programming	2,625	2,625	2,625	-	Signage cost share with DMI
Infrastructure	\$ 4,334,460	\$ 4,329,460	\$ 2,347,177	\$ 1,982,283	
Water Quality	2,902,074	2,877,074	1,777,692	1,099,382	Misphillion St Project; NE Front St; 2020 Streets/Utilities Proj
Flood/Pollution Control	724,600	724,600	197,702	526,898	4th St Drainage & Misphillion St Project
Improve Resilience to Disasters	435,000	435,000	242,729	192,271	Pump Station Upgrades, Spare Pumps & IT Initiatives
Improve Wastewater Treatment	272,785	292,785	129,053	163,732	Sewer component of Misphillion St Project
Revenue Recovery	\$ 104,762	\$ 70,262	\$ -	\$ 70,262	
Parks & Rec Programming	97,000	62,500	-	62,500	
Economic Development	7,762	7,762	-	7,762	
Public Safety Operations	-	-	-	-	
Grand Total	\$ 6,333,893	\$ 6,333,893	\$ 3,166,947	\$ 3,166,946	

City of Milford, Delaware
Legacy Revenue Report: MTD and YTD Actual vs Annual Budget
For the YTD Period Ended May 31, 2022

91.7% of Year Elapsed

Account / Function	FY'22 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget
General Fund:				
Economic Development Fund	\$ 105,860	\$ -	\$ -	0.0%
General Fund Reserves	1,967,500	-	-	0.0%
ARPA Funding - Operating Support	568,233	14,789	456,082	80.3%
Realty Transfer Tax - Police	400,000	33,334	366,667	91.7%
Real Estate Tax	4,770,043	1,363	4,698,867	98.5%
Business License	72,000	3,240	64,090	89.0%
Rental License	103,000	10,750	118,400	115.0%
Building Permits	316,300	16,219	120,199	38.0%
Planning & Zoning	52,200	9,883	110,602	211.9%
Leases and Franchise Fees ¹	397,612	70,126	364,476	91.7%
Grasscutting Revenue	16,000	1,333	14,667	91.7%
Police Revenues	431,500	8,014	328,113	76.0%
Misc. Revenues ¹	20,499	6	24,687	120.4%
Transfers In	3,835,178	328,014	3,608,146	94.1%
Total General Fund Revenue	\$ 13,055,925	\$ 497,071	\$ 10,274,996	78.7%
Enterprise Funds:				
Water Fund Revenues	\$ 2,824,888	\$ 267,580	\$ 2,855,397	101.1%
Sewer Fund Revenues	2,893,047	243,495	2,515,184	86.9%
Kent County Sewer	1,974,629	178,629	1,846,389	93.5%
Solid Waste Fund Revenues	1,479,370	123,658	1,344,966	90.9%
Electric Fund Revenues	25,250,410	1,942,521	23,313,169	92.3%
Total Enterprise Fund Revenue	\$ 34,422,344	\$ 2,755,883	\$ 31,875,105	92.6%
Other Enterprise Revenue	\$ -	\$ 17,248	\$ 90,086	
Other Enterprise Expense	-	(8,338)	(54,198)	
Total General & Enterprise Fund Revenue	\$ 47,478,269	\$ 3,261,864	\$ 42,185,989	88.9%

¹Recurring, budgeted revenue such as franchise fees, tower leases and pole attachment fees reclassified from miscellaneous revenues (line 14) to leases and franchise fees (line 11)

City of Milford, Delaware
 Legacy Expenditure Report: MTD and YTD Actual vs Annual Budget
 For the YTD Period Ended May 31, 2022

91.7% of Year Elapsed

Fund / Account / Divisional Groupings	FY'22 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget	Unexpended Balance
General Fund					
City Administration					
Personnel	\$ 715,791	\$ 52,731	\$ 650,571	90.9%	\$ 65,220
Operation & Maintenance (O&M)	492,929	60,114	358,351	72.7%	134,578
Capital	230,000	-	-	0.0%	230,000
Subtotal: City Administration	1,438,720	112,845	1,008,922	70.1%	429,798
Planning & Zoning; Code					
Personnel	493,285	42,763	458,404	92.9%	34,881
O&M	138,135	8,107	99,243	71.8%	38,892
Capital	-	-	-		-
Subtotal: Planning & Zoning; Code	631,420	50,870	557,647	88.3%	73,773
Council					
Personnel	35,934	2,637	28,366	78.9%	7,568
Legal	35,000	-	14,145	40.4%	20,855
City Hall Building Expense	17,424	1,452	15,972	91.7%	1,452
Insurance	25,745	-	12,681	49.3%	13,064
Christmas Decorations	5,000	-	4,236	84.7%	764
Council Expense	35,000	1,432	22,569	64.5%	12,431
Employee Recognition	28,000	3,130	26,225	93.7%	1,775
Codification	15,000	-	5,123	34.2%	9,877
Carlisle Fire Company	140,000	-	-	0.0%	140,000
Museum	30,000	-	30,000	100.0%	-
Downtown Milford, Inc.	45,860	-	45,860	100.0%	-
Milford Public Library	25,000	25,000	25,000	100.0%	-
Transcription Service	15,000	-	-	0.0%	15,000
Armory Expenses	23,600	-	22,065	93.5%	1,535
Vehicle & Equipment Repl	6,500	-	-	0.0%	6,500
Resident Survey	18,500	-	17,300	93.5%	1,200
Election - Wages	6,000	-	2,727	45.5%	3,273
Election - Supplies	2,800	150	2,901	103.6%	(101)
Community Festivals	60,000	30,000	60,000	100.0%	-
Subtotal: Council	570,363	63,801	335,170	58.8%	235,193

City of Milford, Delaware
 Legacy Expenditure Report: MTD and YTD Actual vs Annual Budget
 For the YTD Period Ended May 31, 2022

91.7% of Year Elapsed

Fund / Account / Divisional Groupings	FY'22 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget	Unexpended Balance
Finance					
Personnel	456,230	36,215	383,820	84.1%	72,410
O&M	49,970	1,663	35,382	70.8%	14,588
Capital	-	-	-		-
Subtotal: Finance	506,200	37,878	419,202	82.8%	86,998
Information Technology					
Personnel	382,258	24,998	284,138	74.3%	98,120
O&M	228,241	5,086	202,989	88.9%	25,252
Capital	96,400	280	31,624	32.8%	64,776
Subtotal: Information Technology	706,899	30,364	518,751	73.4%	188,148
Police Department					
Personnel	5,129,212	372,786	4,819,983	94.0%	309,229
O&M	974,498	41,068	641,495	65.8%	333,003
Capital	108,100	-	11,893	11.0%	96,207
Subtotal: Police Department	6,211,810	413,854	5,473,371	88.1%	738,439
Streets & Grounds Division					
Personnel	382,587	18,361	295,774	77.3%	86,813
O&M	508,931	20,401	287,929	56.6%	221,002
Capital	73,000	22,867	45,839	62.8%	27,161
Subtotal: Streets & Grounds Division	964,518	61,629	629,542	65.3%	334,976
Parks & Recreation					
Personnel	589,633	41,590	508,197	86.2%	81,436
O&M	473,362	31,840	375,527	79.3%	97,835
Capital	963,000	-	135,403	14.1%	827,597
Subtotal: Parks & Recreation	2,025,995	73,430	1,019,127	50.3%	1,006,868
Total General Fund Expenditures	\$ 13,055,925	\$ 844,671	\$ 9,961,732	76.3%	\$ 3,094,193

City of Milford, Delaware
 Legacy Expenditure Report: MTD and YTD Actual vs Annual Budget
 For the YTD Period Ended May 31, 2022

91.7% of Year Elapsed

Fund / Account / Divisional Groupings	FY'22 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget	Unexpended Balance
Enterprise Funds:					
Water Division					
Personnel	\$ 328,260	\$ 26,944	\$ 307,786	93.8%	\$ 20,474
O&M	1,644,327	97,343	1,150,413	70.0%	493,914
Transfer to General Fund	300,000	25,000	275,000	91.7%	25,000
Capital	187,028	9,892	28,032	15.0%	158,996
Debt Service	365,273	-	318,773	87.3%	46,500
Subtotal: Water Division	2,824,888	159,179	2,080,004	73.6%	744,884
Sewer Division					
Personnel	\$ 319,977	26,198	298,731	93.4%	21,246
O&M	1,993,116	140,647	1,298,355	65.1%	694,761
Capital	168,528	14,202	195,394	115.9%	(26,866)
Debt Service	411,426	-	362,527	88.1%	48,899
Subtotal: Sewer Division (excl. Kent County)	2,893,047	181,047	2,155,007	74.5%	738,040
Kent County Sewer	1,974,629	178,630	1,846,028	93.5%	128,601
Subtotal: Sewer Division (Comprehensive)	4,867,676	359,677	4,001,035	82.2%	866,641
Solid Waste Division					
Personnel	334,276	17,674	215,761	64.5%	118,515
O&M	1,086,019	76,217	900,277	82.9%	185,742
Capital	59,075	343	8,518	14.4%	50,557
Subtotal: Solid Waste Division	1,479,370	94,234	1,124,556	76.0%	354,814
Subtotal: Water, Sewer & Solid Waste	9,171,934	613,090	7,205,595	78.6%	1,966,339
Electric Division					
Personnel	1,275,540	100,936	1,042,065	81.7%	233,475
O&M	2,759,848	194,101	2,028,922	73.5%	730,926
Transfer to General Fund	2,500,000	208,334	2,291,667	91.7%	208,333
Capital	1,549,021	19,125	449,659	29.0%	1,099,362
Debt Service	321,615	-	276,958	86.1%	44,657
Subtotal: Electric Division (excl. Power)	8,406,024	522,496	6,089,271	72.4%	2,316,753
Power Purchased	16,844,386	1,420,059	16,194,329	96.1%	650,057
Subtotal: Electric Division (Comprehensive)	25,250,410	1,942,555	22,283,600	88.3%	2,966,810
Total Enterprise Fund Expenditures	\$ 34,422,344	\$ 2,555,645	\$ 29,489,195	85.7%	\$ 4,933,149
Grand Total Operating Budget	\$ 47,478,269	\$ 3,400,316	\$ 39,450,927	83.1%	\$ 8,027,342

City of Milford, Delaware
 Legacy Interservice Department Expenditures: MTD and YTD Actual vs Annual Budget
 For the YTD Period Ended May 31, 2022

91.7% of Year Elapsed

Account / Divisional Groupings	FY'22 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget	Unexpended Balance
Interservice Departments					
Garage					
Personnel	\$ 123,933	\$ 7,223	\$ 84,046	67.8%	\$ 39,887
Operation & Maintenance (O&M)	120,813	6,189	81,969	67.8%	38,844
Capital	-	-	-		-
Subtotal: Garage	244,746	13,412	166,015	67.8%	78,731
Public Works					
Personnel	750,563	56,702	669,822	89.2%	80,741
O&M	293,510	9,873	208,119	70.9%	85,391
Capital	-	-	-		-
Subtotal: Public Works	1,044,073	66,575	877,941	84.1%	166,132
Tech Services					
Personnel	271,033	21,718	265,478	98.0%	5,555
O&M	472,729	38,114	368,401	77.9%	104,328
Capital	-	-	-		-
Subtotal: Tech Services	743,762	59,832	633,879	85.2%	109,883
Billing & Collections					
Personnel	632,304	45,923	533,758	84.4%	98,546
O&M	644,405	11,968	241,069	37.4%	403,336
Capital	-	-	-		-
Subtotal: Billing & Collections	1,276,709	57,891	774,827	60.7%	501,882
City Hall Cost Allocation					
O&M	10,825	1,347	24,521	226.5%	(13,696)
Capital	30,000	-	-	0.0%	30,000
Subtotal: City Hall Cost Allocation	40,825	1,347	24,521	60.1%	16,304
Interdepartmental Cost Allocation	\$ (3,350,115)	\$ (199,057)	\$ (2,477,183)	73.9%	\$ (872,932)
Net Interdepartmental Costs¹	\$ -	\$ -	\$ -		\$ -

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



RESOLUTION 2022-07

UPDATES MILFORD CITY COUNCIL RULES OF PROCEDURE

WHEREAS, Resolution 2018-01 was approved by unanimous vote of City Council on February 12, 2018 adopting the Milford City Council Rules of Procedure; and

WHEREAS, Resolution 2022-02 was approved by unanimous vote of City Council on February 14, 2022 adopting amended Milford City Council Rules of Procedure; and

WHEREAS, Council has requested a 15-minute Public Comment Period be added prior to the start of the official Council Meeting; and

WHEREAS, some additional agenda items have also been incorporated based on comments of City Council during reviews of the Rules of Procedure; and

WHEREAS, exhibit A5 provides final clarification of the Rules of Procedure for future Council meetings.

NOW, THEREFORE BE IT RESOLVED, that the City Council of the City of Milford, during a lawful session duly assembled on the 27th day of June 2022, by a favorable majority vote adopt the Procedural Rules hereto attached as Exhibit A(3), as amended, are hereby adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Official Seal of the City of Milford to be affixed this 27th day of June 2022.

Mayor Arthur J. Campbell

Attest:

City Clerk Teresa K. Hudson

Attachment: Exhibit A(5)

**RESOLUTION 2022-07
EXHIBIT A(5)
Effective June 26, 2022**

**City of Milford City Council
Rules of Procedure**

Regular meetings of City Council shall be held on the second and fourth Monday of each month at Milford City Hall and shall commence at 6:00 p.m. In the case of a holiday on said Monday, the meeting shall be on the next business day. There shall be only one regular City Council meeting held on the second Monday of the month of December. Additional workshop meetings may be scheduled on alternate Wednesdays and will begin at 6:00 p.m. when needed.

Section I.

**City Council Regular Meetings
Order of Business**

Unofficial Public Comment Period (First 15 minutes—related to agenda items only)

1. Call to Order
2. Invocation & Pledge of Allegiance
3. Approval of Previous Minutes (Second Monday only)
4. Roll Call of those in Attendance (unless taken at a prior meeting/workshop on same date)
5. Public Hearing (Fourth Monday as needed; alternate meeting dates if warranted)
6. Approval of Consent Agenda
7. Staff Reports (Second Monday only)
8. Monthly Finance Report (Fourth Monday only)
9. Council Business
 - a. Recognition (If needed, this item is for recognition of City staff (new or special achievements) or Proclamations for community members who have made special contributions to improve the quality of life of our community.)
 - b. Staff Reports (Second Monday only)
 - i. Police Report
 - ii. City Clerk Report
 - iii. Monthly City Manager Report:
 - iv. Public Works Department
 - v. Planning & Zoning Department
 - vi. Parks & Recreation Department
 - vii. Human Resources
 - viii. Economic Development & Community Engagement
 - ix. IT Department
 - x. Finance Department
 - c. Ward Reports & Communication Council/Informational only
(staff to report back to CC through PC, CM, CC)
10. Unfinished Business (Items included in this section are ordinances introduced at a prior meeting, or items postponed from previous City Council meetings. The order in which items will be addressed is as follows:)

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061222R

062322R Recommendations Incorporated (from 06 13 2022 meeting)

- a. Presentation / Report by 1) staff, 2) consultants or 3) other pertinent party
 - b. City Council Discussion / Questions
 - c. Public Comment as applicable
 - d. Council Action (Approve, Deny or Postpone)
11. New Business (The order in which items will be addressed is as follows:)
- a) Presentation / Report by 1) staff, 2) consultants or 3) other pertinent party
 - b) City Council Discussion / Questions
 - c) Public Comment as applicable
 - d) Council Action (Approve, Deny or Postpone)
12. Executive Session (If needed and only if included on agenda.)
13. Adjourn

Section II.

City Council Workshop Meetings Order of Business

1. Convened
2. Roll Call of those in Attendance
3. (The order in which items will be addressed is as follows:)

 - a. Presentation / Report by staff, consultants, or others
 - b. City Council Discussion / Questions

4. Conclusion

Section III.

City Council Executive Session (ES) Order of Business

1. Mayor Announces Executive Session
2. Motion to go into ES and Provide Reason (In Open Meeting)
3. Go into closed session
4. Close Doors
5. Items (restricted to statutes cited)
6. Upon conclusion, open door
7. Motion to Return to Open Session
8. Mayor announces: No action or ask for a motion (if any, to Approve, Deny or Postpone)
9. Take voice vote
10. Motion to Adjourn
11. Voice vote to adjourn

Section IV.

City Council Public Hearing Procedures

The Solicitor shall preside over Land Application Public Hearings and follow these steps:

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061222R

062322R Recommendations Incorporated (from 06 13 2022 meeting)

1. Mayor calls the Public Hearing to order.
2. City Solicitor explains the procedure.
3. City Solicitor identifies the application or subject by name and number.
4. City Planner - the Solicitor calls on the City Planner or other appropriate staff to provide the application.
5. Solicitor calls on the applicant or representative to concisely present their application and purpose. The applicant is asked to limit their presentation to 15 minutes. If the application is sufficiently complex, and more time is required, the applicant should notify the City Clerk prior to the meeting and the Solicitor will determine and announce if additional time is granted.
6. Questions may be asked by the City Council or the Mayor after the testimony to clarify comments or statements made during the remarks. The Solicitor must recognize each Councilmember before speaking. When every Councilmember has spoken, then the Solicitor may call on a Councilmember the second time, etc. However, City Councilmembers should reserve discussion or expression of opinions until the deliberation portion of the Public Hearing.
7. The floor is then opened to the public.
8. Solicitor will then invite testimony from the public who favor the application (up to three minutes per person).
9. Solicitor will then invite testimony from all opposed to the application (up to three minutes per person).
10. After everyone has spoken, the Solicitor turns the hearing back to the Mayor who declares the public hearing closed.
11. The Mayor will then ask Council their pleasure. Any Councilmember still wishing to speak before the motion is made, must be recognized by the Mayor before speaking. Once every Councilmember who wishes to speak has done so, then the Solicitor may call on a Councilmember a second time, etc.
12. Mayor asks for a motion only (not to approve or deny).
13. A roll call vote will be conducted on the motion with each Councilmember voicing her/his vote (aye or nay) followed by a brief reason for supporting or opposing the motion based on information presented on the record.
14. The Mayor shall have the discretion to change the order of the roll call vote at any time. Such orders will be tracked by the City Clerk and the proper order recorded in the minutes.

Section V.

City Council Public Comment Procedures

1. The Public Comment session is a specified time prior to the start of the official Council Meeting for individuals to speak on a topic that is listed on that night's published agenda.
2. Prior to the start of the session, individuals wishing to speak shall sign and complete the information requested in the sign-in document which will be available when entering the Council Chambers. At that time, the City Clerk will remove the document and no further individuals will be permitted to sign up.
3. Individuals who have signed up for public comment will be recognized by the Mayor and shall proceed to the podium, state their name, and address and commence with their comments.
4. The time limit is three minutes per speaker, not to exceed a total of fifteen minutes for all

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062322R Recommendations Incorporated (from 06 13 2022 meeting)

- speakers.
5. Speakers will be asked to speak into the microphone clearly so their comments can be heard by all present and for proper recordation. The time limit may be extended by the Mayor, if in his/her opinion, the speaker is representing a contingent of individuals present at the meeting and the speaker is acting as spokesperson for the group of individuals who choose not to speak.
 6. Speakers shall remain polite, civil and respect the decorum of the City Council meeting. Comments are to be addressed to the Mayor and City Council as a whole, and should not include insults, personal attacks, etc. Certain topics are inappropriate for public discussion, nor shall they be presented to City Council per the City Charter and Delaware Code. Accordingly, speakers are asked to refrain from addressing personnel matters, topics that should only be discussed in executive session, or subjects that are not otherwise within the authority or responsibility of the City of Milford or the City Council. Once the comments are completed, the speaker should be seated or may leave the Council Chambers. Speakers who, in the opinion of the Mayor, are not following these rules shall be stopped and asked to leave the podium.
 7. During this session, no comments will be allowed on any matter scheduled for an official public hearing.
 8. Audience members are asked to be courteous to those who are speaking during public comment by refraining from applause, cheers or commenting while others are speaking.
 9. Mayor and Council are prohibited from deliberating or acting upon items discussed during the Public Comment session.
 10. Mayor and Council may direct the City Manager, Police Chief, or City Clerk to respond to any concerns at a later date.

Section VI.

Additional Procedures

1. Public Posting Compliance: In accordance with State FOIA regulations and the City Charter, the final agenda for all City Council meetings will be prepared and posted by the City Clerk at least seven days prior to the meeting. The final agenda will be posted on the City website and the City Hall bulletin board as soon as it becomes available.
2. Agenda items will be established by the City Manager, Mayor, and City Clerk. Staff reports, supporting materials, presentations, memos, etc. for the packet shall be emailed to the City Clerk's Office no later than five days prior to the meeting. The packet will be posted on the City website and the link emailed to the Mayor, City Councilmembers, City Manager, and department heads no later than the Friday morning prior to the Monday meeting.
3. Councilmembers are encouraged to review the agenda and packet prior to the meeting and shall contact the City Manager or Police Chief, in the case of items originating from the Police Department, with any questions or concerns that may require additional information or research by noon on the day of the meeting.
4. Councilmembers shall refrain from sending or responding to emails in which other Councilmembers are copied.
5. Cancellation of Meetings: Cancellation of any meeting shall be at the discretion of the Mayor as circumstances may require. In any case, as much notice of said cancellation as is practical shall be given through the City Clerk's Office to City Council members, City Manager and department heads and shall be posted on the City's website.

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062322R Recommendations Incorporated (from 06 13 2022 meeting)

6. Handouts: Any person(s) addressing Council are strictly prohibited from distributing items either just prior to, or during any meeting or workshop. Such items must be provided to the City Clerk's Office by noon on the Wednesday prior to the meeting to become part of the Council packet. Items to be presented at a weekday workshop must be provided to the City Clerk five days in advance of the session.
7. Minutes: Minutes shall be kept of all City Council meetings, including the language of and votes upon all motions. The City Clerk's Office will strive to have minutes of the prior meeting prepared and included in the appropriate monthly packet. Audio recordings shall record the business transacted at all City Council meetings/workshops/sessions and shall be stored for future reference according to the approved Record Retention Schedule for the State of Delaware. Minutes shall be prepared of all executive session meetings by the City Clerk and maintained under the custody, control, and supervision of the City Clerk.
8. Consent Agenda: A Consent Agenda may be used to approve a group of matters with one motion and vote at the beginning of the meeting. This is used for routine matters and/or items that have been vetted through prior City Council discussion. Prior to approving the Consent Agenda, the items are to be read aloud by the City Clerk so that everyone in the room is aware of the items that will be approved together, with one vote. Prior to the vote, any Councilmember may request an item be removed from the Consent Agenda if more detailed discussion is needed on the item.
9. Parliamentary Procedure: The Mayor shall have authority to manage meetings in accordance with the Charter and Ordinances of the City of Milford and this Resolution. The City Solicitor serving as Parliamentarian when in attendance. In those matters not covered by such rules, the most current edition of Robert's Rules of Order shall be the parliamentary authority.

021218R
042022R
050922R
060922R
061222R

062322R Recommendations Incorporated (from 06 13 2022 meeting)



FY21 Financial Statements

And Independent Auditors Report

FY21 Financial Statements & Independent Audit

- Strong Financial Performance in FY21 as expected
 - Revenue Increases in the General Fund and all Utilities (10% Government-Wide)
 - Costs Controlled Well Overall (5.1% Government-Wide)
 - 12% increase in the General Fund attributable to one-time entry
 - 6.7% adjusted for entry
 - 2.7% increase across all Utilities
 - Increases in Net Position in the General Fund and all Utilities
 - Current assets / liquidity remained strong all year
 - Growth in fixed assets reflects execution of CIP plan
 - Increase in liabilities commensurate with balance sheet growth
 - ARPA deferred revenue offsetting cash balance
- GASB 84 Implementation Requirement for FY21
 - Prior-period adjustment to absorb the City's Agency Funds into Financial Statements
 - Permit fees collected on behalf of Carlisle Fire Co
 - Permit fees collected for Parks & Rec improvements
 - Sewer Impact Fees collected on behalf of Kent County per treatment contract

FY21 Financial Statements & Independent Audit

Government-Wide Net Position

MDA Schedule 1

CITY OF MILFORD NET POSITION (Unaudited) (Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Current and other assets	\$ 10,314	\$ 15,872	\$ 41,959	\$ 48,529	\$ 52,272	\$ 64,401
Capital assets, net	17,233	17,301	45,548	45,885	62,781	63,186
Total Assets	27,547	33,173	87,507	94,414	115,053	127,587
Deferred outflows of resources	1,583	1,649	311	289	1,894	1,938
Long term liabilities	2,127	1,923	15,260	15,476	17,387	17,399
Other liabilities	642	4,391	4,559	5,312	5,201	9,703
Total Liabilities	2,769	6,314	19,819	20,787	22,588	27,102
Deferred inflows of resources	423	829	-	-	423	829
Net Position						
Net investment in capital assets	17,233	17,301	29,157	29,667	46,390	46,968
Restricted	2,474	5,868	9,923	11,551	12,397	17,419
Unrestricted	6,811	4,510	28,918	32,697	35,729	37,208
Total Net Position (2020 Restated)	\$ 26,518	\$ 27,679	\$ 67,998	\$ 73,915	\$ 94,516	\$ 101,595

FY21 Financial Statements & Independent Audit

Government-Wide Revenue & Expense

MDA Schedule 2 (Condensed)

CITY OF MILFORD CHANGES IN NET POSITION (*Unaudited*) (Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Total Revenues	\$ 7,715	\$ 9,191	\$ 35,629	\$ 38,483	\$ 43,345	\$ 47,673
Total Expenses	10,307	11,527	29,266	30,066	39,573	41,593
Increase (decrease) in net assets before transfers and special items	(2,592)	(2,336)	6,362	8,416	3,771	6,080
Transfers	3,135	3,498	(2,556)	(2,500)	579	998
Change in net position	544	1,162	3,806	5,916	4,350	7,078
Net position, July 1 (<i>2020 Restated</i>)	25,973	26,517	64,193	67,999	90,166	94,516
Net position, June 30 (<i>2020 Restated</i>)	\$ 26,517	\$ 27,678	\$ 67,999	\$ 73,915	\$ 94,516	\$ 101,594

FY21 Financial Statements & Independent Audit

- Challenges with completion of FY21 Financial Statements
 - Personnel
 - August 2020 – May 2021: Finance Staff of 5
 - By end of June 2021: Finance Staff of 3
 - Recruitment Delayed due to Candidate Withdrawal
 - Technology
 - Efforts to model the day-to-day accounting more like annual reporting were not congruent with the financial system
 - MS Excel glitch required trial balance re-mapping from scratch
 - Transition to new Audit Firm
- Overcoming Challenges in FY22
 - Personnel
 - Short-term – F/S engagement side by side with audit engagement
 - Long-term – advanced cross-training and/or addition to staff
 - Technology
 - Tyler system design will strengthen relationship between day-to-day and annual reporting
 - Finance laptop replaced; transition to O365; mapping consolidated
 - First-year challenges with new Audit Firm behind us



The City of Milford, Delaware

Annual Financial Statements

Including Independent Auditors' Report

As of and for the Year Ended June 30, 2021

The City of Milford, Delaware
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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,



Mark A. Whitfield
City Manager



Louis C. Vitola
Finance Director

INDEPENDENT AUDITOR'S REPORT

p.1

[To be submitted by Independent Audit Firm]

INDEPENDENT AUDITOR'S REPORT

p.2

[To be submitted by Independent Audit Firm]

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. 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 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 \$101.6 million (net position). This number must be viewed in the context that a significant portion of the City's net position (\$47 million, or 46%) 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 \$17.4 million (17%). The remaining \$37.2 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 \$1.5 million (4%) in fiscal year 2021.

As of the close of the past fiscal year, the City's governmental activities (a subset of the government-wide information reported in the preceding paragraph) reported \$27.7 million combined ending net position. Within this total, \$17.3 million (63%) is invested in capital assets, net of related debt, \$5.9 million is restricted by specific legal requirements and \$4.5 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 government-wide basis. Business-type activities closed the year with a \$5.9 million increase in

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net position to \$73.9 million, \$29.7 million of which is invested in capital assets, net of related debt and \$11.6 million of which is restricted by specific legal requirements. The remaining \$32.7 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 15 and 16 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. The governmental financial statements can be found on pages 17 and 19.

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 21 to 23.

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 24 through 50.

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.

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

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, as restated pursuant to GASB Statement No. 84.

MDA Schedule 1

CITY OF MILFORD NET POSITION (*Unaudited*)
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Current and other assets	\$ 10,314	\$ 15,872	\$ 41,959	\$ 48,529	\$ 52,272	\$ 64,401
Capital assets, net	17,233	17,301	45,548	45,885	62,781	63,186
Total Assets	27,547	33,173	87,507	94,414	115,053	127,587
Deferred outflows of resources	1,583	1,649	311	289	1,894	1,938
Long term liabilities	2,127	1,923	15,260	15,476	17,387	17,399
Other liabilities	642	4,391	4,559	5,312	5,201	9,703
Total Liabilities	2,769	6,314	19,819	20,787	22,588	27,102
Deferred inflows of resources	423	829	-	-	423	829
Net Position						
Net investment in capital assets	17,233	17,301	29,157	29,667	46,390	46,968
Restricted	2,474	5,868	9,923	11,551	12,397	17,419
Unrestricted	6,811	4,510	28,918	32,697	35,729	37,208
Total Net Position (2020 Restated)	\$ 26,518	\$ 27,679	\$ 67,998	\$ 73,915	\$ 94,516	\$ 101,595

Over time, a government’s net position (especially *changes in net position by category*) may serve as a useful indicator of the organization’s financial condition. The City of Milford is no different; the \$7.1 million (7.5%) improvement in Milford’s total net position from \$94.5 million as of June 30, 2020 to \$101.6 million as of June 30, 2021 reflects positive financial performance (See *MDA Schedule 1*). The City’s net position in FY21 was impacted by the implementation of GASB Statement No. 84 (“GASB 84”) and to a lesser extent, the FY21 allocation of \$3.2 million in funding through the American Rescue Plan Act of 2021 (“ARPA”). The adoption of GASB 84 required a prior period adjustment to incorporate net position formerly reported separately as agency funds into the FY21 opening net position, artificially dampening the FY21 improvement by nearly 0.7%, which was partially offset by the impact of the FY21 GASB 84 activity. Adjusting for the effects of ARPA and GASB 84, net position increased by \$7.5 million (8%) on a comparable basis.

The largest portion of the City's net position, \$47 million (46%) reflects investments in capital assets (e.g., land, building, equipment, improvements and infrastructure), less any outstanding debt used to acquire those assets. The City uses its capital assets and equipment 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, however, represent an obligation on the part of the City to maintain these assets into the future.

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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 \$17.4 million (17%) of the City's net position is subject to legal and local restrictions on use; the 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, employees and creditors.

The following table ("MDA Schedule 2") provides a summary of the City's operations for the years ended June 30, 2021 and 2020, as restated pursuant to GASB Statement No. 84.

MDA Schedule 2

CITY OF MILFORD CHANGES IN NET POSITION (Unaudited)
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Revenues						
Program Revenues:						
Fees, fines and charges for services	\$ 111	\$ 71	\$ 33,434	\$ 34,342	\$ 33,545	\$ 34,413
Operating grants and contributions	812	1,415	83	-	895	1,415
General Revenues:						
Property taxes	4,196	4,340	-	-	4,196	4,340
Real estate transfer taxes	954	1,243	-	-	954	1,243
Franchise taxes	1,012	1,674	-	-	1,012	1,674
Impact fees	-	-	885	2,555	885	2,555
Capital grant	-	177	517	1,223	517	1,399
Sale of property	(214)	(2)	-	-	(214)	(2)
Investment earnings	156	43	584	284	740	328
Forgiveness of debt	-	-	-	-	-	-
Miscellaneous	689	230	126	79	815	308
Total revenues	\$ 7,716	\$ 9,191	\$ 35,629	\$ 38,483	\$ 43,345	\$ 47,673
Expenses						
General government	2,682	3,769	-	-	2,682	3,769
Public safety	5,994	6,159	-	-	5,994	6,159
Public works	678	644	-	-	678	644
Culture and recreation	953	956	-	-	953	956
Interest on long-term debt	-	-	336	340	336	340
Electric	-	-	21,083	21,413	21,083	21,413
Water	-	-	2,198	2,130	2,198	2,130
Sewer	-	-	4,322	4,828	4,322	4,828
Trash	-	-	1,327	1,355	1,327	1,355
Total expenses	\$ 10,307	\$ 11,527	\$ 29,266	\$ 30,066	\$ 39,573	\$ 41,593
Increase (decrease) in net assets before transfers and special items	(2,591)	(2,336)	6,362	8,416	3,771	6,080
Transfers	3,135	3,498	(2,556)	(2,500)	579	998
Change in net position	544	1,162	3,806	5,916	4,350	7,078
Net position, July 1 (2020 Restated)	25,973	26,517	64,193	67,999	90,166	94,516
Net position, June 30 (2020 Restated)	\$ 26,517	\$ 27,679	\$ 67,999	\$ 73,915	\$ 94,516	\$ 101,594

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

Total net position increased by \$7.1 million (7.5%) during fiscal year 2021, marking the City's strongest improvement in government-wide net position in the last three years. The FY21 performance exceeded the year-over-year increase of \$4.3 million, or 4.8% (as restated) achieved during the prior fiscal year (See *MDA Schedule 2*) and the \$5.7 million (6.8%) achieved two years prior (not included in exhibit). This year's increase was tempered by the implementation of GASB 84 as discussed in the net position paragraph on page 6; adjusted for GASB 84, the City's increase in net position totals \$7.5 million, or 8%. The overall increase in net position as presented consists of a \$1.2 million increase in governmental activities (+4.4%) and a \$5.9 million increase in business-type activities (+8.7%), the former of which is boosted by higher one-time and potentially unsustainable revenue sources, such as realty transfer taxes and grant revenue. The improvement in business-type activities is attributable to utility revenue growth through a combination of organic growth in volume/consumption as well as rate adjustments prescribed by a multi-year utility rate study. Additional detail is provided for the governmental and business-type activities in the following paragraph and the next two sections.

The 2021 increase of \$7.1 million is composed of growth in current assets (about \$12.1 million) offset by \$4.5 million increases in current liabilities, netting \$7.6 million in positive growth in liquid net assets. Growth in the City's total assets, net of accumulated depreciation, outpaced the growth in long-term liabilities by almost \$0.4 million, further reflecting a healthy year for the City's consolidated balance sheet. The impact of the GASB 84 adjustment (\$0.6 million) and the combination of the changes in deferred inflows and outflows (\$0.3 million) partially offset the positive increases in short- and long-term components of net position to arrive at the net increase of \$7.1 million, \$5.0 million of which is legally restricted for certain uses. The remainder of \$2.1 million represents growth in both net assets and unrestricted net position. Net assets grew in a relatively balanced way, with governmental and business-type activities each posting minor gains totaling \$0.6 million. However, the \$1.5 million increase in government-wide unrestricted net position was mixed across governmental activities (\$2.3 million *reduction* in unrestricted net assets) and business-type activities (\$3.8 million *growth* in unrestricted net assets). The reduction in unrestricted net assets in the governmental activities during FY21 is attributable to reduced reliance on restricted funding sources, such as realty transfer taxes and economic development funding, and a greater reliance on internal, unrestricted sources of funding, such as operating cash and general fund reserves.

Government Activities – The two leftmost columns in *MDA Schedule 2* summarize the City's governmental revenues, expenses, transfers and changes in net position; net position ties from *MDA Schedule 2* back to *MDA Schedule 1*.

Revenues generated by governmental activities increased 19% versus the prior year, excluding transfers from business-type activities and special items. Going further and excluding the impact of the adoption of GASB 84, the revenue increase was still strong at nearly 17%. While revenue increases are nearly always positive, the governmental revenue increase in FY21 must be couched with the reality the increases were driven primarily by franchise fees and leases, operating grants and realty transfer taxes, the latter two of which are not guaranteed, reliable sources of recurring revenue. While franchise fees and other lease revenues are more reliable

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and stable income sources, they, too are subject to long- and mid-term market pressures, regulatory risk and technological obsolescence and are not guaranteed to recur at the level of previous years. Property tax revenue, perhaps the City's most reliable and sustainable revenue source, increased in FY21 by \$144,000 (3%). The increase in property tax revenue was commensurate with the FY19-20 increase, resulting from the combination of parcel growth (count) and growth in assessed value (new construction, not reassessment-driven). The City's property tax rate did not change from 2007 through FY2021, so property tax growth has been driven entirely by new development in Milford, which is a positive sign. In addition, the City increased the property tax rate from \$0.46 to \$0.48275 per \$100 of assessed value effective for FY22, so we expect property tax revenue growth to stabilize the City's revenue in the event we face volatility in other revenue sources.

Governmental expenditures increased by \$1.2 million in FY21, somewhat commensurate with last year's increase of \$0.9 million from FY19 to FY20. However, in FY21, approximately \$0.8 million of the increase is attributable to a one-time adjustment in compensated absences that is not expected to recur. Adjusted for the noncash entry, FY21 operating costs increased only 3.6% in FY21, driven in part by general administrative expenses and in part by public safety expenditures, which were partially offset by cost savings in public works operations.

Business – Type Activities – Net position from business-type activities increased by \$5.9 million, or 8.7% from \$68.0 million to \$73.9 million during fiscal year 2021 (See *MDA Schedule 2*). All four major utilities contributed to the positive change in net position across business activities, with the water fund's \$2.1 million increase in net position pacing the electric and sewer funds' increases of \$1.6 million each, followed by the solid waste fund's increase of \$0.6 million. The positive changes started with top-line revenue as all four utilities posted revenue increases over FY20. The City's revenue growth was balanced and healthy, comprised of steady, organic growth in rate base and controlled, phased increases in usage rates determined through cost of service studies conducted for all business-type activities. Further, aside from the sewer fund's 12% increase in operating expenses, the utilities otherwise controlled operating expenses, capping the year-over-year increase a 1.2% (excluding sewer) and 2.7% overall (including sewer). As a result, business-type activities combined to close the year with positive operating income overall despite the reported operating loss of \$0.16 million in the sewer fund. The cost increase in the sewer fund was the result of infiltration and inflow costs registering 49% higher than FY20 and nearly 59% higher than the previous five years. Management views this as a one-time anomaly resulting from high activity on residential and commercial development projects, active sewer projects and higher than average rainfall. As of the preparation of this report, infiltration and inflow costs are tracking significantly lower in FY22. Finally, adjusted for non-operating items, all four utilities, including the sewer fund, generated positive income before transfers.

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CITY OF MILFORD, DELAWARE
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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 2021 to reallocate investment balances to more heavily weight money market funds in response to changes in the market to capture additional yield without being exposed to incremental risk. Additional information about the City’s investments can be found in Note 8 on page 34. MDA Schedule 3 exhibits a breakdown of the City’s investments by broad asset type as of June 30, 2021 and 2020.

MDA Schedule 3

Description	Category	Carrying Values as of June 30,	
		2021	2020
Money Market Funds			
PFM Asset Management, LLC	1	\$ 9,432,720	\$ 15,729,139
Wilmington Savings Fund Society, NA	1	20,000,000	-
Certificates of Deposit			
PFM Asset Management, LLC	1	-	12,671,000
Total Investments		<u>\$ 29,432,720</u>	<u>\$ 28,400,139</u>

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 \$11.36 million (See Governmental Funds Balance Sheet on page 17). Within this total, a small amount is categorized as “nonspendable” (prepaid expenses), \$5.9 million is restricted by specific legal requirements, primarily for (a) capital investments in infrastructure and other eligible expenditures pursuant to the US Treasury’s Final Rule governing the use of \$2.9 million in funding advanced through the American Rescue Plan Act of 2021 (“ARPA”) and (b) street improvements, and \$0.3 million has been committed and assigned to specific types of expenditures. The remaining \$5.2 million represents unassigned fund balance in the general fund and can be used for any lawful purpose. In the general fund, the City budgeted a fund balance decrease in the current year of \$2.5 million prior to the use of prior balances and reserves, although the actual general fund balance decreased by just \$0.4 million (4% of the total budget). Actual general fund expenditures were 10.1% below total budgeted expenses due to cost control measures and understaffing.

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 21-23). Unrestricted net position in the enterprise funds totaled \$32.7 million, made up of the electric fund (\$18.5 million), water fund (\$9.0 million), sewer fund (\$4.6 million) and trash fund (\$0.6 million). The total of all enterprise funds’ net position at the end of the fiscal year was \$73.9

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million, representing an increase of \$5.9 million versus fiscal year 2020 as a result of positive increases in net position in the electric, water, sewer, and solid waste funds of \$1.6 million, \$2.1 million, \$1.6 million, and \$0.6 million, respectively versus the prior period.

General Fund Budgetary Highlights – City Council made revisions to the original appropriations approved by the Council before the start of the fiscal year. Overall, these changes resulted in an increase in budgeted operating expenditures of \$0.3 million, net of offsetting increases in anticipated revenues of \$0.3 million. The changes were primarily driven by general administration and public safety expenditures that are added to budget controls when grant revenue is received and spent through the ordinary requisition, purchase order and accounts payable processes.

DEBT ADMINISTRATION

As of June 30, 2021, the City's bonded indebtedness and outstanding note obligations (See *MDA Schedule 4*) totaled \$16.1 million, all of which is backed by the full faith and credit of the City of Milford taxing authority.

MDA Schedule 4

	Outstanding Debt at Year End Bonds and Notes Payable					
	<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
General Obligation Bonds	\$ -	\$ -	\$ 7,100	\$ 6,685	\$ 7,100	\$ 6,685
DE Revolving Fund Loans	-	-	2,851	2,667	2,851	2,667
USDA Loans	-	-	4,791	5,673	4,791	5,673
Kent County Note	-	-	1,122	1,096	1,122	1,096
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,865</u>	<u>\$ 16,122</u>	<u>\$ 15,865</u>	<u>\$ 16,122</u>

During fiscal year 2021, the City's outstanding debt increased by \$0.26 million as a result of scheduled payments of debt obligations totaling \$0.74 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 roll-forward of long-term liabilities can be found in Note 10 on pages 39 to 42 of this report.

In connection with the City's January 2021 referendum, which was approved by the requisite majority of Milford's voters, the City issued a bond anticipation note in FY22, the details of which are discussed in Note 17 – Subsequent Events on page 50 of this report.

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CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounts to \$63.2 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 \$0.4 million representing an increase of 0.6% versus fiscal year 2020. Additional information on the City's capital assets can be found in Note 9 on pages 36 to 38 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 2nd St, Mispillion St, Lovers Ln

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.

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CITY OF MILFORD, DELAWARE
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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 of 2021 ("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.

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BASIC FINANCIAL STATEMENTS

CITY OF MILFORD, DE
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and Equivalents	\$ 13,101,482	\$ 15,632,433	\$ 28,733,915
Investments	1,829,774	27,602,947	29,432,721
Receivables	857,603	3,941,608	4,799,210
Inventories	33,030	1,351,962	1,384,992
Prepaid Expenses	49,720	-	49,720
Total Current Assets	15,871,608	48,528,949	64,400,558
Non-Current Assets			
Capital Assets			
Assets Not Depreciated			
Land	8,156,032	2,522,399	10,678,431
Construction in Progress	839,093	-	839,093
Utility System & Infrastructure	10,467,446	66,115,540	76,582,987
Buildings and Improvements	5,263,295	7,448,808	12,712,103
Equipment and Vehicles	6,761,882	8,715,542	15,477,424
Less: Accumulated Depreciation	(14,186,495)	(38,917,365)	(53,103,860)
Net Capital Assets	17,301,253	45,884,924	63,186,177
Total Assets	33,172,862	94,413,873	127,586,735
Deferred Outflows of Resources	1,649,360	288,794	1,938,154
LIABILITIES			
Current Liabilities			
Accounts Payable and Accrued Expenses	1,084,684	3,819,394	4,904,078
Customer Deposits	250,776	668,043	918,819
Deferred Revenue	2,947,371	-	2,947,371
Bonds and Notes Payable	-	795,328	795,328
Compensated Absences	108,406	29,155	137,561
Total Current Liabilities	4,391,237	5,311,921	9,703,158
Noncurrent Liabilities			
Net Pension Liability	608,919	-	608,919
Bonds and Notes Payable	-	15,351,417	15,351,417
Contingent Liabilities	203,516	-	203,516
Compensated Absences	1,110,607	124,121	1,234,727
Total Noncurrent Liabilities	1,923,042	15,475,537	17,398,579
Total Liabilities	6,314,278	20,787,458	27,101,737
Deferred Inflows of Resources	828,554	-	828,554
NET POSITION			
Net Investment in Capital Assets	17,301,254	29,666,748	46,968,002
Restricted for Capital Improvements:			
Assigned by City Council	5,867,780	2,862,555	8,730,335
Impact Fees	-	8,688,456	8,688,456
Unrestricted	4,510,356	32,697,448	37,207,804
Total Net Position	\$ 27,679,390	\$ 73,915,208	\$ 101,594,597

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

CITY OF MILFORD, DE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
Primary Government					
Governmental Activities					
General Government	\$ 3,768,617	\$ 120,070	\$ 405,529	\$ -	\$ (3,243,018)
Public Safety	6,158,749	-	604,486	133,880	(5,420,383)
Public Works	644,166	-	326,420	-	(317,746)
Culture and Recreation	955,591	33,680	78,675	42,700	(800,536)
Total Governmental Activities	11,527,124	153,750	1,415,111	176,580	(9,781,683)
Business-Type Activities					
Electric Fund	21,520,001	25,253,602	-	100,008	3,833,609
Water Fund	2,240,439	3,047,543	-	175,456	982,560
Sewer Fund	4,950,452	4,668,212	-	947,037	664,797
Trash Fund	1,355,389	1,373,131	-	-	17,741
Total Business-Type Activities	30,066,282	34,342,488	-	1,222,501	5,498,707
Total Primary Government	\$ 41,593,405	\$ 34,496,237	\$ 1,415,111	\$ 1,399,081	(9,781,683)
	General Revenues:				
	Taxes:				
	Property Taxes, Levied for General Purposes			4,340,239	4,340,239
	Real Estate Transfer Taxes			1,243,007	1,243,007
	Franchise Taxes & Fees			1,673,541	1,673,541
	Gain(Loss) on Disposal of Capital Assets			(1,515)	(1,515)
	Impact Fees			-	-
	Unrestricted Investment Earnings			2,554,860	2,554,860
	Miscellaneous			43,498	43,498
	Change in Net Position in Internal Service Fund			229,525	229,525
	Transfers			(83,004)	(83,004)
				3,498,174	3,498,174
	Total General Revenues, Special Items, and Transfers			10,943,466	10,943,466
	Change in Net Position			1,161,783	1,161,783
	Net Position- Beginning of Year (Restated)			26,517,607	26,517,607
	Net Position - End of Year			\$ 27,679,390	\$ 27,679,390
				\$ 73,915,208	\$ 73,915,208
				\$ 101,594,597	\$ 101,594,597

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

**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>
ASSETS				
Cash and Cash Equivalents	\$ 4,221,518	\$ 7,776,711	\$ 759,511	\$ 12,757,740
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
Total Assets	<u>\$ 6,364,563</u>	<u>\$ 8,257,461</u>	<u>\$ 759,511</u>	<u>\$ 15,381,535</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 233,180	\$ 68,156	\$ 1,817	\$ 303,153
Compensated Absences - Current	106,500	-	-	106,500
Deferred Revenue	5,175	2,942,196	-	2,947,371
Other Accrued Expenses	341,455	-	-	341,455
Other Payables	322,249	-	131	322,380
Total Liabilities	<u>1,008,560</u>	<u>3,010,352</u>	<u>1,948</u>	<u>4,020,860</u>
Fund Balances:				
Restricted	-	5,247,109	620,671	5,867,780
Nonspendable	49,720	-	-	49,720
Assigned	136,100	-	136,892	272,992
Unassigned	5,170,183	-	-	5,170,183
Total Fund Balances	<u>5,356,003</u>	<u>5,247,109</u>	<u>757,563</u>	<u>11,360,675</u>
Total Liabilities and Fund Balances	<u>\$ 6,364,563</u>	<u>\$ 8,257,461</u>	<u>\$ 759,511</u>	<u>\$ 15,381,535</u>

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

**CITY OF MILFORD, DE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

Total Fund Balance, Governmental Funds	\$	11,360,675
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.		17,301,253
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Internal Service funds are used by management to charge the costs of centrally managed services to the funds and departments that consume the services. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. The increase is equal to the Internal Service Net Position.		122,312
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Some liabilities and other items are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position. These items include deferred outflows and inflows of resources related to its state pension plan, its net pension liability, and its long-term compensated absences and contingent liabilities.		(1,104,851)
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Net Position of Governmental Activities	\$	27,679,390
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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>
REVENUES				
Property Taxes	\$ 4,340,239	\$ -	\$ -	\$ 4,340,239
Real Estate Transfer Taxes	-	1,243,007	-	1,243,007
Fees and Fines	135,538	15,913	-	151,451
Licenses and Permits	1,138,216	-	133,880	1,272,096
Franchise and Lease Revenue	399,787	-	-	399,787
Intergovernmental	415,987	999,124	-	1,415,111
Charges for Services	120,070	-	33,680	153,750
Investment Earnings	33,528	9,970	-	43,498
Proceeds from Asset Sales	147,795	-	-	147,795
Miscellaneous	229,525	-	-	229,525
Total Revenues	<u>6,960,685</u>	<u>2,268,014</u>	<u>167,560</u>	<u>9,396,259</u>
EXPENDITURES				
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	834,760	422,755	-	1,257,516
Total Expenditures	<u>10,021,437</u>	<u>1,151,811</u>	<u>26,298</u>	<u>11,199,546</u>
(Deficiency) Excess of Revenues Over Expenditures	<u>(3,060,752)</u>	<u>1,116,203</u>	<u>141,262</u>	<u>(1,803,286)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	3,668,047	-	-	3,668,047
Transfers Out	(169,874)	-	-	(169,874)
Total Other Financing Sources (Uses)	<u>3,498,174</u>	<u>-</u>	<u>-</u>	<u>3,498,174</u>
Net Change in Fund Balances	437,422	1,116,203	141,262	1,694,887
Fund Balances - Beginning (Restated)	<u>4,918,581</u>	<u>4,130,906</u>	<u>616,301</u>	<u>9,665,788</u>
Fund Balances - Ending	<u>\$ 5,356,003</u>	<u>\$ 5,247,109</u>	<u>\$ 757,563</u>	<u>\$ 11,360,675</u>

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

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

Net change in fund balances - total governmental funds:	\$ 1,694,887
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Some items reported in the statement of activities, including changes in deferred outflows and inflows of resources, pension liability, and compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(931,549)
Internal Service funds are used by management to charge the costs of centrally managed services to using funds and departments. The increase is equal to the net change in the Internal Service Net Position.	(83,004)
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays of \$1,257,516 exceeded depreciation expense of \$774,553 in the current period.	482,963
Government funds report the proceeds from the sale of assets as revenue. In contrast, the Statement of Activities reports the difference between the amount of the proceeds and the net book value of the related assets as a gain or loss.	<u>(1,515)</u>
Change in net position of governmental activities	<u><u>\$ 1,161,782</u></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

Business Type Activities - Enterprise Funds

	Electric	Water	Sewer	Solid Waste	Total	<i>Governmental Activities -Internal Service Fund</i>
ASSETS						
Current Assets						
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	27,602,947	-
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
Total Current Assets	22,754,174	15,839,448	9,253,137	682,190	48,528,949	490,073
Non-Current Assets						
Capital Assets						
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	7,156,023	123,078	164,057	5,650	7,448,808	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)
Net Capital Assets	15,070,604	15,604,983	14,632,614	576,722	45,884,924	125,099
Total Non-Current Assets	15,070,604	15,604,983	14,632,614	576,722	45,884,924	125,099
Total Assets	37,824,778	31,444,431	23,885,751	1,258,912	94,413,873	615,172
Deferred Outflows of Resources						
Deferred Charges on Refundings	166,880	-	121,914	-	288,794	-
LIABILITIES						
Current Liabilities:						
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	641,259	-	441,804	-	1,083,063	-
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	306,994	-	795,328	-
Total Current Liabilities	3,161,554	507,868	1,538,743	103,755	5,311,921	379,968
Non-Current Liabilities:						
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	-
Total Non-Current Liabilities	4,146,147	5,966,790	5,357,376	5,223	15,475,537	112,892
Total Liabilities	7,307,701	6,474,659	6,896,120	108,979	20,787,458	492,860
NET POSITION						
Net Investment in Capital Assets	10,764,226	9,404,423	8,992,808	505,292	29,666,749	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	18,509,941	9,043,948	4,570,347	573,211	32,697,448	(2,787)
Total Net Position	\$ 30,683,957	\$ 24,969,772	\$ 17,111,545	\$ 1,149,934	\$ 73,915,208	\$ 122,312

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

	Business Type Activities - Enterprise Funds					<i>Governmental Activities - Internal Service Fund</i>
	Electric	Water	Sewer	Solid Waste	Total	
REVENUES						
Charges for Services	\$ 24,861,521	\$ 2,972,221	\$ 4,667,142	\$ 1,371,098	\$ 33,871,982	\$ 2,647,117
Miscellaneous	392,082	75,322	1,070	2,033	470,506	-
Total Operating Revenues	25,253,602	3,047,543	4,668,212	1,373,131	34,342,488	2,647,117
OPERATING EXPENSES						
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	283,403	99,713	22,159	135,395	540,670	649,955
Other Supplies and Expenses	61,303	818,280	640,289	278,135	1,798,006	166,996
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	-
Depreciation	1,284,279	593,031	597,769	128,414	2,603,494	23,025
Total Operating Expenses	21,413,358	2,129,840	4,827,816	1,355,389	29,726,404	2,661,722
Operating Income (Loss)	3,840,244	917,703	(159,605)	17,741	4,616,083	(14,606)
NON-OPERATING REVENUES (EXPENSES)						
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	175,456	947,037	-	1,222,501	-
Miscellaneous	(39,029)	(500,000)	45,596	571,945	78,512	-
Interest Expense	(106,643)	(110,599)	(122,635)	-	(339,877)	-
Bond Issuance Costs	-	-	-	-	-	-
Total Non-Operating Revenues (Expenses)	291,589	1,209,477	1,726,351	572,873	3,800,291	-
Income (Loss) Before Transfers	4,131,834	2,127,180	1,566,746	590,615	8,416,375	(14,606)
Transfers (Out) In	(2,500,000)	-	-	-	(2,500,000)	(68,398)
Change in Net Position	1,631,834	2,127,180	1,566,746	590,615	5,916,375	(83,004)
Net Position - Beginning of Year	29,052,123	22,842,592	15,544,799	559,319	67,998,833	205,316
Net Position - End of Year	\$ 30,683,957	\$ 24,969,772	\$ 17,111,545	\$ 1,149,934	\$ 73,915,208	\$ 122,312

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

CITY OF MILFORD, DE
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2021

	ENTERPRISE FUNDS					<i>Governmental Activities - Internal Service Fund</i>
	Electric	Water	Sewer	Trash	Total	
Cash Flows from Operations:						
Receipts from Customers	\$ 24,542,080	\$ 2,930,941	\$ 4,572,739	\$ 1,311,314	\$ 33,357,074	\$ 2,793,013
Other Operating Receipts	382,841	(106,437)	(956,958)	68	(680,486)	-
Payments to Suppliers	(17,345,821)	(1,358,581)	(2,977,361)	(765,450)	(22,447,213)	(937,026)
Payments to Employees	(2,560,822)	(298,147)	(504,152)	(386,700)	(3,749,820)	(1,600,570)
Insurance Premiums Paid	(81,218)	(20,663)	(12,181)	(10,322)	(124,385)	(8,428)
Net Cash Provided (Used) by Operating Activities	4,937,060	1,147,113	122,087	148,910	6,355,170	246,989
Cash Flows from Non-Capital Financing Activities						
Operating Transfers In (Out)	(2,500,000)	-	-	-	(2,500,000)	(68,398)
Net Cash Flows Used in Non-Capital Financing Activities	(2,500,000)	-	-	-	(2,500,000)	(68,398)
Cash Flows from Capital and Related Financing Activities:						
Net cash for additions to						
Property, Plant and Equipment	(975,984)	(734,471)	(242,303)	70,323	(1,882,435)	(107,326)
Principal Paid on Debt	(225,000)	(254,675)	(263,105)	-	(742,780)	-
Interest Paid on Debt	(106,643)	(110,599)	(122,635)	-	(339,877)	-
Capital Grant	100,008	175,456	947,037	-	1,222,501	-
Impact Fees and Other Development Fees	164,621	1,539,487	811,723	-	2,515,830	-
Net Cash Flows Provided by (Used in) Capital and Related Financing Activities	(1,042,998)	615,198	1,130,717	70,323	773,240	(107,326)
Cash Flows from Investing Activities						
Net Proceeds/(Purchases) from Sales and Maturities of Short-Term Investments	(2,615,710)	563,511	409,821	(71,430)	(1,713,807)	-
Income on Investments	133,603	105,133	44,631	928	284,296	-
Net Cash Flows Provided by (Used in) Investing Activities	(2,482,107)	668,644	454,452	(70,502)	(1,429,512)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(1,088,045)	2,430,956	1,707,256	148,732	3,198,898	71,264
Cash and Cash Equivalents at Beginning of Year	6,274,880	3,589,468	2,204,433	364,753	12,433,534	272,478
Cash and Cash Equivalents at End of Year	\$ 5,186,835	\$ 6,020,424	\$ 3,911,689	\$ 513,485	\$ 15,632,432	\$ 343,742
Cash Flows from Operating Activities						
Operating Income	\$ 3,840,244	\$ 917,703	\$ (159,605)	\$ 17,741	\$ 4,616,083	\$ (14,606)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation and Amortization	1,284,279	593,031	597,769	128,414	2,603,494	23,025
Effect of Changes in Operating Assets & Liabilities:						
Accounts Receivable, net	(292,855)	(222,958)	(1,051,075)	(6,913)	(1,573,801)	(104,880)
Inventory	(80,058)	(3,881)	-	-	(83,938)	(13,228)
Accounts Payable & Accrued Expenses	174,247	(152,026)	720,022	(6,183)	736,061	64,500
Salaries Payable	20,786	2,407	2,165	54,488	79,846	(14,944)
Customer Deposits	(12,047)	-	-	(51,400)	(63,447)	250,776
Liability for Compensated Absences	2,462	1,243	1,243	5,401	10,350	(5,871)
Net Cash Provided by Operating Activities	\$ 4,937,060	\$ 1,135,521	\$ 110,520	\$ 141,548	\$ 6,324,649	\$ 184,773

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:

Land	\$	8,156,032
Construction in Progress		839,093
Utility System & Infrastructure		10,467,446
Buildings and Improvements		5,263,295
Equipment and Vehicles		6,761,882
Less: Accumulated Depreciation		(14,186,495)
Net Difference in Capital Assets	\$	17,301,253

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:

Noncurrent Portion of Compensated Absences	\$	(1,110,607)
Deferred Outflow of Resources - Pension		1,649,360
Deferred Inflow of Resources - Pension		(828,554)
Net Pension Liability		(608,919)
Contingencies and Other Liabilities		(206,131)
Total Current and Long-Term Liability Differences	\$	(1,104,851)

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.

CITY OF MILFORD, DELAWARE
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2: RECONCILIATION OF GOV'T-WIDE AND FUND FINANCIAL STATEMENTS, CONTINUED

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:

Capital Outlay	\$ 1,257,516
Depreciation and Amortization	(774,553)
Net Difference	\$ 482,963

Other Differences

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:

Noncurrent Portion of Compensated Absences	\$ (994,508)
Deferred Outflow of Resources - Pension	66,678
Deferred Inflow of Resources - Pension	(405,402)
Net Pension Liability	611,817
Contingencies and Other Liabilities	(210,134)
Total Current and Long-Term Liability Differences	\$ (931,549)

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.

CITY OF MILFORD, DELAWARE
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: CASH AND INVESTMENTS, CONTINUED

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.

Description	Category	Market Value	Carrying Value
Money Market Funds			
PFM Asset Management, LLC	1	\$ 9,432,720	\$ 9,432,720
Wilmington Savings Fund Society, NA	1	20,000,000	20,000,000
Certificates of Deposit			
PFM Asset Management, LLC	1	-	-
Total Investments		\$ 29,432,720	\$ 29,432,720

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CITY OF MILFORD, DELAWARE
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 9: CAPITAL ASSETS, CONTINUED

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

Asset Categories by Function	Year Ended June 30, 2021				Balances 06/30/21
	Balances 06/30/20	Additions	Reductions	Adjustments & Transfers	
Electric Fund:					
Land	2,460,507				2,460,507
Buildings and Improvements	7,056,015	100,008			7,156,023
Electric System	19,400,654	260,634			19,661,288
Vehicles and Equipment	4,084,171	575,196	616,323		4,043,044
Total Capital Assets	33,001,347	935,838	616,323	-	33,320,862
Accumulated Depreciation	(17,582,301)	(1,284,280)	(616,323)		(18,250,258)
Net Book Value	15,419,046	(348,442)	-	-	15,070,604
Water Fund:					
Land	27,369	5,885			33,254
Buildings and Improvements	118,251	4,827			123,078
Water System	22,468,335	549,344			23,017,679
Vehicles and Equipment	1,878,608	162,824	147,676		1,893,756
Total Capital Assets	24,492,563	722,880	147,676	-	25,067,767
Accumulated Depreciation	(9,017,428)	(593,032)	(147,676)		(9,462,784)
Net Book Value	15,475,135	129,848	-	-	15,604,983
Waste Water Fund:					
Land	28,638				28,638
Buildings and Improvements	159,229	4,828			164,057
Waste Water System	22,386,158	1,048,915		1,500	23,436,573
Vehicles and Equipment	1,432,172	214,844	203,645		1,443,371
Total Capital Assets	24,006,197	1,268,587	203,645	1,500	25,072,639
Accumulated Depreciation	(10,062,924)	(580,746)	(203,645)		(10,440,025)
Net Book Value	13,943,273	687,841	-	1,500	14,632,614
Trash Fund:					
Buildings and Improvements	5,650				5,650
Vehicles and Equipment	1,473,128		137,757		1,335,371
Total Capital Assets	1,478,778	-	137,757	-	1,341,021
Accumulated Depreciation	(767,902)	(134,153)	(137,757)		(764,298)
Net Book Value	710,876	(134,153)	-	-	576,723

CITY OF MILFORD, DELAWARE
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 9: CAPITAL ASSETS, CONTINUED

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

Asset Categories by Function	Year Ended June 30, 2021				Balances 06/30/21
	Balances 06/30/20	Additions	Reductions	Adjustments & Transfers	
Total Enterprise Funds					
Land	2,516,514	5,885	-	-	2,522,399
Buildings and Improvements	7,339,145	109,663	-	-	7,448,808
Electric System	19,400,654	260,634	-	-	19,661,288
Water System	22,468,335	549,344	-	-	23,017,679
Waste Water System	22,386,158	1,048,915	-	1,500	23,436,573
Vehicles and Equipment	8,868,079	952,863	1,105,401	-	8,715,541
Total Fixed Assets	82,978,885	2,927,304	1,105,401	1,500	84,802,288
Accumulated Depreciation	(37,430,555)	(2,592,212)	(1,105,401)	-	(38,917,366)
Net Book Value	45,548,330	335,092	-	1,500	45,884,922

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CITY OF MILFORD, DELAWARE
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10: LONG-TERM DEBT OBLIGATIONS

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

	Year Ended June 30, 2021				
	Balances 06/30/20	Additions	Reductions	Balances 06/30/21	Current Portion
Governmental Activities:					
General Obligation Bonds	-	-	-	-	-
Other Liabilities					
Net Pension Liability	1,131,610	223,362	(746,053)	608,919	-
Compensated Absences	1,244,448	-	(25,435)	1,219,013	108,406
Governmental Activities					
Total Debt Obligations:	<u>2,376,058</u>	<u>223,362</u>	<u>(771,489)</u>	<u>1,827,931</u>	<u>108,406</u>
Business-Type Activities:					
General Obligation Bonds					
Series 2016	7,100,000	-	(415,000)	6,685,000	425,000
Bond Premium	26,562	-	(1,856)	24,706	1,856
Total General Obligation Bonds	<u>7,126,562</u>	<u>-</u>	<u>(416,856)</u>	<u>6,709,706</u>	<u>426,856</u>
State of Delaware					
DNREC WPC RF, 2010	592,820	-	(26,924)	565,896	55,203
Water SRF, 2012A	2,258,670	-	(157,078)	2,101,592	158,653
Note Payable, Kent County	1,121,991	-	(25,914)	1,096,077	26,502
USDA Notes Payable					
Water Facilities, 2013	4,196,565	-	(97,597)	4,098,968	99,681
Sewer Facilities, 2019	594,772	1,000,000	(20,267)	1,574,505	30,289
Total Bonds and Notes Payable	<u>15,891,380</u>	<u>1,000,000</u>	<u>(744,636)</u>	<u>16,146,744</u>	<u>797,185</u>
Other Liabilities					
Compensated Absences	165,517	-	(12,241)	153,276	29,155
Business-Type Activities					
Total Debt Obligations:	<u>16,056,897</u>	<u>1,000,000</u>	<u>(756,877)</u>	<u>16,300,020</u>	<u>826,340</u>

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.

NOTE 10: LONG-TERM DEBT OBLIGATIONS, CONTINUED

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 \$4,098,968, 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 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

NOTE 10: LONG-TERM DEBT OBLIGATIONS, CONTINUED

phases. The balance of the loan as of June 30, 2021 is \$1,574,505, 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 \$2,101,592. The note is scheduled to mature September 1, 2033.

Kent County Levy Court

Sewer Infrastructure Improvement Loan

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

CITY OF MILFORD, DELAWARE
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10: LONG-TERM DEBT OBLIGATIONS, CONTINUED

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:

Obligation	Interest Rate (%)	Issue Date	Maturity Date	Amounts Outstanding as of June 30, 2021 (in thousands)			Total
				Electric Fund	Water Fund	Sewer Fund	
General Obligation Bonds							
Series of 2016	2.00-2.55	12/6/16	1/1/37	4,290	-	2,395	6,685
USDA							
Note Payable, 2013	2.125	6/28/13	6/28/53	-	4,099	-	4,099
Note Payable, 2019	1.750	12/31/19	12/31/59	-	-	584	584
Note Payable, 2020	1.250	12/31/20	12/31/60	-	-	990	990
State of Delaware							
DNREC WPC RF, 2009	2.00	12/22/09	7/1/30	-	-	566	566
Drinking Water SRF, 2012A	1.00	3/15/12	9/1/33	-	2,102	-	2,102
Kent County, 2012	2.25	11/12/12	11/10/50	-	-	1,096	1,096
Total Long-Term Debt Obligations				4,290	6,201	5,631	16,122

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

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

Year Ending June 30	Principal	Interest	Total
2022	\$794,803	\$302,972	\$1,097,774
2023	810,663	288,493	1,099,156
2024	821,595	273,801	1,095,395
2025	837,698	258,787	1,096,484
2026	853,876	243,497	1,097,373
2027-2031	4,468,090	977,363	5,445,452
2032-2036	3,157,971	594,990	3,752,961
2037-2041	1,422,310	350,193	1,772,503
2042-2046	1,219,667	228,455	1,448,123
2047-2051	1,287,874	98,693	1,386,567
2052-2056	239,764	23,955	263,720
2057-2061	207,697	7,245	214,943
Total	\$16,122,008	\$3,648,444	\$19,770,452

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 unadjudicated 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.

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NOTE 13: POST-RETIREMENT BENEFITS

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. 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.

NOTE 13: POST-RETIREMENT BENEFITS, CONTINUED

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 1/60th 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:

	Police & Firefighters	Other Employees
Total pension liability	\$ 461,752,000	\$ 69,593,000
Plan fiduciary net position	446,384,000	67,470,000
Employer net pension liability	15,368,000	2,123,000
Plan fiduciary net position as percentage of total pension liability	96.67%	96.95%
Proportionate share of net pension liability	406,563	202,295

CITY OF MILFORD, DELAWARE
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13: POST-RETIREMENT BENEFITS, CONTINUED

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:

	June 30, 2020	June 30, 2019	Increase (Decrease)
Police & Firefighters	2.6455%	2.4289%	0.2166%
Other Employees	9.5287%	9.4728%	0.0559%

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

Police & Firefighters	\$ 401,073
Other Employees	303,727
Total	\$ 704,800

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

	Police & Fire		Other Employees	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	404,508	128,104	141,312	142,731
Change of assumptions	150,109	61,420	119,179	-
Net difference between projected and actual investment earnings	-	288,245	-	151,301
Changes in proportions	33,332	17,152	1,279	39,601
Contributions subsequent to the measurement date	442,785	-	356,856	-
Total	1,030,734	494,921	618,626	333,633

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.

CITY OF MILFORD, DELAWARE
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13: POST-RETIREMENT BENEFITS, CONTINUED

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.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	28.5%	5.7%
International Equity	15.2%	5.7%
Fixed Income	28.8%	2.0%
Alternative Investments	23.0%	7.8%
Cash & Equivalents	4.5%	0.0%

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.

NOTE 13: POST-RETIREMENT BENEFITS, CONTINUED

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:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Police and Firefighters	85,541,000	15,368,000	(41,906,000)
Other Employees	12,897,000	2,123,000	(6,718,000)

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 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 pandemic is affecting global markets, supply chains, labor, 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, lodging tax revenue due to travel restrictions, Parks and Recreation activity due to safety and distancing requirements, and other events, as well as increases in expenditures for emergency preparedness. 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 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 2022. However, no events occurring during the reporting period and no events occurring during the period from July 1, 2021 through June 23, 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 June 22, 2022, a total of \$41,380 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

**CITY OF MILFORD, DE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 4,316,000	\$ 4,316,000	\$ 4,340,239	\$ 24,239
Fees and Fines	100,000	104,000	120,893	16,893
Licenses and Permits	465,000	581,290	1,092,133	510,843
Sale of Business Park Land	-	-	-	-
Intergovernmental	379,368	489,318	415,987	(73,331)
Investment Earnings	20,000	20,000	33,463	13,463
Miscellaneous	408,107	521,462	835,046	313,584
	<u>5,688,475</u>	<u>6,032,070</u>	<u>6,837,761</u>	<u>805,691</u>
EXPENDITURES				
Current:				
General Government	3,070,064	3,312,684	3,023,095	289,589
Public Safety	5,694,739	5,757,737	5,450,113	307,624
Public Works	793,646	793,646	640,353	153,293
Culture and Recreation	1,271,466	1,285,442	1,057,904	227,538
Debt Service:				
Principal	-	-	-	-
Interest and Other Charges	-	-	-	-
Capital Outlay	<u>169,700</u>	<u>927,300</u>	<u>687,555</u>	<u>239,745</u>
	<u>10,999,615</u>	<u>12,076,809</u>	<u>10,859,020</u>	<u>1,217,789</u>
Deficiency of Revenues Over Expenditures	(5,311,140)	(6,044,739)	(4,021,259)	2,023,480
OTHER FINANCING SOURCES				
Real Estate Transfer Tax (from Special Revenue Fund)	500,000	500,000	500,000	-
Transfers In From Electric Fund	2,500,000	2,500,000	2,500,000	-
Other Transfers In (Out)	<u>511,516</u>	<u>545,946</u>	<u>589,891</u>	<u>43,945</u>
Net Change in Fund Balance	(2,311,140)	(2,498,793)	(431,368)	2,067,425
DEFICIENCY FUNDED BY (SURPLUS DIRECTED TO)				
General Fund Balance and Reserves	<u>2,311,140</u>	<u>2,498,793</u>	<u>431,368</u>	<u>(2,067,425)</u>
Net Revenues, Other Financing Sources, Prior Fund Balances and Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF MILFORD, DELAWARE
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE LAST SIX FISCAL YEARS

<u>County & Municipal Police and Firefighters' Pension Plan</u>	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset)	2.6455%	2.4289%	2.2946%	2.3779%	2.3824%	2.4964%
Proportionate share of the net pension liability (asset)	\$ 406,563	\$ 697,659	\$ 528,464	\$ 239,714	\$ 378,701	\$ (131,558)
Covered-employee payroll	\$ 2,762,226	\$ 2,412,111	\$ 2,147,178	\$ 1,905,658	\$ 1,944,111	\$ 1,735,698
Proportionate share of the net pension liability as a percentage of covered-employee payroll	14.7%	28.9%	24.6%	12.6%	19.5%	-7.6%
Plan's fiduciary net position	\$ 446,384,000	\$ 396,829,000	\$ 367,470,000	\$ 325,867,000	\$ 284,298,000	\$ 273,109,000
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.7%	93.3%	94.1%	97.0%	94.7%	-102.0%

<u>County & Municipal Other Employees' Pension Plan</u>	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset)	9.5287%	9.4728%	10.0609%	10.3165%	10.8530%	12.1628%
Proportionate share of the net pension liability (asset)	\$ 202,295	\$ 433,951	\$ 316,616	\$ 668,405	\$ 672,454	\$ 5,230
Covered-employee payroll	\$ 5,094,655	\$ 4,106,578	\$ 4,205,852	\$ 3,476,349	\$ 3,628,008	\$ 3,630,778
Proportionate share of the net pension liability as a percentage of covered-employee payroll	4.0%	10.6%	7.5%	19.2%	18.5%	0.1%
Plan's fiduciary net position	\$ 67,470,000	\$ 58,536,000	\$ 53,122,000	\$ 45,874,000	\$ 39,292,000	\$ 37,840,000
Plan fiduciary net position as a percentage of the total pension liability	96.9%	92.7%	94.4%	87.6%	86.4%	99.9%

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

**CITY OF MILFORD, DELAWARE
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLAN
FOR THE LAST SIX FISCAL YEARS**

	2021	2020	2019	2018	2017	2016
<u>County & Municipal Police and Firefighters' Pension Plan</u>						
Contractually required contribution	\$ 442,785	\$ 358,149	\$ 217,625	\$ 269,023	\$ 240,395	\$ 251,302
Contributions in relation to the contractually determined contribution	<u>442,785</u>	<u>358,149</u>	<u>217,625</u>	<u>269,023</u>	<u>240,395</u>	<u>251,302</u>
Contribution (excess) deficiency	<u>\$ -0-</u>					
Covered-employee payroll	\$ 2,762,226	\$ 2,412,111	\$ 2,147,178	\$ 1,905,658	\$ 1,944,111	\$ 1,735,698
Contributions as a percentage of covered-employee payroll	<u>16.03%</u>	<u>14.85%</u>	<u>10.14%</u>	<u>14.12%</u>	<u>12.37%</u>	<u>14.48%</u>
<u>County & Municipal Other Employees' Pension Plan</u>						
Contractually required contribution	\$ 356,856	\$ 306,752	\$ 284,307	\$ 259,355	\$ 225,472	\$ 235,458
Contributions in relation to the contractually determined contribution	<u>356,856</u>	<u>306,752</u>	<u>284,307</u>	<u>259,355</u>	<u>225,472</u>	<u>235,458</u>
Contribution (excess) deficiency	<u>\$ -0-</u>					
Covered-employee payroll	\$ 5,094,655	\$ 4,106,578	\$ 4,205,852	\$ 3,476,349	\$ 3,628,008	\$ 3,630,778
Contributions as a percentage of covered-employee payroll	<u>7.00%</u>	<u>7.47%</u>	<u>6.76%</u>	<u>7.46%</u>	<u>6.21%</u>	<u>6.49%</u>

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

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

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

Year	Assessment	Ratio, Assessed to Market Value	Market Value
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.

Ratable Classification	2021 Assessed Value (AV)	2021 Market Value (MV)*	AV ÷ MV
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	
TOTAL	\$1,322,462,352	\$1,911,072,763	69%

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

CITY OF MILFORD, DELAWARE

ADDITIONAL INFORMATION

JUNE 30, 2021

Top 20 Taxpayers

	2021 Assessed Value	Land Use	Parcel Owner	2021 Tax Levy
\$	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

Year Ended June 30	Tax Collections			Past Due
	Taxes Budgeted	Cash Collections	Collections as % of Budget	Outstanding as of June 30
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

CITY OF MILFORD, DELAWARE
ADDITIONAL INFORMATION
JUNE 30, 2021

Selected Debt Ratios

Selected Demographic Data and Corresponding Direct Debt Ratios

	Direct Debt ¹	Population ²	Assessed Valuation (AV) ¹
	\$ 6,685,000	11,190	\$ 1,322,462,352
Direct Debt per Capita		\$ 597	
Direct Debt as % of AV			0.51%

¹ Debt and AV measured as of and for the period ended June 30, 2021, respectively

² Based on 2020 US Census

Largest Employers

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

Name	Description	Employee Count*
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

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[TO BE PREPARED BY AUDIT FIRM]

Page 2 of 2

[TO BE PREPARED BY AUDIT FIRM]

**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]

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

Federal Grantor/Pass-through Grantor/Program	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
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