



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

CITY COUNCIL AGENDA

April 22, 2024

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 also available for viewing by the public by accessing the following link:

<https://zoom.us/j/94877121629>

or

<http://www.cityofmilford.com/553/Watch-Public-Meetings>

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*

Virtual attendees must register prior to start time of meeting by calling 302-422-1111 Extension 1142 or 1303, or by sending an email to cityclerk@milford-de.gov and providing your name, address, phone number, and item name and/or description you wish to comment on. Persons in attendance wishing to speak must sign up prior to the start of the Council Meeting.

COUNCIL MEETING

Call to Order - Mayor Archie Campbell

Invocation

Pledge of Allegiance

Roll Call

Recognition

New City Employee Introduction

Proclamation 2024-06/55th Annual Professional Municipal Clerks Week

Monthly Finance Report

Unfinished Business

Bid Award/Accounting & Audit Firm
FY22 City of Milford Audit Update ³

New Business

DMI/First Friday Event/Alcohol Waiver/Chapter 77
Adoption/Resolution 2024-04/Amends Water Rates/Adds Low Volume Commercial Rate ¹
Adoption Resolution 2024-05 ⁴/Approves Investment Policy Update

Executive Session

Legal-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

Potential Votes:

IBEW Local 126 Collective Bargaining Agreement
MPD General Teamsters Local 326 Collective Bargaining Agreement
Property Issue ²

Adjournment

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

ALL SUPPORTING DOCUMENTS MUST BE SUBMITTED TO THE CITY CLERK IN ELECTRONIC FORMAT NO LATER THAN ONE WEEK PRIOR TO MEETING. NO ADDITIONAL DOCUMENTS WILL BE ACCEPTED, DISTRIBUTED, OR PRESENTED AT MEETING ONCE PACKET HAS BEEN POSTED ON THE CITY OF MILFORD WEBSITE. ANY MATERIALS UTILIZED DURING THE MEETING MUST BE INCLUDED IN THE COUNCIL PACKET AND ACCESSIBLE BY AUDIO AND VISUAL MEANS PURSUANT TO 29 Del. Code, Chapter 100, §10006A(c)(5).

*Time Limit is three minutes per speaker, not to exceed a total of fifteen minutes for all speakers prior to start of meeting/workshop.

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

022324 032124 041124 041224

¹ 04/18/24 Late Addition by City Manager/Corrects Water Rates of Low User Commercial Accounts

² 04/18/24 Late Addition by City Manager as Directed per City Solicitor

04/18/24 Agenda Items Postponed to 05/13/2024 Agenda

³ 04/20/24 Agenda Item Renamed

⁴ 04/20/24 Late Addition by Finance Director (Resolution)

04/22/24 Item Removed (CIP)



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

CITY COUNCIL AGENDA April 22, 2024

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Call 301 715 8592 Webinar ID: 922 3136 1250

5:00 P.M.

15-Minute Public Comment Period*

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FINANCE & AUDIT COMMITTEE

Call to Order – Chair Jason James Sr.

Investment Report

Investment Policy Update

Auditor Engagement Recommendation

Adjournment

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CITY OF MILFORD, DELAWARE

Investment Performance Review For the Quarter Ended March 31, 2024

Client Management Team

Zach O'Grady, Director
Marty Hammond, Managing Director
Kecia Vaughn, Key Account Manager

PFM Asset Management LLC

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Agenda

- Market Summary
- Account Summary
- Portfolio Review

Market Summary

Summary

- ▶ The first quarter of 2024 was characterized by continued economic resilience led by strong consumer spending, inflation that continues to slowly grind lower, and a robust labor market.
- ▶ The Federal Reserve (Fed) kept the overnight rate at its current target range of 5.25% to 5.50% at its March 20 meeting, as expected, marking the fifth consecutive pause following the last rate hike in July 2023. The Fed's updated "dot plot" implies three 0.25% rate cuts through 2024 while the number of cuts implied for 2025 was reduced from three to two. Markets entered the year pricing in over six cuts in 2024 but since have now converged to Fed projections. The Fed chair has said they need more confidence that inflation is moving toward its 2% target before the first rate cut. Yields moved higher in the first quarter with the return of the Fed's "higher-for-longer" stance.
- ▶ A strong economic backdrop and increasing likelihood for a soft-landing led equity markets to reach new record highs. The S&P 500 Index jumped 10.6% in the first quarter, while yields on U.S. Treasury maturities from one to 30 years were higher by 25 to 40 basis points (bps).

Economic Snapshot

- ▶ Although January and February inflation readings came in above expectations, CPI actually trended lower in the first quarter and continued to decline from its mid-2022 peak. Headline and core CPI (which excludes food and energy) registered year-over-year increases of 3.2% and 3.8%, respectively, through February.
- ▶ U.S. real gross domestic product (GDP) growth in the fourth quarter came in at an impressive 3.4%, capping a strong year in which GDP grew 3.1%. The economy continues to be bolstered by strong consumer spending, supported by the strength of the labor market. This trend is expected to continue before moderating through the balance of the year.
- ▶ The U.S. labor market showed little signs of softening, adding over 800,000 jobs in the first quarter after 637,000 were added in the fourth quarter. In the latest reading, 303,000 jobs were created in March, which is the highest level since May of 2023. The unemployment rate also ticked down to 3.8% and has been below 4% for over two years. Strong wage increases reflect a competitive labor market and further support consumer spending.

Interest Rates

- ▶ The market spent the majority of the first quarter adjusting its expectations as strong economic data and Fed commentary pushed back on the notion that a rate cut was imminent. As a result, fed funds futures recalibrated expectations throughout the quarter and are now priced for the first rate cut to occur in July, a four-month delay from expectations at the beginning of the year.

- ▶ Reflecting the market adjustment to delayed rate cuts expectations, U.S. Treasury yields increased notably over the quarter. The yield on the 2-, 5-, and 10-year U.S. Treasuries rose 37 bps, 37 bps, and 32 bps, respectively.
- ▶ As a result of higher absolute yields, U.S. Treasury indices with longer durations generated negative returns, with the breakeven point around the two-year maturity. For example, the ICE BofA 3-, 5-, and 10-year U.S. Treasury indices returned -0.21%, -0.76%, and -1.61%, respectively. On the flipside, shorter-duration indices posted positive total returns, as higher income was able to more than offset negative price impacts. The ICE BofA 3-month, 1-, and 2-year U.S. Treasury indices returned +1.29%, +0.83%, and +0.21% respectively.

Sector Performance

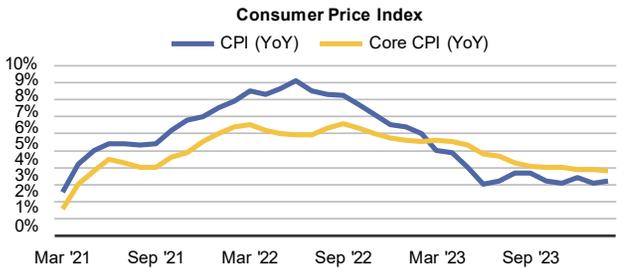
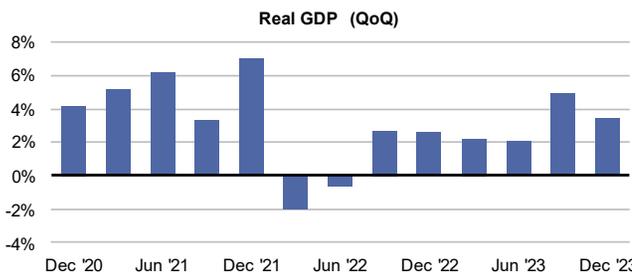
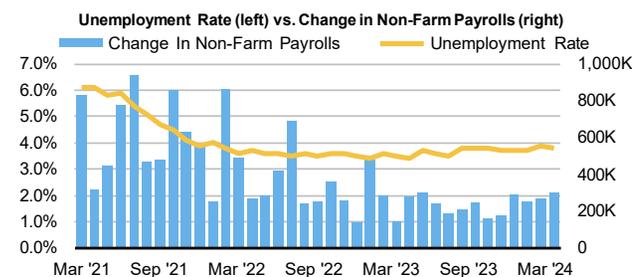
- ▶ Yield spreads across most investment-grade (IG) sectors continued to tighten throughout the first quarter, resulting in positive excess returns on corporates and most other non-government fixed income sectors. Diversification across these "spread sectors" helped bolster relative performance given the absolute back-up in yields to start the year.
- ▶ Federal agency, municipal, and supranational spreads remained low and range bound throughout the first quarter. These sectors eked out positive excess returns, mostly from their modest incremental income. Callable agencies outperformed bullet agencies as bond market volatility waned from recent multi-year highs.
- ▶ IG corporates produced strong excess returns on robust market demand and continued yield spread tightening. IG corporates finished the quarter at their lowest spread in over two years. As a result of historically tight spreads, value in the sector is now more opportunistic.
- ▶ The asset-backed security (ABS) sector was the strongest-performing fixed income sector in the first quarter. The rally in the sector was supported by strong structural elements of the asset class as well as ongoing optimism regarding the strength of the American consumer and, like IG corporates, robust appetite for new issues. Incremental income from ABS remains attractive and our fundamental outlook for the economy remains supportive for the sector.
- ▶ Mortgage-backed security (MBS) performance was mixed for the first quarter, with yield spreads widening in longer maturity structures. Volatility was relatively muted compared to the fourth quarter and helped returns in the first quarter, but the overall sector underperformed. On the other hand, agency commercial mortgage-backed security spreads tightened relative to pass-throughs, resulting in strong relative performance.

Economic Snapshot

Labor Market	Latest	Dec '23	Mar '23	
Unemployment Rate	Mar '24	3.8%	3.7%	3.5%
Change In Non-Farm Payrolls	Mar '24	303,000	290,000	146,000
Average Hourly Earnings (YoY)	Mar '24	4.1%	4.3%	4.6%
Personal Income (YoY)	Feb '24	4.6%	4.9%	5.8%
Initial Jobless Claims (Week)	3/30/24	221,000	198,000	216,000

Growth	Latest	Dec '23	Mar '23	
Real GDP (QoQ SAAR)	2024Q4	3.4%	4.9% ¹	2.6% ²
GDP Personal Consumption (QoQ SAAR)	2024Q4	3.3%	3.1% ¹	1.2% ²
Retail Sales (YoY)	Feb '24	1.5%	5.0%	2.2%
ISM Manufacturing Survey (Month)	Mar '24	50.3	47.1	46.5
Existing Home Sales SAAR (Month)	Feb '24	4.38 mil.	3.88 mil.	4.35 mil.

Inflation/Prices	Latest	Dec '23	Mar '23	
Personal Consumption Expenditures (YoY)	Feb '24	2.5%	2.6%	4.4%
Consumer Price Index (YoY)	Feb '24	3.2%	3.4%	5.0%
Consumer Price Index Core (YoY)	Feb '24	3.8%	3.9%	5.6%
Crude Oil Futures (WTI, per barrel)	Mar 31	\$83.17	\$71.65	\$75.67
Gold Futures (oz)	Mar 31	\$2,217	\$2,072	\$1,969



1. Data as of Third Quarter 2023.

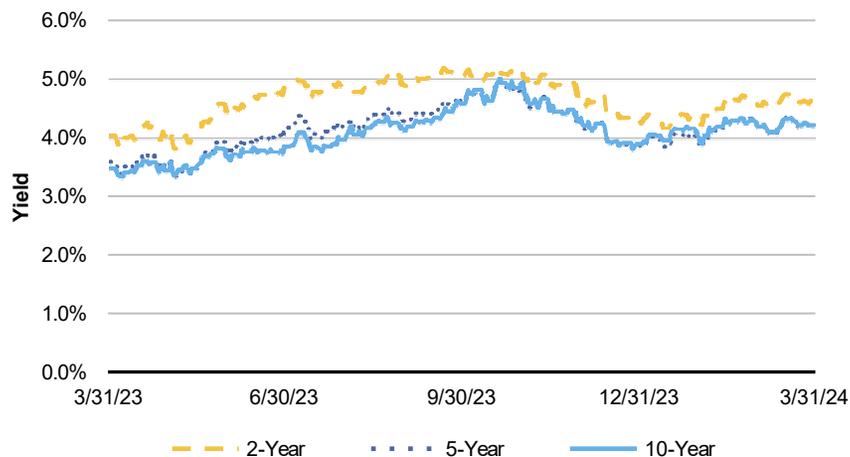
2. Data as of Fourth Quarter 2022.

Note: YoY = year-over-year, QoQ = quarter-over-quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil.

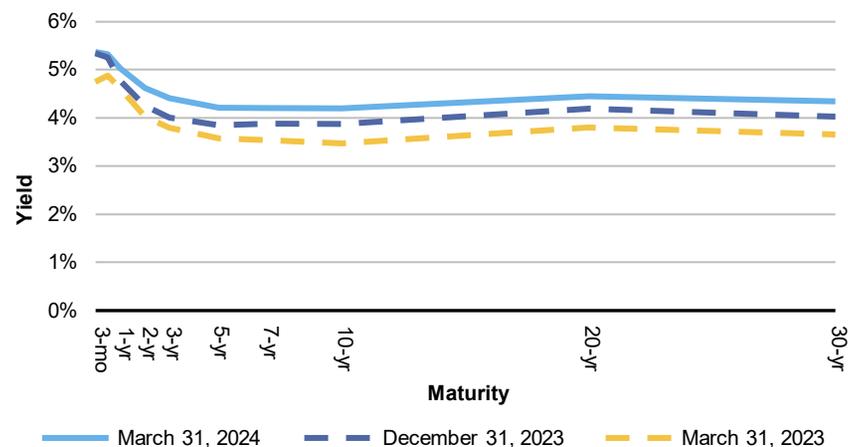
Source: Bloomberg.

Interest Rate Overview

U.S. Treasury Note Yields



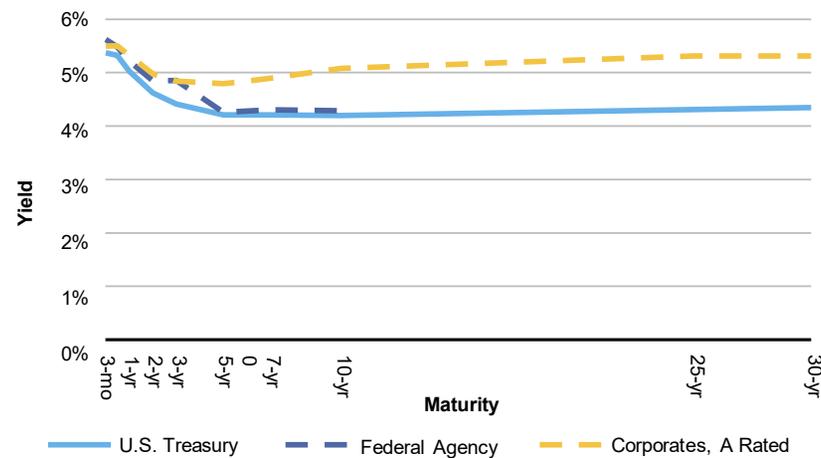
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	Mar '24	Dec '23	Change over Quarter	Mar '23	Change over Year
3-Month	5.37%	5.34%	0.03%	4.75%	0.62%
1-Year	5.03%	4.77%	0.26%	4.62%	0.41%
2-Year	4.62%	4.25%	0.37%	4.03%	0.59%
5-Year	4.21%	3.85%	0.36%	3.58%	0.63%
10-Year	4.20%	3.88%	0.32%	3.47%	0.73%
30-Year	4.34%	4.03%	0.31%	3.65%	0.69%

Yield Curves as of March 31, 2024



Source: Bloomberg.

ICE BofAML Index Returns

March 31, 2024	As of 03/31/2024		Returns for Periods ended 03/31/2024		
	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.83	4.70%	0.30%	2.97%	0.08%
Federal Agency	1.62	4.80%	0.46%	3.54%	0.27%
U.S. Corporates, A-AAA rated	1.84	5.23%	0.73%	4.71%	0.72%
Agency MBS (0 to 3 years)	1.97	5.27%	0.49%	3.84%	(0.49%)
Taxable Municipals	1.35	4.95%	0.89%	3.98%	1.09%
1-5 Year Indices					
U.S. Treasury	2.59	4.55%	(0.02%)	2.42%	(0.59%)
Federal Agency	1.96	4.70%	0.33%	3.29%	(0.29%)
U.S. Corporates, A-AAA rated	2.54	5.15%	0.58%	4.68%	0.14%
Agency MBS (0 to 5 years)	3.03	5.14%	0.30%	3.49%	(1.01%)
Taxable Municipals	2.25	4.87%	0.43%	3.40%	0.16%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	6.31	4.45%	(0.94%)	(0.19%)	(2.82%)
Federal Agency	3.32	4.65%	0.09%	2.89%	(1.01%)
U.S. Corporates, A-AAA rated	6.85	5.18%	(0.32%)	3.62%	(1.98%)
Agency MBS (0 to 30 years)	5.63	5.05%	(1.07%)	1.36%	(2.93%)
Taxable Municipals	8.94	5.10%	(0.38%)	2.43%	(3.01%)

Returns for periods greater than one year are annualized.

Source: ICE BofAML Indices.

Disclosures

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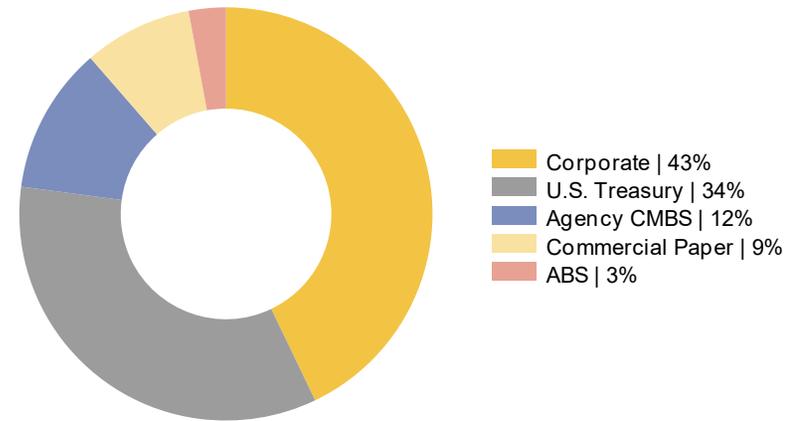
Portfolio Review:
CITY OF MILFORD, DELAWARE

Portfolio Snapshot - CITY OF MILFORD, DELAWARE¹

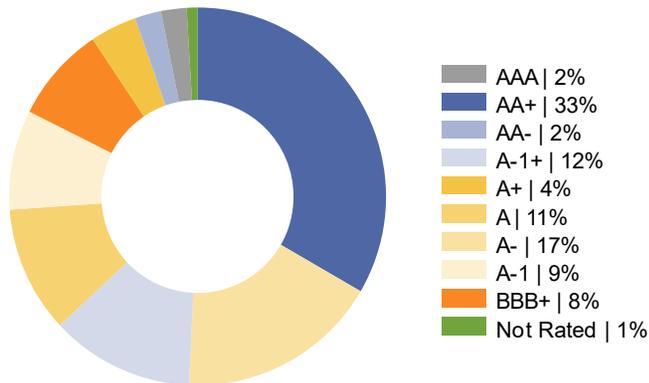
Portfolio Statistics

Total Market Value	\$33,690,526.40
<i>Securities Sub-Total</i>	\$33,429,886.99
<i>Accrued Interest</i>	\$173,253.27
<i>Cash</i>	\$87,386.14
Portfolio Effective Duration	1.50 years
Benchmark Effective Duration	2.02 years
Yield At Cost	5.26%
Yield At Market	5.08%
Portfolio Credit Quality	A

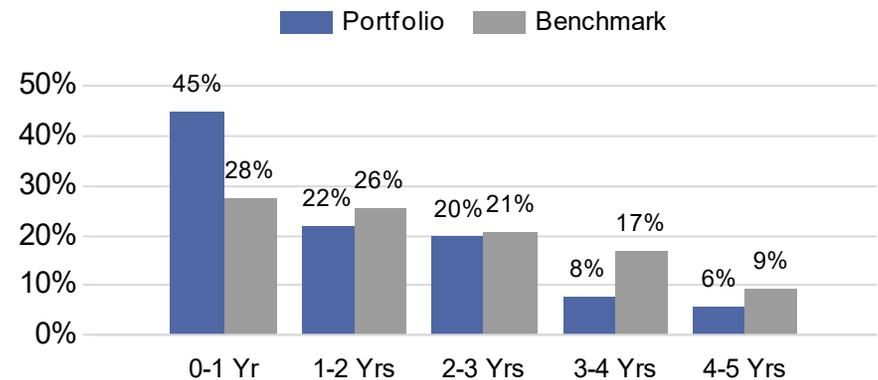
Sector Allocation



Credit Quality - S&P



Duration Distribution



1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofA 0-5 Year U.S. Treasury Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	34.1%	
UNITED STATES TREASURY	34.1%	AA / Aaa / AA
Agency CMBS	11.5%	
FANNIE MAE	1.5%	AA / Aaa / AA
FREDDIE MAC	10.0%	AA / Aaa / AA
Commercial Paper	8.5%	
CREDIT AGRICOLE SA	2.2%	A / Aa / AA
MITSUBISHI UFJ FINANCIAL GROUP INC	2.9%	A / Aa / A
NATIXIS NY BRANCH	2.2%	A / Aa / A
RABOBANK NEDERLAND	1.2%	A / Aa / AA
Corporate	42.9%	
ABBVIE INC	1.1%	A / A / NR
AIR PRODUCTS & CHEMICALS	0.8%	A / A / NR
AMERICAN HONDA FINANCE	0.7%	A / A / NR
AMPHENOL CORP	0.2%	BBB / A / NR
ANALOG DEVICES INC	0.3%	A / A / A
ASTRAZENECA PLC	0.6%	A / A / A
BANK OF AMERICA CO	1.2%	A / A / AA
BANK OF MONTREAL	1.5%	A / A / AA
BANK OF NOVA SCOTIA	1.7%	A / A / AA
BLACKROCK INC	0.1%	AA / Aa / NR
BOSTON SCIENTIFIC CORP	0.2%	BBB / Baa / BBB
BP PLC	0.2%	A / A / A
BRISTOL-MYERS SQUIBB CO	0.3%	A / A / NR
CANADIAN IMPERIAL BANK OF COMMERCE	0.3%	A / A / AA
CISCO SYSTEMS INC	0.8%	AA / A / NR
CITIGROUP INC	1.1%	A / A / A

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
Corporate	42.9%	
COMCAST CORP	0.3%	A / A / A
CSX Corp	0.2%	BBB / A / NR
CUMMINS INC	0.5%	A / A / NR
DEERE & COMPANY	0.6%	A / A / A
DIAGEO CAPITAL PLC	0.7%	A / A / A
ECOLAB INC	0.2%	A / A / A
ESTEE LAUDER CO INC	0.3%	A / A / NR
GILEAD SCIENCES INC	0.9%	BBB / A / NR
GOLDMAN SACHS GROUP INC	1.8%	BBB / A / A
HORMEL FOODS CORP	0.2%	A / A / NR
IBM CORP	0.6%	A / A / A
INTERCONTINENTAL EXCHANGE	0.4%	A / A / NR
JP MORGAN CHASE & CO	1.2%	A / A / AA
LOCKHEED MARTIN CORP	0.5%	A / A / A
LOWE'S COMPANIES INC	0.2%	BBB / Baa / NR
McKesson Corp	0.2%	BBB / A / A
METLIFE INC	0.6%	A / A / A
MITSUBISHI UFJ FINANCIAL GROUP INC	0.3%	A / A / A
MIZUHO FINANCIAL GROUP INC.	0.6%	A / A / NR
Moody's Corp	0.4%	BBB / NR / BBB
MORGAN STANLEY	1.8%	A / A / A
NATIONAL AUSTRALIA BANK LTD	0.7%	AA / Aa / NR
NATIONAL RURAL UTILITIES CO FINANCE CORP	0.6%	A / A / A
NORTHERN TRUST	0.3%	A / A / A
NORTHROP GRUMMAN CORP	0.4%	BBB / Baa / BBB
NUCOR CORP	0.4%	A / Baa / A

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.

Issuer Diversification

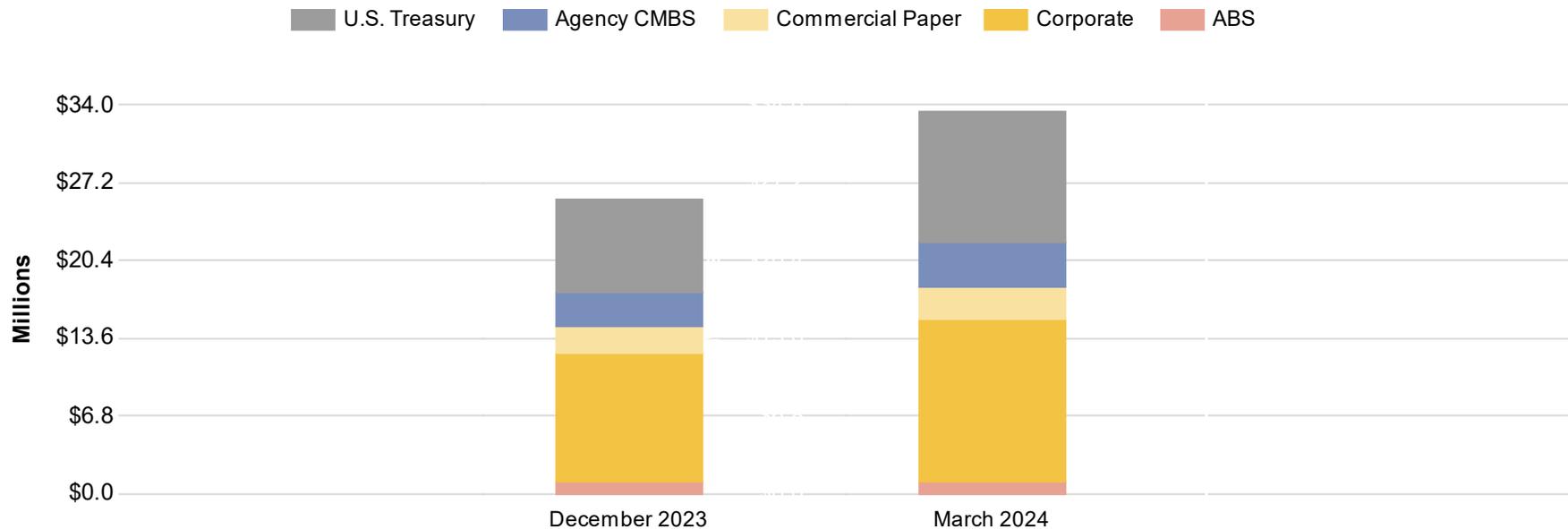
Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
Corporate	42.9%	
PACCAR FINANCIAL CORP	0.6%	A / A / NR
PARKER-HANNIFIN CORP	0.4%	BBB / Baa / BBB
PFIZER INC	0.6%	A / A / A
PRUDENTIAL FINANCIAL INC	0.6%	A / A / A
RABOBANK NEDERLAND	1.2%	A / Aa / AA
RECKITT BENCKISER GROUP PLC	0.7%	A / A / NR
ROYAL BANK OF CANADA	1.8%	A / A / AA
S&P GLOBAL INC	0.2%	NR / A / A
STARBUCKS CORP	0.5%	BBB / Baa / NR
STATE STREET CORPORATION	0.8%	A / A / AA
SUMITOMO MITSUI FINANCIAL GROUP INC	1.2%	A / A / NR
THE BANK OF NEW YORK MELLON CORPORATION	2.3%	A / A / AA
TORONTO-DOMINION BANK	1.8%	A / A / AA
TOYOTA MOTOR CORP	0.6%	A / A / A
Trane Technologies PLC	0.4%	BBB / A / NR
UBS AG	0.6%	A / Aa / A
UNION PACIFIC CORP	0.2%	A / A / A
VERIZON COMMUNICATIONS	0.4%	BBB / Baa / A
WELLS FARGO & COMPANY	1.8%	BBB / A / A
WESTPAC BANKING CORP	0.6%	AA / Aa / NR
ABS	2.9%	
AMERICAN EXPRESS CO	0.7%	AAA / NR / AAA
CAPITAL ONE FINANCIAL CORP	0.7%	AAA / NR / AAA
CNH EQUIPMENT TRUST	0.7%	NR / Aaa / AAA

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
ABS	2.9%	
WORLD OMNI AUTO REC TRUST	0.7%	AAA / NR / AAA
Total	100.0%	

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Sector Allocation Review - CITY OF MILFORD, DELAWARE

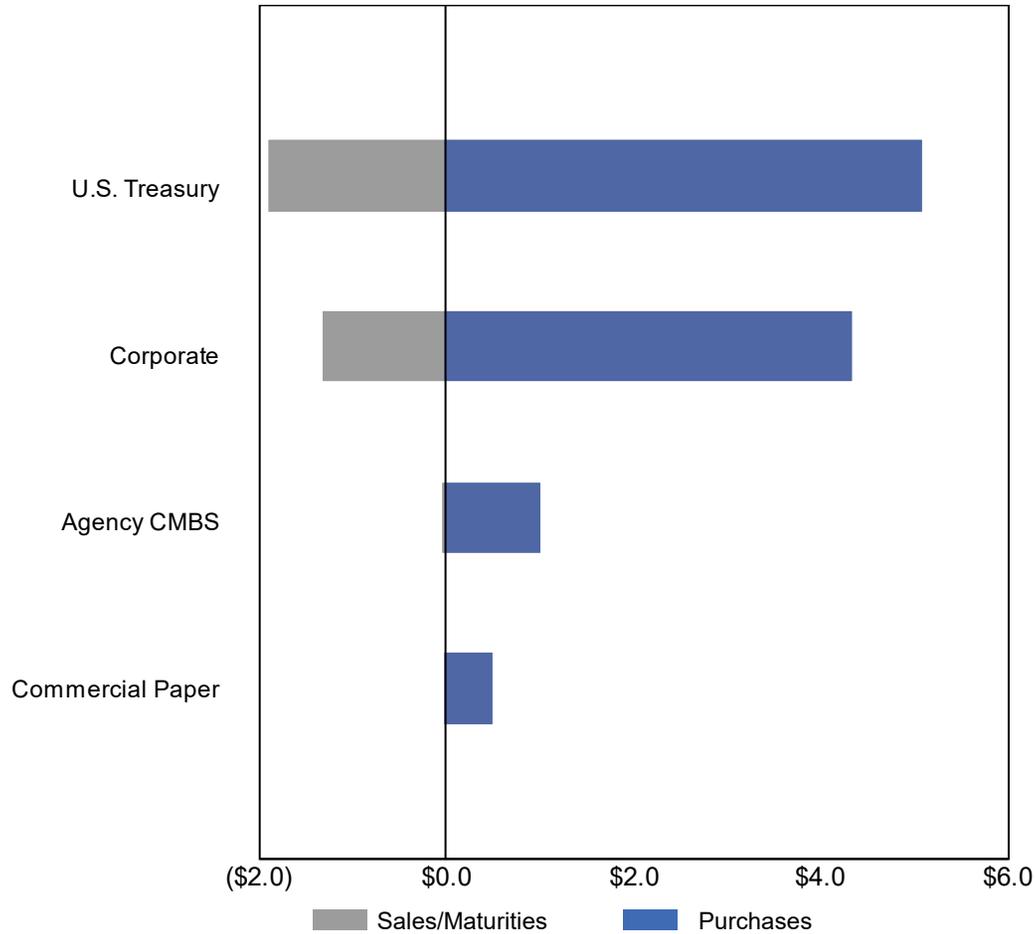
Security Type	Dec-23	% of Total	Mar-24	% of Total
U.S. Treasury	\$8.2	31.9%	\$11.4	34.2%
Agency CMBS	\$2.9	11.3%	\$3.9	11.5%
Commercial Paper	\$2.3	9.0%	\$2.9	8.5%
Corporate	\$11.3	44.0%	\$14.3	42.9%
ABS	\$1.0	3.8%	\$1.0	2.9%
Total	\$25.8	100.0%	\$33.4	100.0%



Market values, excluding accrued interest. Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM. Detail may not add to total due to rounding.

Portfolio Activity - CITY OF MILFORD, DELAWARE

Net Activity by Sector
(\$ millions)

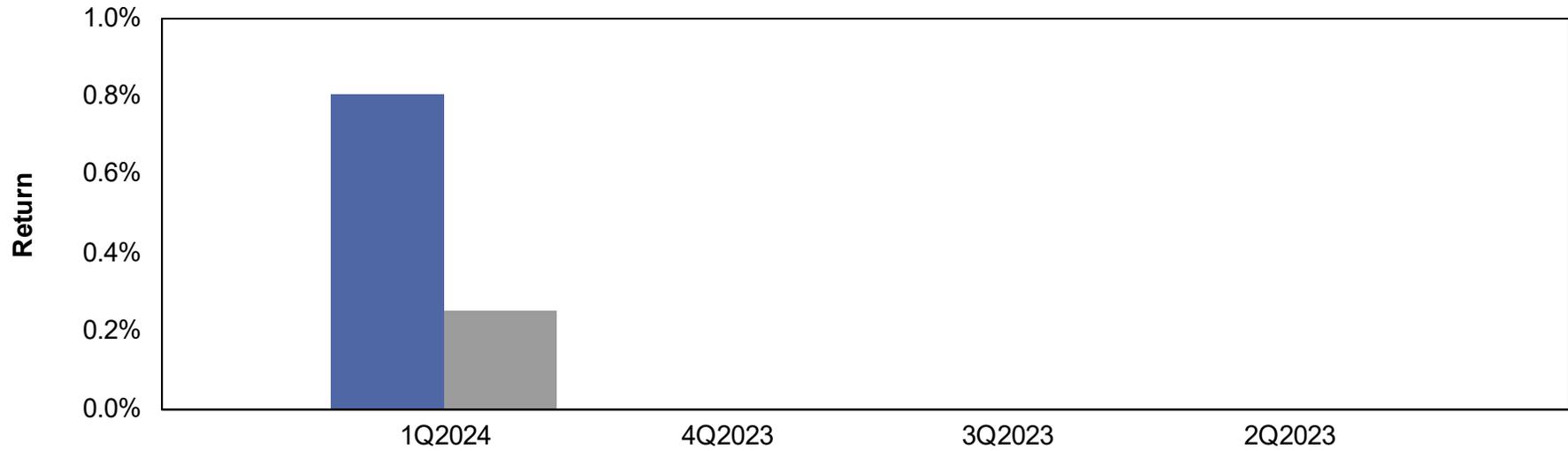


Sector	Net Activity
U.S. Treasury	\$3,178,671
Corporate	\$3,031,230
Agency CMBS	\$954,417
Commercial Paper	\$489,063
Total Net Activity	\$7,653,381

Based on total proceeds (principal and accrued interest) of buys, sells, maturities, and principal paydowns. Detail may not add to total due to rounding.

Portfolio Performance

Portfolio Benchmark



Total Return ¹	1Q2024	4Q2023	3Q2023	2Q2023
Portfolio	0.81%	-	-	-
Benchmark ²	0.25%	-	-	-
Difference	0.55%	-	-	-

1. Returns on presented on a periodic basis.

2. The portfolio's benchmark is the ICE BofA 0-5 Year U.S. Treasury Index. Source: Bloomberg.

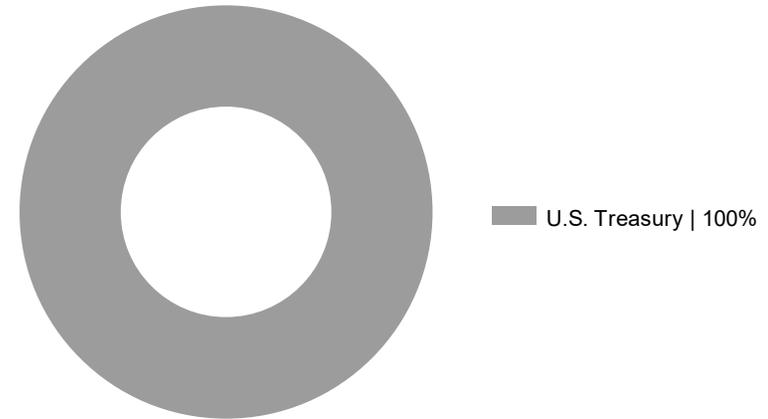
Portfolio Review:
CITY OF MILFORD CASHFLOW ACCOUNT

Portfolio Snapshot - CITY OF MILFORD CASHFLOW ACCOUNT¹

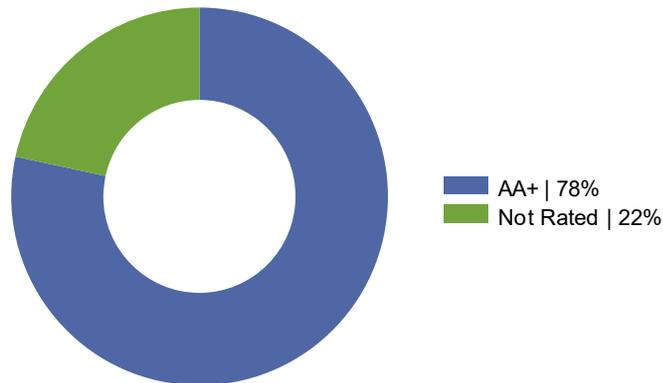
Portfolio Statistics

Total Market Value	\$4,903,731.49
<i>Securities Sub-Total</i>	\$4,887,583.16
<i>Accrued Interest</i>	\$16,148.33
<i>Cash</i>	\$0.00
Portfolio Effective Duration	3.42 years
Yield At Cost	4.93%
Yield At Market	4.68%
Portfolio Credit Quality	AA

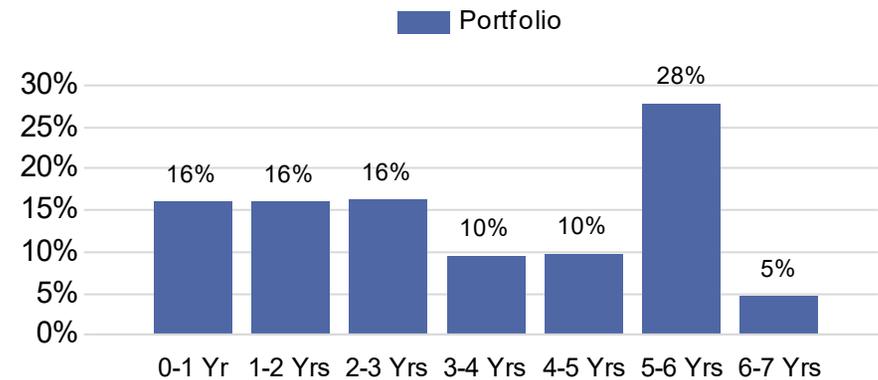
Sector Allocation



Credit Quality - S&P



Duration Distribution



1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

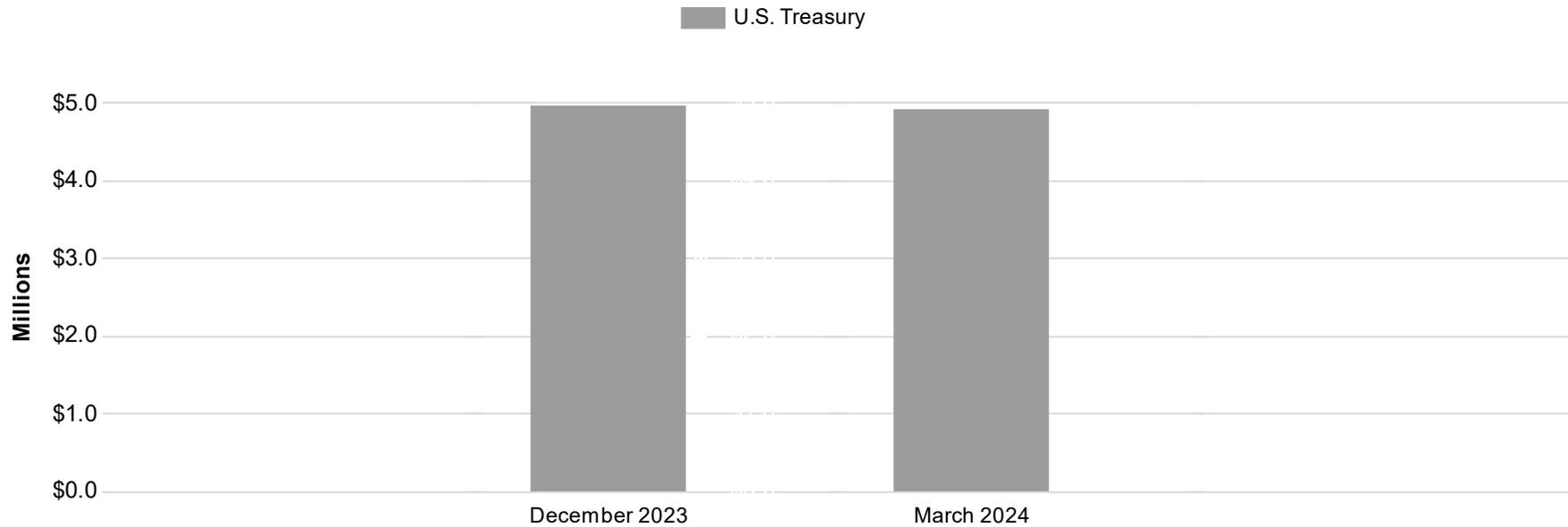
Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	100.0%	
UNITED STATES TREASURY	100.0%	AA / Aaa / AA
Total	100.0%	

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.

Sector Allocation Review - CITY OF MILFORD CASHFLOW ACCOUNT

Security Type	Dec-23	% of Total	Mar-24	% of Total
U.S. Treasury	\$4.9	100.0%	\$4.9	100.0%
Total	\$4.9	100.0%	\$4.9	100.0%



Market values, excluding accrued interest. Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM. Detail may not add to total due to rounding.

Important Disclosures

This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation, as it was prepared without regard to any specific objectives or financial circumstances.

Investment advisory services are provided by PFM Asset Management LLC ("PFMAM"), an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM. The information contained is not an offer to purchase or sell any securities. Additional applicable regulatory information is available upon request.

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It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

The views expressed within this material constitute the perspective and judgment of PFMAM at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon certain assumptions and current opinion as of the date of issue and are also subject to change. Some, but not all assumptions are noted in the report. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Opinions and data presented are not necessarily indicative of future events or expected performance.

For more information regarding PFMAM's services or entities, please visit www.pfmam.com.

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Important Disclosures

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Refinitiv, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

Glossary

- **Accrued Interest:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **Agencies:** Federal agency securities and/or Government-sponsored enterprises.
- **Amortized Cost:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **Asset-Backed Security:** A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.
- **Bankers' Acceptance:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **Commercial Paper:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **Contribution to Total Return:** The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- **Effective Duration:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **Effective Yield:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **Interest Rate:** Interest per year divided by principal amount and expressed as a percentage.
- **Market Value:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.
- **Negotiable Certificates of Deposit:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **Par Value:** The nominal dollar face amount of a security.
- **Pass-through Security:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

Glossary

- **Repurchase Agreements:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **Settle Date:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **Supranational:** A multinational union or association in which member countries cede authority and sovereignty on at least some internal matters to the group, whose decisions are binding on its members.
- **Trade Date:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **Unsettled Trade:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. Treasury:** The department of the U.S. government that issues Treasury securities.
- **Yield:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM at Cost:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM at Market:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.



To: Mayor and City Council
Finance and Audit Committee
From: Louis C. Vitola, Finance Director
Date: March 11, 2024
Re: Investment Policy Update

EXECUTIVE SUMMARY

Staff request that the Finance and Audit Committee review the enclosed edit to the City's Investment Policy Statement (IPS) proposed by PFM Asset Management. Staff is in support of the edit and ask that the Committee make a recommendation to City Council to approve the change to clarify investment class limitations for the benefit of traders acting pursuant to the City's IPS.

DETAIL

The City's Investment Policy Statement was last updated March 13, 2023. The Policy was recently reviewed by Finance staff and the City's investment advisors, PFM Asset Management, pursuant to the requirement that the IPS be reviewed annually. The PFM team recommends only one minor change to the Policy – to clarify the portfolio percentage limit of asset-backed securities in paragraph 8.5.1.2 by striking the reference to mortgage-backed securities pointing to paragraph 8.8. While the separate, independent limitations for each asset class can be inferred in the context of the IPS, and indeed PFM traders are compliant with the intended policy limits, the change should be made to clarify and simplify the City's instructions to all readers of the IPS, now and into the future. Staff strongly recommend the change be supported by the Committee and approved by City Council at the March 25, 2024 meeting.

cc: Mark Whitfield, City Manager



THE CITY of

Milford
DELAWARE

Investment Policy Statement

As Presented [April 22, 2024](#)

Final Review; City Council Presentation: [April 22, 2024](#)

Finance & Audit Committee – Review and Discussion: [March 11, 2024](#)

Final Review; City Council Approval, Current: March 13, 2023

City Council Workshop – Review and Discussion: February 22, 2023
<https://www.cityofmilford.com/ArchiveCenter/ViewFile/Item/3833>

Finance Committee Final Review; Council Approval: November 8, 2021
<https://www.cityofmilford.com/ArchiveCenter/ViewFile/Item/3443>;
<https://www.cityofmilford.com/ArchiveCenter/ViewFile/Item/3440>

Finance Committee Review and Discussion: September 13, 2021
<https://www.cityofmilford.com/ArchiveCenter/ViewFile/Item/3416>

1.0 Governing Authority

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

2.0 Scope

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

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

2.1 Liquidity

The City's operating cash balances, Equipment Replacement Reserves (ERR) for assets being replaced in the current budget year, reserves restricted for capital projects being undertaken in the current budget year, and any component of the City's Minimum Cash Requirement (MCR) related to operating cash are included in the City's Liquidity investment group. The Liquidity investment group is limited to commercial checking and savings deposit accounts (subject to collateral considerations) and those investments specified in sections 8.1, 8.2, 8.3, 8.6, 8.7 and 8.10 provided that the investments are convertible to cash within one (1) business day.

2.2 Intermediate

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

2.3 Growth

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

3.0 Objectives

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

3.1 Safety

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

3.2 Liquidity

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

3.3 Return on Investments

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

4.0 Delegation of Authority

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

The Finance Director shall:

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

5.0 Prudence, Ethics and Conflicts of Interest

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

5.1 "Prudent Person" Rule

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

5.2 Ethics and Conflict of Interest

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

officers shall refrain from undertaking personal investment transactions with the same individual(s) with whom business is conducted on behalf of the City.

6.0 Authorized Institutions and Dealers

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

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

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

7.0 Safekeeping and Custody

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

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

8.0 Authorized Investments and Trading of Securities

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

8.1 United States Government Securities

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

8.2 Government Agency Securities

Debt securities issued by government-sponsored enterprises ("GSE"), federal agencies, and federal financing banks; the maximum stated maturity of any investment in this sector shall

be limited to 10 years at time of purchase. Up to 100% of the portfolio may be invested in this sector.

8.3 Certificates of Deposit and Time Deposits

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

If not insured by the FDIC:

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

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

8.3.2 Delaware-Domiciled Institutions: Issued by or endorsed by any bank or savings association domiciled in the State of Delaware and organized and supervised under federal or State of Delaware banking laws which does not meet the requirements of Section 8.3.I hereto; provided, however, that:

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

8.4 Corporate Debt Instruments

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

8.4.1 Any such instrument must be denominated/issued in U.S. dollars. Many foreign corporations issue debt/securities in the U.S. market, in U.S. dollars.

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

- 8.4.3 Commercial Paper shall be limited to a final stated maturity of 270 days. This sector shall not exceed 25% of the total portfolio. Issuers shall be rated at least A-1 by Standard & Poor's and P-1 by Moody's.
- 8.4.4 Bankers' Acceptances shall be limited to a final maturity of 365 days. This sector shall not exceed 20% of the City's Portfolio. Issuers shall be rated at least A-1 by Standard & Poor's and P1 by Moody's.
- 8.4.5 Corporate bonds and debentures shall be limited to a final stated maturity of 15 years. This sector shall not exceed 50% of the total portfolio. Issuers shall hold a long-term rating of at least BBB+ by S&P, Baa1 by Moody's or BBB+ by Fitch Ratings, though the dollar-weighted average credit rating of the securities invested pursuant to 8.4.5 must exceed the minimum rating at the time of purchase. Rebalancing shall not be automatically required if the dollar-weighted average credit rating of the securities invested pursuant to 8.4.5 fall below minimum rating.

8.5 Asset-Backed Securities

8.5.1 Definition: Securities collateralized by pools of auto loan receivables, credit card receivables, and equipment loans; provided that such securities have (i) the highest credit rating from at least two NRSROs and (ii) an average life not to exceed two years from the date of settlement (unless such securities are subject to periodic reset of coupon or interest rate, in which case the average life may not exceed three years from the date of settlement).

8.5.1.2 Percentage Limit: 10% in total, ~~including securities defined in subsection 8.8.~~

8.6 Repurchase Agreements

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

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

8.7 Registered Investment Companies (Money Market Funds)

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

8.8 Mortgage-Backed Securities

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

8.9 Municipal Obligations

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

8.10 State of Delaware Investment Pool

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

8.11 Trading Securities

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

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

8.12 Internal Control on such transactions

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

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

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

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

9.0 Collateralization of City Deposits

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

- 9.1** Collateralize the City's daily ledger balance(s) if, for any quarter during the most recent eight quarters the bank has not met both of the following two criteria:
- Return on total average assets of 0.50 percent or greater.
 - Average capital ratio (total equity to total assets) of 5.00 percent or greater.
- 9.2** If either criterion in paragraph 8.1 is not satisfied collateral must be pledged and shall consist of one or more of the following securities:
- U.S. Government securities
 - U.S. Government agency securities
 - Federal Home Loan Board letters of credit
 - State of Delaware securities
 - Securities of a political subdivision of the State of Delaware with a rating of A3 or better by Moody's, A- or better by S&P or A- or better by Fitch Ratings.
- 9.3** Ensure that the securities pledged as collateral (except for Federal Home Loan Board letters of credit) have a market value equal to or greater than 103 percent of the ledger balance(s) in the account(s) marked to market each day.
- 9.4** Ensure that securities pledged as collateral are housed at the Federal Reserve Bank or a mutually agreed upon third party depository. (The trust department of the winning vendor will not be acceptable.)
- 9.5** Provide reports on a monthly basis to the City Finance Department detailing the collateral pledged.
- 9.6** Provide a Call Report (Consolidated Report of Condition and Income, FFIEC 031) on a quarterly basis to the City Finance Department.

10.0 Policy Considerations

If securities owned by the City are downgraded by either of the three major credit ratings agencies to a level below the quality required by this Policy, it shall be the City's policy that the Finance Director shall promptly notify City Council and recommend a course of action. If the City has retained a professional investment advisor, in the event of a downgrade below the minimum credit standards, the investment advisor shall promptly notify the Finance Director and recommend a course of action.

11.0 Internal Controls

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

- Control of collusion
- Separation of transaction authority from accounting and recordkeeping
- Custodial safekeeping
- Prohibition of physical delivery securities
- Clear, written delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers

12.0 Performance Standards

The City of Milford's investment decisions shall be made with the objective of obtaining a rate of return commensurate with the investment risk constraints and the cash flow needs. On a quarterly basis, the Finance Director shall compare the City's portfolio against a benchmark(s) that shall be reflective of the actual securities being managed and risks undertaken, and the benchmark(s) shall have a similar weighted average maturity and credit profile.

13.0 Reporting

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

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

14.0 Investment Policy Adoption

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

ATTACHMENT A GLOSSARY

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

ASSET-BACKED SECURITY: A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

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

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

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

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

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

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

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

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

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

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

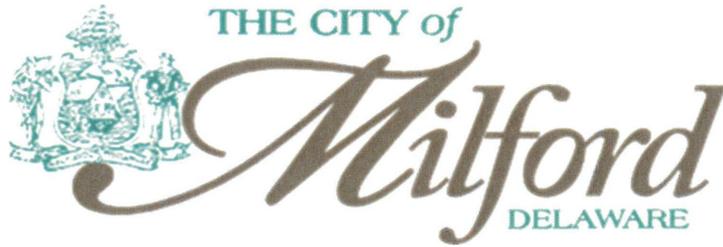
VARIABLE RATE MASTER DEMAND NOTES: A floating rate security with initial maturities and indexed rates chosen by the investor. The interest rate is adjusted periodically, usually off a standard such as that prevailing on a Treasury Bill or the prime interest rate.

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

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

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

City Council Resolution 2023-04
Adoption of Investment Policy Update



RESOLUTION 2023 04

Adoption of the City of Milford Investment Policy Update

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

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

WHEREAS, the City investment policy was most recently updated on November 8, 2023 by City Council following the review and recommendation of the Finance Committee;

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

WHEREAS, the efforts in 2022 and 2023 to identify an investment management firm to advise the City on the investment policy resulted in this recommendation to update the City investment policy; and

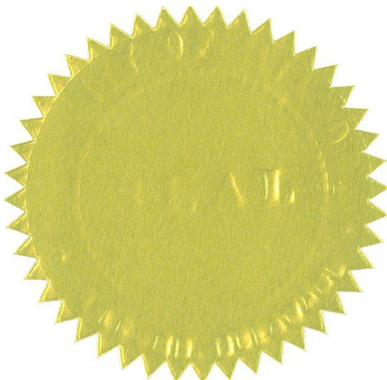
WHEREAS, the City Council has determined that it is appropriate and necessary to update the "Investment Policy for the City of Milford" to bring the policies in line with current financial practices, procedures, and strategies of the City of Milford.

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Official Seal of the City of Milford to be affixed this 13th day of March 2023.




Mayor Arthur J. Campbell

Attest:

 W

Acting City Clerk Katrina L White



RESOLUTION 2023-05

Adoption of the City of Milford Investment Policy Update

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

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

WHEREAS, the City Investment Policy (investment policy) was last updated on March 13, 2023 by City Council following the review and recommendation of the Finance Committee; and

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

WHEREAS, the Investment Policy was most recently evaluated by Finance Staff and the City's Advisors PFM Asset Management; and

WHEREAS, simplification of the portfolio percentage limit of asset-backed securities was recommended by eliminating unnecessary mortgage-backed securities language and allowing the remaining context to remain; and

WHEREAS, the City Council agrees it is appropriate to update the "Investment Policy for the City of Milford" to ensure directness and clarity exists in relation to financial practices, procedures, and strategies of the City of Milford.

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Official Seal of the City of Milford to be affixed this 22nd day of April 2024.

Mayor Arthur J. Campbell

Attest:

City Clerk Teresa K. Hudson



PROCLAMATION 2024-06

55th Annual Professional Municipal Clerks Week

May 5 – 11, 2024

Whereas, The Office of the Professional Municipal Clerk, a time-honored and vital part of local government exists throughout the world, and

Whereas, The Office of the Professional Municipal Clerk is the oldest among public servants, and

Whereas, The Office of the Professional Municipal Clerk provides the professional link between the citizens, the local governing bodies and agencies of government at other levels, and

Whereas, Professional Municipal Clerks have pledged to be ever mindful of their neutrality and impartiality, rendering equal service to all; and

Whereas, The Professional Municipal Clerk serves as the information center on functions of local government and community; and

Whereas, Professional Municipal Clerks continually strive to improve the administration of the affairs of the Office of the Professional Municipal Clerk through participation in education programs, seminars, workshops and the annual meetings of their state, provincial, county and international professional organizations; and

Whereas, It is most appropriate that we recognize the accomplishments of the Office of the Professional Municipal Clerk.

NOW, THEREFORE, I, Arthur J. Campbell, Mayor of the City of Milford, Delaware, do hereby proclaim the week of May 5 through May 11, 2024 as Professional Municipal Clerks Week, and further extend appreciation to our Professional Municipal Clerks, Master Municipal City Clerk Teresa K. Hudson and Master Municipal Senior Deputy Clerk Katrina White, and to all Professional Municipal Clerks throughout the world for the vital services they perform and their exemplary dedication to the communities they represent.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the City to be affixed hereto this 22nd day of April 2024.

Mayor Arthur J. Campbell

Attest:

City Clerk Teresa K. Hudson

City of Milford
201 S. Walnut Street
Milford, DE 19963



Request for Proposal
Audit Services

RELEASE: January 12, 2024

City of Milford
Request for Proposal
Auditing Services

PUBLIC NOTICE IS HEREBY GIVEN that the City of Milford will accept Proposals from consulting firms for the purpose of conducting **Auditing Services** until **3:30 PM** local time on **March 1, 2024**, at which time sealed proposals will be publicly opened and read.

Interested firms shall submit three (3) copies of their submittals to:

City Clerk's Office
Attn: Terri Hudson
City Hall
201 S. Walnut Street
Milford, DE 19963

Envelopes shall be marked "RFP: AUDIT SERVICES". Any submittals received after the stated time will be returned unopened.

Following receipt of the proposals, the City Council will select the firm it deems most qualified to address the needs and conditions of this project and whose proposal is most advantageous to the City. The City reserves the right to request an interview prior to the selection of the firm. The City reserves the right to award a contract/agreement that is in the best interest of the City and may award to multiple firms or none. The award will be made by the City Council at a Council meeting open to the public. The City Council may accept or reject any or all proposals or hold all proposals for a period of ninety (90) days from the date of proposal opening prior to making a decision.

For a complete copy of the Request for Proposal, please see the City website at www.cityofmilford.com.

Teresa K. Hudson, MMC
City Clerk

City of Milford
Request for Proposal
Auditing Services

1. General Overview

The City of Milford, Delaware requests proposals from qualified certified public accounting firms for the provision of auditing services *for each of the three (3) fiscal years ending June 30, 2024, 2025 & 2026, with the potential for no greater than two (2) annual extensions of one year each*¹.

The audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and Part 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

2. Background

The City of Milford is a full-service municipal government located in both Kent and Sussex counties in the State of Delaware. The current population is estimated to be approximately 12,981. The City provides utilities (water, wastewater, solid waste collection, and electric), public services (street maintenance, public works utility and tax billing), police protection, and operates and maintains parks and recreation programming and facilities.

3. Scope of Services

- A. The audit services provided shall be for the purpose of expressing an opinion on the City of Milford's basic financial statements taken as a whole, in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and Uniform Guidance.
- B. Audit Services shall include examination of and reporting on the City's internal control structure, including recommendations on findings, if any.
- C. Following the completion of the audit for the fiscal year financial statements, the auditor shall issue:
 - a. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
 - b. A report on compliance and internal control over financial reporting based on an audit of the financial statements.
 - c. A report on compliance and internal control over compliance applicable to each major federal program in accordance with Uniform Guidance if required.
 - d. The Schedule of Expenditures of Federal Awards and related auditor's reports as well as the reports on compliance and internal controls, if applicable.
- D. In addition to the audit services described above, the City is requesting the following additional assistance or services:

¹ Description of Auditing Services updated in connection with Addendum #1.

City of Milford
Request for Proposal
Auditing Services

- a. Development of all required communications by the auditor to those charged with governance not enumerated in paragraph C
- b. Review and communication of current and pending guidance and standards issued by the Governmental Accounting Standards Board (GASB)
 - i. Include sample calculations for current and pending standards
 - ii. Include template for footnote narrative requirements, if any
 - iii. Include samples from other public clients
- c. Annual meeting with City Council to present the annual audit results and Independent Auditors' Report
- d. Development and communication of a detailed audit plan, including
 - i. An audit calendar for distribution to City of Milford management and staff, including proposed dates for preliminary and final fieldwork dates
 - ii. A list of all schedules and documents to be prepared by City of Milford staff no later than thirty calendar days prior to the first day of preliminary fieldwork during the fiscal year being audited
 - iii. A list of all schedules and documents to be prepared by City of Milford staff no later than thirty calendar days prior to June 30 of the fiscal year being audited
- e. Beyond the scope of the independent financial statement audit, prepare a review of all content produced in support of the City's Annual Comprehensive Financial Report (ACFR) or equivalent annual reporting package and communicate any inconsistencies or disagreements between audited and unaudited data, including, but not limited to
 - i. Tables and schedules reported in Management's Discussion & Analysis
 - ii. Tables and schedules reported in the Footnotes to the Financial Statements
 - iii. Tables and schedules reported in any Supplementary Data sections of the ACFR or annual reporting package
- f. The firm shall deliver one (1) high-resolution, word-searchable portable document formatted (.pdf) document containing cover materials and graphics generated by the City of Milford, the Independent Auditors' Report, Management's Discussion and Analysis, all financial statements, and all related narratives and footnotes in the ACFR or equivalent annual reporting package, along with one (1) loose, unbound hard copy and twenty (20) professionally bound hard copies by the dates outlined in Section 4, Audit Completion.
- g. The firm shall deliver ten (10) copies of its report(s) on the internal control and compliance in accordance with the audit guide and standards for compliance with the Single Audit Act, as may be required.
- h. The firm shall deliver a letter to City of Milford Management containing appropriate suggestions for improvement of accounting procedures and internal controls for the City's consideration. This letter should contain comments and recommendations for controlling any internal weaknesses discovered and shall be discussed with appropriate personnel before finalizing.

City of Milford
Request for Proposal
Auditing Services

4. Audit Completion

A. Draft Report

The auditor shall transmit a draft audit report and discuss findings and recommendations with the City Manager, Finance and Accounting staff and the Mayor or the Mayor's designated Council representative no later than three (3) months after June 30 of the fiscal year being audited, or at a date mutually agreed upon between the firm and City management.

B. Final Report

The auditor shall transmit a completed audit report to the City Manager and Finance Director no later than two (2) weeks prior to the Council Presentation, or at a date mutually agreed upon between the firm and City management.

C. Council Presentation

The auditor shall present the Final Audit Report to the Mayor and City Council no later than five (5) months after June 30 the fiscal year being audited.

5. Major Funds

Below are the names of the City of Milford's Major Funds, along with the operating budget for each for FY 2023-24:

- General Fund: \$ 16.5 million
- Water Fund: \$ 4.0 million
- Sewer Fund: \$ 6.9 million
- Solid Waste Fund: \$ 1.7 million
- Electric Fund: \$ 30.4 million

Additional information on the City's Funds can be found at:

<https://www.cityofmilford.com/26/Finance>

6. Content and Format

A. A signed cover letter including an executive summary and statement of understanding.

B. License to Practice—The audit firm and all assigned key professional staff must be certified public accountants and licensed to practice in the State of Delaware. If the firm is the successful candidate, they will need to obtain a license to practice in the City of Milford as well.

C. Project Team—Identify the key individuals from your firm and describe each person's role on the project team and include an organizational chart.

D. Experience—Discuss the firm's qualifications, experience, and history in performing Auditing Services. Please provide additional detail to describe the delivery of any auditing

City of Milford
Request for Proposal
Auditing Services

or consulting services to municipal, county or state governments or agencies operating public utilities.

- E. Please provide a list of three current or previous municipal clients as references, including names, titles, affiliations, telephone numbers, and type of consulting work performed.
- F. Please explain the data gathering and analysis method(s) to be used to accomplish the requirements of this RFP.
- G. Provide a description of how reports will be produced, communicated/transmitted, and the type of any special software, etc. to be utilized in the performance of the agreement.
- H. Approach—Include your approach in scoping and conducting the project. Include any additional efforts that may be needed in order to ensure a successful project. Please make note of any issues you think are critical to the success of the project.
- I. Project Timetable—Submit a detailed timetable and work plan indicating tasks and time needed to complete the scope of services, including commencement date and completion date for the project. The successful firm must be prepared to undertake commencement of the project immediately upon award of the contract.
- J. Independence—The firm should provide an affirmative statement that is independent of the entity as defined by generally accepted standards/the U.S. General Accounting Office's Government Auditing Standards.
- K. **Required Supplemental Documents:**
 - 1) Resumes of key personnel who will be working on the project
 - 2) Cost Proposal (including administrative fees or surcharges)
 - 3) A copy of the firm's most recent peer review report, the related letter of comments, and the firm's response to the letter of comments. Additionally, a statement whether the peer review included specific governmental engagements.

7. Selection Process and Evaluation Criteria

- A. The City of Milford is using a qualification-based selection process to comply with Delaware Code and City of Milford procurement policies. This procedure provides for an orderly process of solicitation of professional qualifications; evaluation and ranking of qualifications; establishment of a ranked list of service providers; interview selected service providers if required; and negotiation of the scope of services and fees.
- B. Firms/individuals submitting proposals, references, and supplemental documents in response to this RFP will be evaluated by the City of Milford based on the following:
 - 1) Experience working with government organizations or similar projects
 - 2) Relationships with prior clients, as demonstrated with listed references
 - 3) Examples of previous work (i.e., relevant portfolio)

City of Milford
Request for Proposal
Auditing Services

- 4) Ability to provide the project deliverables
- 5) Cost Proposal (including any administrative fees or surcharges)
 - a) The price presented in the cost proposal must be good for 90 days to give the City enough time to review submissions. All responses to this RFP will be reviewed by the City of Milford. Three firms/individuals will be selected for interviews. The City reserves the right to reject all applications and discontinue the process if it determines that such course of action is in the best interests of the City.

C. Scoring Procedure:

- 1) Each of the criteria outlined above will count towards an applicant's score. If all things are equal, the top two or three proposals that score the highest may be selected for interviews. Interviews, if needed, will be done via teleconference. The scoring is based on a total of 100 points. The weight of each component in the City's overall scoring matrix is outlined below:
 - a. 30 Points Experience working with similar government organizations; experience with municipal public power systems and other public utility systems preferred
 - b. 20 Points Relationships with clients, as demonstrated with References
 - c. 25 Points Ability to meet the project deliverables and deadlines
 - d. 25 Points Cost Proposal
- 2) The City of Milford expects to evaluate proposals and provide written notification of the short-listed firms within twenty-one (21) days of receipt of submittals. The City of Milford will seek to negotiate a contract/agreement, a detailed scope of work, fee schedule, etc. with the highest ranked firm.
- 3) Written questions about the project shall be directed to the City of Milford Finance Department at Finance@milford-de.gov with a copy to Kevin Gaboriault at KGaboriault@milford-de.gov by February 15, 2024. Responses to written questions will be posted by February 23, 2024.

8. Insurance

- A. As a condition of the contract, the awarded firm shall be required to provide proof that they are fully licensed, bonded and insured with the following minimum coverages:
 - General Liability, \$1 million per occurrence, \$3 million aggregate. City of Milford shall be included as a Named Insured for on-going operations and completed operations. The firm's general liability insurance shall be primary and non-contributory.
 - Auto Liability, \$1 million per occurrence. City of Milford shall be included as a Named Insured.

City of Milford
Request for Proposal
Auditing Services

- Workers Compensation, with Employers Liability limits of \$1 million/\$1 million/\$1 million. Policy should include a Waiver of Subrogation.
- Professional Liability, \$1 million per claim or per occurrence.

All insurance companies shall have an A.M. Best financial rating of A or better.

The selected firm shall provide an acceptable Certificate of Insurance to the City of Milford consistent with these requirements on an annual basis prior to June 30 of the fiscal year being audited.

9. Submittal Guidelines

- A. All submittals must be received by **3:30 PM** local time on **March 1, 2024** to:
City Clerk's Office
Attn: Terri Hudson
City Hall
201 S. Walnut Street
Milford, DE 19963

Envelopes shall be marked "RFP: AUDIT SERVICES". Any submittals received after the stated time will be returned unopened.

- B. The City will not be liable for any costs incurred in the preparation and production of a submittal, proposal, or any work performed to the execution of a contract. All submittals, proposals and other materials will become the property of the City of Milford.
- C. All communications with the City of Milford in the preparation of the RFP will be done either in writing (letter or email) or via telephone/videoconferencing utilizing Microsoft Teams. Face-to-face meetings will not be facilitated.
- D. All information contained in this Request for Proposals and acceptable provisions of the selected firm's response will be made part of the executed agreement for services.
- E. Upon request, the submitting firm shall submit additional information as requested by the City of Milford.
- F. The City reserves the right to waive any informalities or irregularities and/or reject all proposals received as a result of this Request for Proposal; negotiate changes in the scope of work or services to be provided; conduct investigations required to determine the submitting firm's performance record and ability to perform the assignments specified as a part of this Request for Proposal; negotiate separately with any source in a manner deemed to be in the best interest of the City.

City of Milford
Request for Proposal
Auditing Services

- G. If, through any cause, the contracted firm shall fail to fulfill in a timely and proper manner its obligations under this agreement, or if the firm shall violate any covenants, terms, or conditions of the agreement, then the City of Milford can cancel the contract without prejudice by giving at least five (5) days prior written notice to the firm of such termination.

City of Milford, DE
ADDENDUM #1
RFP for Audit Services Released January 12, 2023
January 26, 2024

1. The City of Milford would like to restate the first Paragraph on page 3 under “1. General Overview”

The paragraph should state:

“The City of Milford requests proposals from qualified certified public accounting firms for the provision of auditing services for each of the three (3) fiscal years ended June 30, 2024, 2025 & 2026, with the potential for no greater than two (2) annual extensions of one year each.”

p**PLEASE SEE REQUIRED ACKNOWLEDGEMENT ON THE FOLLOWING PAGE**

2. Any bid received after stated closing time will be returned unopened. If bids are sent by mail to the purchasing manager, the bidder shall be responsible for actual delivery of the bid to the purchasing manager before the advertised date and hour for opening of bids. If mail is delayed either in the postal service or in the internal mail system of the City beyond the date and hour set for the bid opening, bids thus delayed will not be considered and will be returned unopened.

*****THIS ADDENDUM MUST BE RETURNED WITH THE ORIGINAL BID *****

PLEASE COMPLETE THE INFORMATION BELOW:

SIGNATURE DATE

PRINTED NAME TITLE

COMPANY

MAILING ADDRESS

PHONE NUMBER FAX NUMBER E-MAIL ADDRESS

City of Milford, DE
ADDENDUM #2
RFP for Audit Services Released January 12, 2023
January 26, 2024

Responses to the following questions received from interested firms are being provided to supplement the original Request for Proposals.

1. **Question:** “Can you please clarify the year-end and if this is for a single or multi-year contract?”

Response: The City of Milford requests proposals from qualified certified public accounting firms for the provision of auditing services for each of the three (3) fiscal years ended June 30, 2024, 2025 and 2026, with the potential for no greater than two (2) annual extensions of one year each.

2. **Question:** “When we responded to your bid for FY21-23, included were options for FY24 and FY25. Are those options not being considered with the existing auditor who was the successful bidder in FY21?”

Response: Pursuant to Paragraph 7(B)(5) in the RFP, the City reserves the right to reject all applications and discontinue the process if it determines that such course of action is in the best interests of the City.

****PLEASE SEE REQUIRED ACKNOWLEDGEMENT ON THE FOLLOWING PAGE****

- Any bid received after stated closing time will be returned unopened. If bids are sent by mail to the purchasing manager, the bidder shall be responsible for actual delivery of the bid to the purchasing manager before the advertised date and hour for opening of bids. If mail is delayed either in the postal service or in the internal mail system of the City beyond the date and hour set for the bid opening, bids thus delayed will not be considered and will be returned unopened.

*****THIS ADDENDUM MUST BE RETURNED WITH THE ORIGINAL BID *****

PLEASE COMPLETE THE INFORMATION BELOW:

SIGNATURE _____ DATE _____

PRINTED NAME _____ TITLE _____

COMPANY _____

MAILING ADDRESS _____

PHONE NUMBER _____ FAX NUMBER _____ E-MAIL ADDRESS _____

City of Milford, DE
ADDENDUM #2
RFP for Audit Services Released January 12, 2023
January 26, 2024

Responses to the following questions received from interested firms are being provided to supplement the original Request for Proposals.

1. **Question:** “Can you please clarify the year-end and if this is for a single or multi-year contract?”

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2. **Question:** “When we responded to your bid for FY21-23, included were options for FY24 and FY25. Are those options not being considered with the existing auditor who was the successful bidder in FY21?”

Response: Pursuant to Paragraph 7(B)(5) in the RFP, the City reserves the right to reject all applications and discontinue the process if it determines that such course of action is in the best interests of the City.

****PLEASE SEE REQUIRED ACKNOWLEDGEMENT ON THE FOLLOWING PAGE****

- Any bid received after stated closing time will be returned unopened. If bids are sent by mail to the purchasing manager, the bidder shall be responsible for actual delivery of the bid to the purchasing manager before the advertised date and hour for opening of bids. If mail is delayed either in the postal service or in the internal mail system of the City beyond the date and hour set for the bid opening, bids thus delayed will not be considered and will be returned unopened.

*****THIS ADDENDUM MUST BE RETURNED WITH THE ORIGINAL BID *****

PLEASE COMPLETE THE INFORMATION BELOW:

SIGNATURE DATE

PRINTED NAME TITLE

COMPANY

MAILING ADDRESS

PHONE NUMBER FAX NUMBER E-MAIL ADDRESS



To: Mayor and City Council
 Finance and Audit Committee
 From: Louis C. Vitola, Finance Director
 Date: March 22, 2024
 Re: Auditor Recommendation for Fiscal Year 2024

EXECUTIVE SUMMARY

The City of Milford’s Finance Department would like to make the following recommendation for the City’s financial auditor for the fiscal years 2024 through 2026.

BACKGROUND

The Finance and Administration staff issued the RFP for Independent Audit Services for FY24-26 on January 12, 2024. On March 1, 2024, Lank, Johnson & Tull, CPA, LLC (LJT) and Barbacane Thornton & Company (BT) each submitted viable proposals. In addition to the two proposals received, the City has the option for up to two additional one year extensions with the current auditors, Zelenkofske Axelrod (ZA). Accountant Kevin Gaboriault and I served on a two-member committee, with Accountant Sandra Peck standing by as a passive scorer in the event of a tie. See proposals and scoring summaries.

SCORING

The scoring committee scored the following results:

City of Milford, DE					
RFP for Auditor Services - March 1, 2024 - Score Calculator					
Ref	Abbrev	Description	Max Score		
a.	Exp: Like Organizations	Experience working with similar government organizations; experience with municipal public power distribution systems and other public utility systems	30.00	18.00	29.00
b.	References	Relationships with prior clients, as demonstrated with listed References	20.00	17.00	20.00
c.	Abilities	Ability to meet the project deliverables and deadlines	25.00	20.00	22.50
d.	Cost Proposal	Cost proposal	25.00	7.00	25.00
Total			100.00	62.00	96.50

The scoring committee believes both firms could successfully perform the FY24-26 financial audits, however differences in like organizations and cost proposal how lead BT to a significantly higher score. Both auditors have experience in city financial audits, but BT only practices in government and other nonprofit/municipal related services. BT also has experience with larger cities such as Salisbury, MD and similar fund structures as Rehoboth Beach, DE. LJT provides a variety of services for government and for-profit clients. They perform audits for the towns of Bridgeville, DE and Laurel, DE. Confirmed references for both auditors were outstanding. Both firms have loyal and long-term clients.

The next significant difference was pricing. The chart below shows the cost proposals with ZA included. LJT's proposal is 49% greater than BTC's.

Note ZA was not scored as it had been scored in the FY21 RFP process and our continued experience with ZA would not make it comparable in the scoring process with the two new proposals.

RECOMMENDATION

While each of the three auditors could reliably perform the FY 2024 financial audit, additional factors in the Finance Department have led the scoring committee to one recommendation. 1) During the last two years the finance department has been challenged with turnover leading to additional training for new employees. 2) The new ERP implementation over the past year and continued rollout has required additional training and implementation hours. 3) The FY24 audit will be the first audit using the new ERP software. 4) FY23 needs to be completed before FY24 begins. Also, first year auditors require additional work to learn the City's financial recording structure. While unexpected challenges are nothing new, the combination of these events make it crucial that the City decide on the most efficient way to complete the FY24 audit. For those reasons, staff recommend the City continue with ZA for the FY24 financial audit.

This recommendation will be discussed by the Finance and Audit Committee with a recommendation to City Council on April 22, 2024.



Sussex County Association of Towns

104 Tidewaters, Henlopen Acres, Delaware 19971

S.C.A.T. Dinner for Wednesday, May 1, 2024

- Town of Bethany Beach*
- Town of Bethel*
- Town of Blades*
- Town of Bridgeville*
- Town of Dagsboro*
- Town of Delmar*
- Town of Dewey Beach*
- Town of Ellendale*
- Town of Fenwick Island*
- Town of Frankford*
- Town of Georgetown*
- Town of Greenwood*
- Town of Henlopen Acres*
- Town of Laurel*
- City of Lewes*
- City of Milford*
- Town of Millsboro*
- Town of Millville*
- Town of Milton*
- Town of Ocean View*
- City of Rehoboth Beach*
- City of Seaford*
- Town of Selbyville*
- Town of Slaughter Beach*
- Town of South Bethany*
- Sussex County Council*

LOCATION: Bridgeville Volunteer Fire Department
 315 Market Street
 Bridgeville, DE 19933

TIME: 6:00 PM - Cash Bar
 6:30 PM - Dinner

HOST: Town of Bridgeville

SPEAKER: Heather Warren, New Executive Director, Delaware Rural Water Association - Hot Topics in the Water Industry Including PFAs, Lead & Copper, Funding and More!

COST: \$35.00 per person

MENU: Roast Beef and Dumplings
 Fried Chicken
 Mashed Potatoes and Gravy
 Winter Mix Veggies
 Cole Slaw
 Homemade Pepper Relish
 Yeast Rolls
 Apple Pie and Ice Cream
 Tea or Coffee

For reservations, please contact Shelley Lambden at
 (302) 337-7135 or by email at slambden@townofbridgevillede.us
 no later than

FRIDAY, APRIL 26, 2024

Please make checks payable to **Town of Bridgeville**

Mail to: Town of Bridgeville

101 N. Main Street

Bridgeville, DE 19933

Please note that payments can also be made online at Bridgeville.delaware.gov
 (Pay Online-Other/Misc. Payments)

Please let Katrina or me know if you are interested in attending Local Government Day on Thursday, May 9th. Info below:



**SAVE THE DATE: MAY 9 - DELAWARE LOCAL
GOVERNMENT DAY!**

:

[FREE REGISTRATION - CLICK HERE!](#)



Financial Reporting Package
As of and For the Period Ended March 31, 2024

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 versus Actual Expenses

Appendix: Milford Police Facility Project Spending vs Budget

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 March 31, 2024

1 **Operating Cash Balances**

▼ Marks Ref Closing Bal³

Description	Opening Balance (Feb 29, 2024)	Closing Balance (Mar 31, 2024)	Projected Cashflows	Commitments & Restrictions	Minimum Cash Requirement/ERR	Uncommitted / Unrestricted
General Fund	\$ 2,256 ↓	\$ 1,961	\$ 22	\$ (452)	\$ (1,509)	\$ 23
Electric Fund	4,073 →	4,358	42	(1,058)	(1,652)	1,690
Water Fund	2,783 →	2,610	30	(2,153)	(294)	193
Sewer Fund	2,246 →	2,207	18	(1,555)	(205)	465
Solid Waste Fund	743 →	671	3	(132)	(190)	352
Operating Cash Totals³	\$ 12,101 ●	\$ 11,807	\$ 115	\$ (5,349)	\$ (3,849)	\$ 2,724

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

Description	Opening Balance (Feb 29, 2024)	Closing Balance (Mar 31, 2024)	Projected Cashflows	Commitments & Restrictions	Minimum Cash Requirement/ERR	Uncommitted / Unrestricted
General Improvement	\$ 1,317 →	\$ 1,324	\$ -	\$ (1,324)	\$ -	\$ -
Municipal Street Aid (MSA)	817 →	820	-	(820)	-	-
Realty Transfer Tax (RTT)	1,078 →	1,067	5,176	(3,924)	(1,280)	1,039
Economic Development	515 →	515	89	(419)	-	185
Lodging Tax Fund	688 →	693	99	(792)	-	-
ARPA Grant Fund	639 →	606	-	(606)	-	-
Special Purpose Cash Totals³	\$ 5,054 ●	\$ 5,025	\$ 5,364	\$ (7,885)	\$ (1,280)	\$ 1,225

18 **Reserve Fund Cash Balances¹**

Description	Opening Balance (Feb 29, 2024)	Closing Balance (Mar 31, 2024)	Projected Cashflows	Commitments & Restrictions	Minimum Cash Requirement/ERR	Uncommitted / Unrestricted
General Fund Capital Reserves	\$ 3,727 →	\$ 3,694	\$ 2,870	\$ (3,923)	\$ (249)	\$ 2,391
Water Fund Capital Reserves	3,996 →	4,016	2,153	(1,279)	(2,758)	2,132
Sewer Fund Capital Reserves	4,546 →	4,567	1,555	(1,746)	(3,887)	489
Solid Waste Fund Capital Reserves	131 →	131	135	(226)	(40)	0
Electric Fund Capital Reserves ²	13,068 →	13,131	3,558	(7,560)	(7,018)	2,110
Operating Cash Totals³	\$ 25,468 ●	\$ 25,539	\$ 10,270	\$ (14,734)	\$ (13,952)	\$ 7,122

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

Description	Opening Balance (Feb 29, 2024)	Closing Balance (Mar 31, 2024)	Projected Cashflows	Commitments & Restrictions	Minimum Cash Requirement/ERR	Uncommitted / Unrestricted
Police & General Gov't Facilities	\$ 512 →	\$ 543	\$ 91	\$ (634)	\$ -	\$ -
Carlisle Fire Co Permit Fund	261 →	271	30	(301)	-	-
Parks & Recreation Facilities	160 →	160	-	(160)	-	-
Water Impact Fee Reserves	6,082 →	6,085	8	(6,092)	-	-
Sewer Impact Fee Reserves	3,439 →	3,452	38	(3,490)	-	-
Electric Impact Fee Reserves	1,256 →	1,327	215	(1,542)	-	-
Impact Fees & Police/GF Totals³	\$ 11,710 ●	\$ 11,837	\$ 382	\$ (12,220)	\$ -	\$ -

Grand Totals³	\$ 54,333 ▲	\$ 54,208	\$ 16,131	\$ (40,188)	\$ (19,081)	\$ 11,070
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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.

²Realty Transfer Taxes (RTT) and Electric Fund Reserves totaling \$7.5 million are being temporarily consumed to offset interest costs associated with the PD Facility construction. The recovery of the funds through project financing is reflected in the Projected Cashflows columns for RTT and Electric (\$5 million and \$2.5 million, respectively).

³Closing 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%
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City of Milford, Delaware
Cash and Investment Balance¹ Rollforward
For the Period Ended March 31, 2024

▼ Marks Ref Closing Bal⁴

1 **Operating Cash Balances**

Description	Opening Balance (Feb 29, 2024)	Receipts	Interest Earned	Disbursements	Closing Balance (Mar 31, 2024)
General Fund	\$ 2,256,199	\$ 1,260,530	\$ 3,561	\$ (1,558,982) ↓	\$ 1,961,308
Electric Fund	4,072,781	2,901,108	6,526	(2,622,393) →	4,358,022
Water Fund	2,783,145	371,806	4,596	(549,351) →	2,610,197
Sewer Fund	2,246,154	614,657	3,771	(658,065) →	2,206,517
Solid Waste Fund	742,911	129,182	1,226	(202,530) →	670,790
Operating Cash Totals⁴	\$ 12,101,191	\$ 5,277,284	\$ 19,681	\$ (5,591,321) ●	\$ 11,806,834

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

Description	Opening Balance (Feb 29, 2024)	Receipts	Interest Earned	Disbursements ²	Closing Balance (Mar 31, 2024)
General Improvement	\$ 1,317,389	\$ -	\$ 6,171	\$ - →	\$ 1,323,559
Municipal Street Aid (MSA)	816,563	-	3,902	- →	820,465
Realty Transfer Tax (RTT)	1,078,330	-	5,114	(16,667) →	1,066,777
Economic Development	515,247	-	-	- →	515,247
Lodging Tax Fund	687,606	5,277	-	- →	692,883
ARPA Grant Fund ²	638,699	-	-	(32,374) →	606,325
Special Purpose Cash Totals^{3,4}	\$ 5,053,834	\$ 5,277	\$ 15,187	\$ (49,041) ●	\$ 5,025,257

18 **Reserve Fund Cash Balances**

Description	Opening Balance (Feb 29, 2024)	Receipts	Interest Earned	Disbursements ²	Closing Balance (Mar 31, 2024)
General Fund Capital Reserves	\$ 3,727,082	\$ -	\$ 19,046	\$ (52,220) →	\$ 3,693,907
Water Fund Capital Reserves	3,996,426	-	19,099	- →	4,015,524
Sewer Fund Capital Reserves	4,545,760	-	21,724	- →	4,567,484
Solid Waste Fund Capital Reserves	130,538	-	624	- →	131,162
Electric Fund Capital Reserves	13,068,202	-	62,453	- →	13,130,654
Reserve Fund Cash Totals^{3,4}	\$ 25,468,006	\$ -	\$ 122,945	\$ (52,220) ●	\$ 25,538,732

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

Description	Opening Balance (Feb 29, 2024)	Receipts	Interest Earned	Disbursements ²	Closing Balance (Mar 31, 2024)
Police & General Gov't Facilities	\$ 512,456	30,398	\$ -	\$ - →	\$ 542,854
Carlisle Fire Co Permit Fund	260,588	10,133	-	- →	270,720
Parks & Recreation Facilities	159,575	-	-	- →	159,575
Water Impact Fee Reserves	6,082,262	2,519	-	- →	6,084,781
Sewer Impact Fee Reserves	3,439,293	12,724	-	- →	3,452,017
Electric Impact Fee Reserves	1,255,590	71,700	-	- →	1,327,290
Impact Fees & Police/GF Totals^{3,4}	\$ 11,709,764	\$ 127,474	\$ -	\$ - ●	\$ 11,837,238

Grand Totals⁴	\$ 54,332,794	\$ 5,410,035	\$ 157,813	\$ (5,692,582) ▲	\$ 54,208,060
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¹Balances are not indicative of funding availability; see enclosed Restricted Cash Reserves and Net Cash & Funding Availability Reports for detail.

²\$52k disbursed from reserves (lines 20-24) is attributable to the ERP project, ongoing parks & rec projects, the City Hall Plaza and other budgeted CIP projects. \$32k disbursed from ARPA funds (line 16) is primarily IT Data Security; see ARPA Appendix for additional detail. The ARPA and General Fund Capital Reserves Opening Balances were adjusted with offsetting amounts to correct grant-funded expenditures.

³Investments with PFM total \$38.6 million and consist of total reserves (line 25), impact fees (lines 31-33), special purpose funds (lines 14-15), and on a short-term basis, a portion of the operating cash (line 8).

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 March 31, 2024

General Fund Capital Reserves		Amount
Cash/Investment Balance (3/31/24)	\$	3,693,907
Expected Contributions & Interest		869,577
Restricted Funds:		
Vehicle & Equipment Replacement		(511,908)
Street Repair		(1,080,399)
Parking Enhancements		(320,000)
Parkland, Trails & Recreation		(811,628)
Other Proj, Incl MCC Design		(201,190)
OpEx Support (PD R/M)		(998,036)
Support Policy with RTT ¹		2,000,000
Reserve (MCR) Policy ⁶		-
Equipment Replacement Reserve ²		(248,870)
Uncommitted Reserve Balance	\$	2,391,453

Electric Fund Capital Reserves		Amount
Cash/Investment Balance (3/31/24)	\$	13,130,654
Expected Contributions & Interest		3,557,952
Restricted Funds:		
Electric Vehicles & Equipment		(359,306)
Lighting & System Improvements		(584,637)
Traffic Signal Upgrades		(289,464)
Citywide Projects		(2,267,033)
Investment Policy/Rate Stability ⁷		(4,060,000)
Reserve (MCR) Policy ^{3,6}		(6,623,223)
Equipment Replacement Reserve ³		(395,237)
Uncommitted Reserve Balance	\$	2,109,707

Water Fund Capital Reserves		Amount
Cash/Investment Balance (3/31/24)	\$	4,015,524
Expected Contributions & Interest		2,153,178
Restricted Funds:		
Vehicle & Equipment Replacement		(136,859)
Street-Utility Engineering/Infra		(606,000)
		-
Milford Business Campus		-
Reserve-Funded Projects		(535,857)
Reserve (MCR) Policy ^{3,6}		(2,607,752)
Equipment Replacement Reserve ³		(150,545)
Uncommitted Reserve Balance	\$	2,131,689

Solid Waste Reserves		Amount
Cash/Investment Balance (3/31/24)	\$	131,162
Expected Contributions & Interest		134,924
Restricted Funds:		
Solid Waste Vehicles & Equipment ⁴		(150,760)
Solid Waste Alloc of PW Projects		(75,645)
Reserve (MCR) Policy ⁴		-
Equipment Replacement Reserve ⁴		(39,582)
Uncommitted Reserve Balance	\$	99

Sewer Fund Capital Reserves		Amount
Cash/Investment Balance (3/31/24)	\$	4,567,484
Expected Contributions & Interest		1,554,539
Restricted Funds:		
Sewer Vehicles & Equipment		(40,117)
Citywide Projects & Engineering		(2,869)
Utility Engineering		-
Reserve-Funded Projects		(1,702,641)
Reserve (MCR) Policy ^{3,6}		(3,834,077)
Equipment Replacement Reserve ³		(52,923)
Uncommitted Reserve Balance	\$	489,396

MSA & RTT Reserves		Amount
RTT Balance (3/31/24)		1,066,777
MSA Balance (3/31/24)		820,465
MSA & RTT Est Receipts thru FY24:		5,176,191
MSA: Street & Bridge Improvements		(1,190,958)
RTT: Transfer to Police Dept		(50,000)
RTT: Sidewalk Project Funding		(632,170)
MSA & RTT: 2020 Combined St-Util		(871,000)
		-
RTT: Support GF Policies ¹		(2,000,000)
RTT: Reserve Policy ⁵		(1,280,031)
Uncommitted Reserve Balance	\$	1,039,275

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. Funds accumulated through FY23 used for collection equipment; 100% being reserved in FY24+.

⁵Approved Reserve Policies recommend dynamic MCR based on average of trailing-three-year RTT receipts; FY24 increase related to strong FY23 vs FY20, which fell out of T3 Avg

⁶The Days Operating Expenditures (Days OpEx) piece of MCRs reclassified from Reserve balances here to Operating Cash; the Total MCR has not changed

⁷This funding has been deployed pursuant to the City's Investment Policy to achieve rate stability and structured returns. Interest rate increases and land investments prompted a revised strategy to benefit both the electric and sewer funds over a 13-year investment horizon.

City of Milford, Delaware
Enterprise Funds: Statement of Revenues & Expenditures
For the YTD Period Ended March 31, 2024 vs Prior FYTD & Current Budget (in thousands)

	350	320	330	340			
Enterprise Funds Profit & Loss (P&L) Statement	Electric	Water	Sewer	Solid Waste	Total	FY24 Total (as % of Rev)	FY23 Total (as % of Rev)
1 Operating Revenue	\$ 22,572	\$ 2,661	\$ 4,061	\$ 1,286	\$ 30,580	100.0%	100.0%
2 Cost of Revenue ¹	(16,517)	(294)	(1,948)	(201)	(18,959)	-62.0%	-61.9%
3 Gross Margin	6,055	2,368	2,113	1,085	11,622	38.0%	38.1%
4 Operating Expenses							
5 Operations & Maintenance	(2,002)	(1,311)	(1,599)	(793)	(5,706)	-18.7%	-13.5%
6 Personnel	(1,286)	(263)	(257)	(335)	(2,141)	-7.0%	-6.7%
7 Total Operating Expenses	(3,288)	(1,575)	(1,856)	(1,129)	(7,847)	-25.7%	-20.2%
8 Operating Income	\$ 2,768	\$ 793	\$ 257	\$ (43)	\$ 3,775	12.3%	17.9%
9 Non-Operating Revenue (Expense)	-	-	-	-	-	0.0%	2.4%
10 Surplus (Deficit) for debt service & capital	2,768	793	257	(43)	3,775	12.3%	20.3%
11 Debt Service - Principal & Interest	(282)	(319)	(383)	-	(985)	-3.2%	-3.5%
12 Capital Spending / Contributions from (to) Reserves	(618)	(263)	(220)	-	(1,101)	-3.6%	-5.2%
13 Surplus (deficit) available for transfers	1,868	211	(346)	(43)	1,689	5.5%	11.6%
14 Transfers Out	(2,438)	(225)	(225)	-	(2,888)	-9.4%	-7.3%
15 Net Surplus (Deficit) - FYTD through Mar 2024	\$ (570)	\$ (14)	\$ (571)	\$ (43)	\$ (1,199)	-3.9%	4.3%
16 Net Surplus (Deficit) - FYTD through Mar 2023	\$ 178	\$ 503	\$ 625	\$ (55)	\$ 1,251	4.3%	
17 Current vs Prior - Favorable (Unfavorable)²	\$ (748) ↓	\$ (517) ↓	\$ (1,196) ↓	\$ 12 ↑	\$ (2,450) ↓	-8.2% ↓	
18 Net Surplus (Deficit) - Current FYTD Budget	\$ (183)	\$ (676)	\$ (1,048)	\$ 87	\$ (1,820)	-6.1%	
19 Current vs Budget - Favorable (Unfavorable)²	\$ (387) ↓	\$ 662 ↑	\$ 477 ↑	\$ (130) ↓	\$ 622 ↑	2.1% ↑	

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 March 31, 2024 vs Prior FYTD & Current Budget (in thousands)

General Fund Sources and Uses of Funding	Admin & Council	Public Safety	Parks & Rec	Planning & All Other	Total	FY24 Total (as % of Rev)	FY23 Total ² (as % of Rev)
Sources of Funding:							
Real Estate (Property) Taxes	\$ 5,727	\$ -	\$ -	\$ -	\$ 5,727	51.9%	53.2%
Permits, Licensing & Franchise Fees	377	-	-	366	743	6.7%	8.3%
Fines, Fees & Misc Revenue	55	549	-	-	603	5.5%	5.2%
General Revenue Subtotal	6,158	549	-	366	7,073	64.1%	66.6%
Utility Transfers & Cost Allocation	2,888	-	-	-	2,888	26.2%	24.7%
Grant Revenue	-	-	-	-	-	0.0%	6.3%
Application of Reserve Balances	915	150	-	-	1,065	9.7%	2.4%
General Fund Operating Support	3,803	150	-	0	3,953	35.9%	33.4%
Total Sources of Funding	\$ 9,961	\$ 699	\$ -	\$ 366	\$ 11,026	100.0%	100.0%
Uses of Funding:							
Operations & Maintenance	735	1,381	420	633	3,168	28.7%	26.8%
Personnel	714	3,925	559	1,677	6,875	62.4%	67.5%
Total Operating Expenses	1,450	5,306	978	2,310	10,043	91.1%	94.3%
Surplus (Deficit) for Debt Svc & Capital	\$ 8,511	\$ (4,607)	\$ (978)	\$ (1,943)	\$ 982	8.9%	5.7%
Debt Service - Principal & Interest	-	-	-	-	-	0.0%	0.0%
Capital Spending / Transfers from (to) Reserves	280	395	632	208	1,514	13.7%	5.7%
Net Surplus (Deficit) - FYTD through Mar 2024	\$ 8,231	\$ (5,002)	\$ (1,610)	\$ (2,151)	\$ (531)	-4.8%	0.0%
Net Surplus (Deficit) - FYTD through Mar 2023	\$ 6,401	\$ (3,994)	\$ (910)	\$ (1,494)	\$ 2	36.6%	
Current vs Prior - Favorable (Unfavorable)²	↑ \$ 1,831	↓ \$ (1,007)	↓ \$ (700)	↓ \$ (657)	↓ \$ (533)	↓ -41.5%	
Net Surplus (Deficit) - Current FYTD Budget	\$ 7,950	\$ (6,966)	\$ (1,554)	\$ (3,246)	\$ (3,817)	-37.5%	
Current vs Budget - Favorable (Unfavorable)³	→ \$ 282	↑ \$ 1,964	↑ \$ (55)	↑ \$ 1,095	↑ \$ 3,286	↑ 32.7%	

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.

²This 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)

³Comparative 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")

<i>Actual Spending by Category vs Plan, as Amended</i>						
ARPA Eligibility Categories	Plan (3/25/24) ¹	Actual (12/31/23)	Actual (3/31/24)	Q3 FY24 Activity ²	Remaining	Notes
COVID-19 Health Impact	\$ 1,131,396	\$ 1,057,847	\$ 1,057,848	\$ -	\$ 73,549	
Operational Facilities	778,000	778,000	778,000	-	-	PD Vehicles, City Hall/IT Upgrades
Administering COVID-19 Response	43,779	25,988	25,988	-	17,791	Pro Rata portion of DE Treasury ARPA Attorney
Behavioral Health Care	180,000	180,000	180,000	-	-	Primarily Personnel Costs
Air Quality & Ventilation	129,020	73,262	73,262	-	55,758	HVAC Repair in Finc & P&R Offices; PW Areas
COVID-19 Mitigation	598	598	598	-	-	Vaccination Incentive; COVID test kits
COVID-19 Economic Impact	\$ 858,164	\$ 855,992	\$ 857,615	\$ 1,623	\$ 549	
Assistance to Community (Annual)	322,114	322,114	322,114	-	-	DMI, Armory, Museum, CFC, MACC, Library
Assistance to Community & Households	255,394	255,394	255,394	-	-	MHDC, ECDC, CFC, FBOD, MAH, MCG, MPL, FPCM, CP, MAL, FOMM ³
Critical Ops Staffing / Retention	236,476	236,476	236,476	-	-	Dec-21
Aid Tourism Recovery	26,880	24,709	26,332	1,623	549	Signage / Banner Upgrade, Parks & Planning Rev
Operational Facilities	14,674	14,674	14,674	-	-	City Hall Access Panel Upgrades
Parks & Rec Programming	2,625	2,625	2,625	-	-	Signage cost share with DMI
Infrastructure	\$ 4,329,459	\$ 3,757,564	\$ 3,797,231	\$ 39,668	\$ 532,228	
Water Quality	3,127,074	2,845,722	2,845,722	-	281,352	Misp St Proj; NE Front St Water Line Replacement; 2020 Combined Utilities / Streets Proj
Flood/Pollution Control	224,527	212,729	223,651	10,922	876	4th St Drainage & Mispillion St Project
Improve Resilience to Disasters	435,000	406,255	435,000	28,746	(0)	Pump Station Upgrades, Spare Pumps & IT Initiatives
Improve Wastewater Treatment	542,858	292,858	292,858	-	250,000	Sewer part of Mispillion St Proj; NW Front Sewer
Revenue Recovery	\$ 14,874	\$ 14,874	\$ 14,874	\$ -	\$ -	
Parks & Rec Programming	7,112	7,112	7,112	-	-	
Economic Development	7,762	7,762	7,762	-	-	
Public Safety Operations	-	-	-	-	-	Public Safety Revenue Recovery diverted to Vehicles
Grand Total	\$ 6,333,893	\$ 5,686,276	\$ 5,727,567	\$ 41,291	\$ 606,325	

¹Adjusted to reflect funding available through the CARES act, Sussex County RTT funds and Council approval of additional vehicle funding; Adjusted for 2024 Streets Package

²This ARPA Spending Update is being generated quarterly following the September 2023 (Q1-FY24) Financial Report

³Housing Devel Corp, Elevated Community Development Corp, Carlisle Fire Co, Food Bank of DE, Advocacy for the Homeless, Community Garden, Public Library, First Presbyterian, Code Purple, Art League, Friends of the Museum

Appendix: Milford Police Facility Project Spending vs Budget
Project Inception through February 29, 2024

Actual Spending by Category & Subcategory vs Budget									
Bid Category	Awarded Contracts / Budget	Project Activity	Less: Retainage	Total Payable	PNC BAN Payments	Facility Fund Payments	General Fund Payments	Notes	
Pre-Construction	\$ 835,265	\$ 835,265	\$ -	\$ 835,265	\$ -	\$ (805,594)	\$ (29,671)		
Design / Architecture ³	805,594	805,594	-	805,594	-	(805,594)	-	FY19-FY24 (Complete)	
Referendum / Administrative	29,671	29,671	-	29,671	-	-	(29,671)	FY19-FY22 (Complete)	
Construction Management	\$ 649,392	\$ 631,173	\$ -	\$ 631,173	\$ (590,227)	\$ -	\$ -		
Fixed/On-Stie Construction Mgmt: RYJ	266,260	359,186	-	359,186	(335,241)	-	-	FY23-FY24	
Variable Const Mgmt Fees: RYJ	383,132	271,986	-	271,986	(254,986)	-	-	FY23-FY24	
Construction: 16 Core Contracts	\$ 13,365,590	\$ 13,183,392	\$ 148,103	\$ 13,062,797	\$ (13,060,422)	\$ -	\$ -		
Sitework: Zack Excavating	1,976,508	1,878,165	93,908	1,784,257	(1,784,257)	-	-	FY23 - Current	
Concrete: Gullwing	293,000	293,000	-	293,000	(293,000)	-	-	Complete	
Masonry: L. Wilson	790,000	790,000	-	790,000	(790,000)	-	-	Complete	
Steel Work: R.C. Fabricators	868,000	856,207	2,375	858,582	(856,207)	-	-	June (FY22) - Current	
Carpentry & Gen: Conventional	1,076,360	1,042,253	-	1,042,253	(1,042,253)	-	-	Complete	
Roofing: Quality Exteriors	933,252	917,597	15,655	917,597	(917,597)	-	-	June (FY22) - Current	
Hardware: Precision	232,231	232,231	11,892	225,942	(225,942)	-	-	Jan (FY23) - Current	
Glasswork: Walker & LaBarge	183,600	183,600	-	183,600	(183,600)	-	-	Complete	
Drywall/Stud: Peninsula	1,317,000	1,317,000	-	1,317,000	(1,317,000)	-	-	Complete	
Acoustical: Master Interiors	259,080	249,080	12,454	236,626	(236,626)	-	-	June (FY22) - Current	
Floor Covering: Tri-State	492,124	490,624	1,500	490,624	(490,624)	-	-	June (FY22) - Current	
Caulk & Paint: M&S Painting	66,570	65,770	3,289	62,482	(62,482)	-	-	Feb (FY23) - Current	
Casework: Modular Concepts	116,465	116,465	2,592	113,873	(113,873)	-	-	Sept (FY23)	
Mechanical: J.F Sobieski	2,081,649	2,081,649	-	2,081,649	(2,081,649)	-	-	Complete	
Fire Sprinkler: Bear Industries	98,780	88,780	4,439	84,341	(84,341)	-	-	FY23 / Current	
Electrical: Filec Services	2,580,971	2,580,971	-	2,580,971	(2,580,971)	-	-	Complete	
Construction: Other Activity	\$ 600,000	\$ 543,953	\$ -	\$ 543,953	\$ (543,953)	\$ -	\$ -		
Technology	150,000	96,988	-	96,988	(96,988)	-	-	FY23 / Current	
Furniture, Fixtures & Equip	450,000	446,965	-	446,965	(446,965)	-	-	FY23 / Current	
Post-Construction / Contingencies	\$ 1,101,194	\$ 1,068,194	\$ 196,737	\$ 871,457	\$ (350,732)	\$ -	\$ -		
Builder's Contingency ¹	520,062	520,062	169,330	350,732	(350,732)	-	-	Jan/Feb (FY23) - Current	
Owner's Contingency ²	581,132	548,132	27,407	520,725	-	-	-	FY22 - Current	
Grand Total	\$ 16,551,441	\$ 16,261,977	\$ 344,840	\$ 15,944,645	\$ (14,545,334)	\$ (805,594)	\$ (29,671)		

^{1,2}Builder's and Owner's Contingency were established to account for anticipated but unknown project expenditures arising at the site as construction unfolded (Builder's) and a mix of known and unknown project expenditures related to project financing, permitting and administration. About \$270k of Builder's Contingency arose from Jan-Feb 2023 and was presented to Council February 27, 2023.

³About \$270k of Builder's Contingency was related to the facility's electric service emerging in Jan-Feb 2023 and was presented to Council February 27, 2023.

²\$160k of Owner's Contingency consists primarily of interest on temporary financing and is paid monthly with loan proceeds, while about \$429k is the estimated cost of the communications upgrade.

³BMG Contract Reconciliation reflects amounts billed against architectural contract - full design services tasks 6 & 9 only.

City of Milford, Delaware
 Legacy Revenue Report: MTD and YTD Actual vs Annual Budget
 For the YTD Period Ended March 31, 2024

75.0% of Year Elapsed

Account / Function	FY24 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget
General Fund:				
Economic Development Fund	\$ 105,860	\$ 8,822	\$ 79,395	75.0%
General Fund Reserves	1,114,525	92,877	835,894	75.0%
ARPA Funding - Operating Support	21,245	-	-	0.0%
Realty Transfer Tax - Police	200,000	16,667	150,000	75.0%
Real Estate Tax	5,732,358	35,598	5,726,887	99.9%
Business License	67,000	-	140,990	210.4%
Rental License	120,000	9,990	19,865	16.6%
Building Permits	250,000	-	122,515	49.0%
Planning & Zoning	65,000	7,575	70,936	109.1%
Leases and Franchise Fees	430,069	24,774	376,513	87.5%
Grasscutting Revenue	20,000	1,333	12,000	60.0%
Police Revenues	523,680	31,292	548,756	104.8%
Misc. Revenues	20,500	-	54,583	266.3%
Transfers In	5,221,976	320,833	2,887,500	55.3%
Total General Fund Revenue	\$ 13,892,213	\$ 549,761	\$ 11,025,835	79.4%
Enterprise Funds:				
Water Fund Revenues	3,601,227	264,384	2,661,328	73.9%
Sewer Fund Revenues	3,271,974	243,978	2,358,368	72.1%
Kent County Sewer	2,533,811	174,787	1,702,543	67.2%
Solid Waste Fund Revenues	1,710,494	141,316	1,286,094	75.2%
Electric Fund Revenues	28,893,293	2,476,821	22,572,123	78.1%
Total Enterprise Fund Revenue	\$ 40,010,799	\$ 3,301,285	\$ 30,580,455	76.4%
Other Enterprise Revenue ¹	-	(190)	46,476	
Other Enterprise Expense	-	979	(38,292)	
Total General & Enterprise Fund Revenue	\$ 53,903,012	\$ 3,851,836	\$ 41,614,475	77.2%

¹Estimated

City of Milford, Delaware
 Legacy Expenditure Report: MTD and YTD Actual vs Annual Budget
 For the YTD Period Ended March 31, 2024

75.0% of Year Elapsed

Fund / Account / Divisional Groupings	FY24 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget	Unexpended Balance
General Fund					
City Administration					
Personnel	\$ 621,570	\$ 37,471	\$ 466,030	75.0%	\$ 155,540
Operation & Maintenance (O&M)	137,511	5,633	91,381	66.5%	46,130
Capital	-	-	-		-
Subtotal: City Administration	759,081	43,104	557,410	73.4%	201,670
City Clerks					
Personnel	337,869	20,891	215,639	63.8%	\$ 122,230
Operation & Maintenance (O&M)	81,851	13,385	51,147	62.5%	30,703
Capital	-	-	-		-
Subtotal: City Clerks	419,720	34,276	266,786	63.6%	152,934
Planning & Zoning					
Personnel	\$ 676,580	48,881	482,999	71.4%	193,582
O&M	154,432	39,258	112,498	72.8%	41,934
Capital	70,000	-	47,314	67.6%	22,686
Subtotal: Planning & Zoning	901,012	88,139	642,810	71.3%	258,202
Council					
Personnel	54,990	6,378	32,753	59.6%	22,237
Legal	30,150	2,513	22,613	75.0%	7,538
City Hall Building Expense	38,961	18,834	40,488	103.9%	(1,527)
Insurance	17,650	2,601	8,537	48.4%	9,113
Council Expense	40,000	4,694	21,807	54.5%	18,193
Codification	18,000	4,872	10,281	57.1%	7,719
Carlisle Fire Company	205,000	-	205,000	100.0%	-
Museum	40,000	-	40,000	100.0%	-
Downtown Milford, Inc.	50,000	-	50,000	100.0%	-
Milford Public Library	28,000	-	28,000	100.0%	-
Armory Expenses	25,000	1,137	9,253	37.0%	15,748
Community Festivals	70,000	-	40,000	57.1%	30,000
Election Expense	13,500	149	3,176	23.5%	10,324
Other O&M	79,890	48,672	106,109	132.8%	(26,219)
Emergency Operations	50,000	-	7,500	15.0%	42,500
Subtotal: Council	761,141	89,850	625,515	82.2%	135,626

City of Milford, Delaware
 Legacy Expenditure Report: MTD and YTD Actual vs Annual Budget
 For the YTD Period Ended March 31, 2024

75.0% of Year Elapsed

Fund / Account / Divisional Groupings	FY24 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget	Unexpended Balance
Finance					
Personnel	643,770	44,133	\$ 468,874	72.8%	174,896
O&M	35,080	32,347	58,404	166.5%	(23,324)
Capital	-	-	-		-
Subtotal: Finance	678,850	76,480	527,278	77.7%	151,572
Information Technology					
Personnel	482,545	35,219	353,933	73.3%	128,613
O&M	524,445	48,931	294,999	56.2%	229,446
Capital	973,743	42,506	272,144	27.9%	701,598
Subtotal: Information Technology	1,980,733	126,657	921,075	46.5%	1,059,657
Police Department					
Personnel	5,530,716	377,097	3,925,309	71.0%	1,605,407
O&M	1,388,456	547,303	1,380,505	99.4%	7,951
Capital	441,442	3,245	394,562	89.4%	46,880
Subtotal: Police Department	7,360,614	927,645	5,700,376	77.4%	1,660,238
Streets & Grounds Division					
Personnel	425,400	56,898	370,794	87.2%	54,607
O&M	565,968	16,185	167,025	29.5%	398,944
Capital	182,330	18,426	160,249	87.9%	22,081
Subtotal: Streets & Grounds Division	1,173,699	91,509	698,067	59.5%	475,631
Parks & Recreation					
Personnel	790,970	49,411	558,665	70.6%	232,305
O&M	701,910	57,003	419,696	59.8%	282,214
Capital	1,034,676	-	631,822	61.1%	402,855
Subtotal: Parks & Recreation	2,527,556	106,414	1,610,183	63.7%	917,373
Total General Fund Expenditures	\$ 16,142,684	\$ 1,584,073	\$ 11,549,501	71.5%	\$ 4,593,183

City of Milford, Delaware
 Legacy Expenditure Report: MTD and YTD Actual vs Annual Budget
 For the YTD Period Ended March 31, 2024

75.0% of Year Elapsed

Fund / Account / Divisional Groupings	FY24 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget	Unexpended Balance
Enterprise Funds:					
Water Division					
Personnel	\$ 412,740	\$ 23,549	\$ 263,091	63.7%	\$ 149,648
O&M	1,787,676	504,864	1,311,472	73.4%	476,205
Transfer to General Fund	300,000	25,000	225,000	75.0%	75,000
Capital	735,536	-	263,238	35.8%	472,298
Debt Service	365,275	-	136,137	37.3%	229,138
Subtotal: Water Division	3,601,227	553,413	2,198,938	61.1%	1,402,289
Sewer Division					
Personnel	\$ 402,430	23,060	256,957	63.9%	145,473
O&M	1,928,765	515,804	1,599,156	82.9%	329,609
Transfer to General Fund	300,000	25,000	225,000	75.0%	75,000
Capital	231,927	-	220,020	94.9%	11,907
Debt Service	408,853	-	331,159	81.0%	77,694
Subtotal: Sewer Division (excl. Kent County)	3,271,974	563,864	2,632,292	80.4%	639,683
Kent County Sewer	2,533,811	215,112	1,952,512	77.1%	581,299
Subtotal: Sewer Division (Comprehensive)	5,805,785	778,976	4,584,804	79.0%	1,220,981
Solid Waste Division					
Personnel	403,570	28,787	335,378	83.1%	68,192
O&M	1,306,924	236,128	793,297	60.7%	513,627
Capital	-	-	-	-	-
Subtotal: Solid Waste Division	1,710,494	264,916	1,128,674	66.0%	581,820
Subtotal: Water, Sewer & Solid Waste	11,117,506	1,597,305	7,912,416	71.2%	3,205,090
Electric Division					
Personnel	\$ 1,803,070	107,515	1,285,556	71.3%	517,514
O&M	3,018,229	152,427	2,002,043	66.3%	1,016,186
Transfer to General Fund	3,250,000	270,833	2,437,500	75.0%	812,500
Capital	993,014	-	617,844	62.2%	375,170
Debt Service	322,590	-	282,308	87.5%	40,283
Subtotal: Electric Division (excl. Power)	9,386,904	530,775	6,625,250	70.6%	2,761,653
Power Purchased	20,492,823	1,922,656	16,516,820	80.6%	3,976,003
Subtotal: Electric Division (Comprehensive)	29,879,727	2,453,431	23,142,070	77.5%	6,737,656
Total Enterprise Fund Expenditures	\$ 40,997,232	\$ 4,050,736	\$ 31,054,486	75.7%	\$ 9,942,747
Grand Total Operating Budget	\$ 57,139,917	\$ 5,634,809	\$ 42,603,987	74.6%	\$ 14,535,930

City of Milford, Delaware
 Legacy Interservice Department Expenditures: MTD and YTD Actual vs Annual Budget
 For the YTD Period Ended March 31, 2024

75.0% of Year Elapsed

Account / Divisional Groupings	FY24 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget	Unexpended Balance
Interservice Departments					
Garage					
Personnel	\$ 178,430	\$ 12,833	\$ 142,951	80.1%	\$ 35,479
Operation & Maintenance (O&M)	134,410	3,793	68,595	51.0%	65,815
Capital	-	-	-		-
Subtotal: Garage	312,840	16,626	211,547	67.6%	101,293
Public Works					
Personnel	921,530	43,479	626,665	68.0%	294,865
O&M	265,540	12,438	207,345	78.1%	58,195
Capital	-	-	-		-
Subtotal: Public Works	1,187,070	55,917	834,010	70.3%	353,060
Tech Services					
Personnel	304,930	22,311	245,780	80.6%	59,150
O&M	509,816	14,347	267,853	52.5%	241,963
Capital	-	-	-		-
Subtotal: Tech Services	814,746	36,657	513,634	63.0%	301,113
Billing & Collections					
Personnel	800,480	55,179	624,723	78.0%	175,757
O&M	451,020	44,575	333,011	73.8%	118,009
Capital	-	-	-		-
Subtotal: Billing & Collections	1,251,500	99,754	957,735	76.5%	293,766
City Hall Cost Allocation					
O&M	83,600	3,814	54,764	65.5%	28,836
Capital	-	-	-		-
Subtotal: City Hall Cost Allocation	83,600	3,814	54,764	65.5%	28,836
Interdepartmental Cost Allocation	\$ (3,649,757)	\$ (212,768)	\$ (2,571,689)	70.5%	\$ (1,078,068)
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.

City of Milford
201 S. Walnut Street
Milford, DE 19963



Request for Proposal
Audit Services

RELEASE: January 12, 2024

City of Milford
Request for Proposal
Auditing Services

PUBLIC NOTICE IS HEREBY GIVEN that the City of Milford will accept Proposals from consulting firms for the purpose of conducting **Auditing Services** until **3:30 PM** local time on **March 1, 2024**, at which time sealed proposals will be publicly opened and read.

Interested firms shall submit three (3) copies of their submittals to:

City Clerk's Office
Attn: Terri Hudson
City Hall
201 S. Walnut Street
Milford, DE 19963

Envelopes shall be marked "RFP: AUDIT SERVICES". Any submittals received after the stated time will be returned unopened.

Following receipt of the proposals, the City Council will select the firm it deems most qualified to address the needs and conditions of this project and whose proposal is most advantageous to the City. The City reserves the right to request an interview prior to the selection of the firm. The City reserves the right to award a contract/agreement that is in the best interest of the City and may award to multiple firms or none. The award will be made by the City Council at a Council meeting open to the public. The City Council may accept or reject any or all proposals or hold all proposals for a period of ninety (90) days from the date of proposal opening prior to making a decision.

For a complete copy of the Request for Proposal, please see the City website at www.cityofmilford.com.

Teresa K. Hudson, MMC
City Clerk

City of Milford
Request for Proposal
Auditing Services

1. General Overview

The City of Milford, Delaware requests proposals from qualified certified public accounting firms for the provision of auditing services *for each of the three (3) fiscal years ending June 30, 2024, 2025 & 2026, with the potential for no greater than two (2) annual extensions of one year each*¹.

The audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and Part 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

2. Background

The City of Milford is a full-service municipal government located in both Kent and Sussex counties in the State of Delaware. The current population is estimated to be approximately 12,981. The City provides utilities (water, wastewater, solid waste collection, and electric), public services (street maintenance, public works utility and tax billing), police protection, and operates and maintains parks and recreation programming and facilities.

3. Scope of Services

- A. The audit services provided shall be for the purpose of expressing an opinion on the City of Milford's basic financial statements taken as a whole, in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and Uniform Guidance.
- B. Audit Services shall include examination of and reporting on the City's internal control structure, including recommendations on findings, if any.
- C. Following the completion of the audit for the fiscal year financial statements, the auditor shall issue:
 - a. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
 - b. A report on compliance and internal control over financial reporting based on an audit of the financial statements.
 - c. A report on compliance and internal control over compliance applicable to each major federal program in accordance with Uniform Guidance if required.
 - d. The Schedule of Expenditures of Federal Awards and related auditor's reports as well as the reports on compliance and internal controls, if applicable.
- D. In addition to the audit services described above, the City is requesting the following additional assistance or services:

¹ Description of Auditing Services updated in connection with Addendum #1.

City of Milford
Request for Proposal
Auditing Services

- a. Development of all required communications by the auditor to those charged with governance not enumerated in paragraph C
- b. Review and communication of current and pending guidance and standards issued by the Governmental Accounting Standards Board (GASB)
 - i. Include sample calculations for current and pending standards
 - ii. Include template for footnote narrative requirements, if any
 - iii. Include samples from other public clients
- c. Annual meeting with City Council to present the annual audit results and Independent Auditors' Report
- d. Development and communication of a detailed audit plan, including
 - i. An audit calendar for distribution to City of Milford management and staff, including proposed dates for preliminary and final fieldwork dates
 - ii. A list of all schedules and documents to be prepared by City of Milford staff no later than thirty calendar days prior to the first day of preliminary fieldwork during the fiscal year being audited
 - iii. A list of all schedules and documents to be prepared by City of Milford staff no later than thirty calendar days prior to June 30 of the fiscal year being audited
- e. Beyond the scope of the independent financial statement audit, prepare a review of all content produced in support of the City's Annual Comprehensive Financial Report (ACFR) or equivalent annual reporting package and communicate any inconsistencies or disagreements between audited and unaudited data, including, but not limited to
 - i. Tables and schedules reported in Management's Discussion & Analysis
 - ii. Tables and schedules reported in the Footnotes to the Financial Statements
 - iii. Tables and schedules reported in any Supplementary Data sections of the ACFR or annual reporting package
- f. The firm shall deliver one (1) high-resolution, word-searchable portable document formatted (.pdf) document containing cover materials and graphics generated by the City of Milford, the Independent Auditors' Report, Management's Discussion and Analysis, all financial statements, and all related narratives and footnotes in the ACFR or equivalent annual reporting package, along with one (1) loose, unbound hard copy and twenty (20) professionally bound hard copies by the dates outlined in Section 4, Audit Completion.
- g. The firm shall deliver ten (10) copies of its report(s) on the internal control and compliance in accordance with the audit guide and standards for compliance with the Single Audit Act, as may be required.
- h. The firm shall deliver a letter to City of Milford Management containing appropriate suggestions for improvement of accounting procedures and internal controls for the City's consideration. This letter should contain comments and recommendations for controlling any internal weaknesses discovered and shall be discussed with appropriate personnel before finalizing.

City of Milford
Request for Proposal
Auditing Services

4. Audit Completion

A. Draft Report

The auditor shall transmit a draft audit report and discuss findings and recommendations with the City Manager, Finance and Accounting staff and the Mayor or the Mayor's designated Council representative no later than three (3) months after June 30 of the fiscal year being audited, or at a date mutually agreed upon between the firm and City management.

B. Final Report

The auditor shall transmit a completed audit report to the City Manager and Finance Director no later than two (2) weeks prior to the Council Presentation, or at a date mutually agreed upon between the firm and City management.

C. Council Presentation

The auditor shall present the Final Audit Report to the Mayor and City Council no later than five (5) months after June 30 the fiscal year being audited.

5. Major Funds

Below are the names of the City of Milford's Major Funds, along with the operating budget for each for FY 2023-24:

- General Fund: \$ 16.5 million
- Water Fund: \$ 4.0 million
- Sewer Fund: \$ 6.9 million
- Solid Waste Fund: \$ 1.7 million
- Electric Fund: \$ 30.4 million

Additional information on the City's Funds can be found at:

<https://www.cityofmilford.com/26/Finance>

6. Content and Format

A. A signed cover letter including an executive summary and statement of understanding.

B. License to Practice—The audit firm and all assigned key professional staff must be certified public accountants and licensed to practice in the State of Delaware. If the firm is the successful candidate, they will need to obtain a license to practice in the City of Milford as well.

C. Project Team—Identify the key individuals from your firm and describe each person's role on the project team and include an organizational chart.

D. Experience—Discuss the firm's qualifications, experience, and history in performing Auditing Services. Please provide additional detail to describe the delivery of any auditing

City of Milford
Request for Proposal
Auditing Services

or consulting services to municipal, county or state governments or agencies operating public utilities.

- E. Please provide a list of three current or previous municipal clients as references, including names, titles, affiliations, telephone numbers, and type of consulting work performed.
- F. Please explain the data gathering and analysis method(s) to be used to accomplish the requirements of this RFP.
- G. Provide a description of how reports will be produced, communicated/transmitted, and the type of any special software, etc. to be utilized in the performance of the agreement.
- H. Approach—Include your approach in scoping and conducting the project. Include any additional efforts that may be needed in order to ensure a successful project. Please make note of any issues you think are critical to the success of the project.
- I. Project Timetable—Submit a detailed timetable and work plan indicating tasks and time needed to complete the scope of services, including commencement date and completion date for the project. The successful firm must be prepared to undertake commencement of the project immediately upon award of the contract.
- J. Independence—The firm should provide an affirmative statement that is independent of the entity as defined by generally accepted standards/the U.S. General Accounting Office's Government Auditing Standards.
- K. **Required Supplemental Documents:**
 - 1) Resumes of key personnel who will be working on the project
 - 2) Cost Proposal (including administrative fees or surcharges)
 - 3) A copy of the firm's most recent peer review report, the related letter of comments, and the firm's response to the letter of comments. Additionally, a statement whether the peer review included specific governmental engagements.

7. Selection Process and Evaluation Criteria

- A. The City of Milford is using a qualification-based selection process to comply with Delaware Code and City of Milford procurement policies. This procedure provides for an orderly process of solicitation of professional qualifications; evaluation and ranking of qualifications; establishment of a ranked list of service providers; interview selected service providers if required; and negotiation of the scope of services and fees.
- B. Firms/individuals submitting proposals, references, and supplemental documents in response to this RFP will be evaluated by the City of Milford based on the following:
 - 1) Experience working with government organizations or similar projects
 - 2) Relationships with prior clients, as demonstrated with listed references
 - 3) Examples of previous work (i.e., relevant portfolio)

City of Milford
Request for Proposal
Auditing Services

- 4) Ability to provide the project deliverables
- 5) Cost Proposal (including any administrative fees or surcharges)
 - a) The price presented in the cost proposal must be good for 90 days to give the City enough time to review submissions. All responses to this RFP will be reviewed by the City of Milford. Three firms/individuals will be selected for interviews. The City reserves the right to reject all applications and discontinue the process if it determines that such course of action is in the best interests of the City.

C. Scoring Procedure:

- 1) Each of the criteria outlined above will count towards an applicant's score. If all things are equal, the top two or three proposals that score the highest may be selected for interviews. Interviews, if needed, will be done via teleconference. The scoring is based on a total of 100 points. The weight of each component in the City's overall scoring matrix is outlined below:
 - a. 30 Points Experience working with similar government organizations; experience with municipal public power systems and other public utility systems preferred
 - b. 20 Points Relationships with clients, as demonstrated with References
 - c. 25 Points Ability to meet the project deliverables and deadlines
 - d. 25 Points Cost Proposal
- 2) The City of Milford expects to evaluate proposals and provide written notification of the short-listed firms within twenty-one (21) days of receipt of submittals. The City of Milford will seek to negotiate a contract/agreement, a detailed scope of work, fee schedule, etc. with the highest ranked firm.
- 3) Written questions about the project shall be directed to the City of Milford Finance Department at Finance@milford-de.gov with a copy to Kevin Gaboriault at KGaboriault@milford-de.gov by February 15, 2024. Responses to written questions will be posted by February 23, 2024.

8. Insurance

- A. As a condition of the contract, the awarded firm shall be required to provide proof that they are fully licensed, bonded and insured with the following minimum coverages:
 - General Liability, \$1 million per occurrence, \$3 million aggregate. City of Milford shall be included as a Named Insured for on-going operations and completed operations. The firm's general liability insurance shall be primary and non-contributory.
 - Auto Liability, \$1 million per occurrence. City of Milford shall be included as a Named Insured.

City of Milford
Request for Proposal
Auditing Services

- Workers Compensation, with Employers Liability limits of \$1 million/\$1 million/\$1 million. Policy should include a Waiver of Subrogation.
- Professional Liability, \$1 million per claim or per occurrence.

All insurance companies shall have an A.M. Best financial rating of A or better.

The selected firm shall provide an acceptable Certificate of Insurance to the City of Milford consistent with these requirements on an annual basis prior to June 30 of the fiscal year being audited.

9. Submittal Guidelines

- A. All submittals must be received by **3:30 PM** local time on **March 1, 2024** to:
City Clerk's Office
Attn: Terri Hudson
City Hall
201 S. Walnut Street
Milford, DE 19963

Envelopes shall be marked "RFP: AUDIT SERVICES". Any submittals received after the stated time will be returned unopened.

- B. The City will not be liable for any costs incurred in the preparation and production of a submittal, proposal, or any work performed to the execution of a contract. All submittals, proposals and other materials will become the property of the City of Milford.
- C. All communications with the City of Milford in the preparation of the RFP will be done either in writing (letter or email) or via telephone/videoconferencing utilizing Microsoft Teams. Face-to-face meetings will not be facilitated.
- D. All information contained in this Request for Proposals and acceptable provisions of the selected firm's response will be made part of the executed agreement for services.
- E. Upon request, the submitting firm shall submit additional information as requested by the City of Milford.
- F. The City reserves the right to waive any informalities or irregularities and/or reject all proposals received as a result of this Request for Proposal; negotiate changes in the scope of work or services to be provided; conduct investigations required to determine the submitting firm's performance record and ability to perform the assignments specified as a part of this Request for Proposal; negotiate separately with any source in a manner deemed to be in the best interest of the City.

City of Milford
Request for Proposal
Auditing Services

- G. If, through any cause, the contracted firm shall fail to fulfill in a timely and proper manner its obligations under this agreement, or if the firm shall violate any covenants, terms, or conditions of the agreement, then the City of Milford can cancel the contract without prejudice by giving at least five (5) days prior written notice to the firm of such termination.

City of Milford, DE
ADDENDUM #1
RFP for Audit Services Released January 12, 2023
January 26, 2024

1. The City of Milford would like to restate the first Paragraph on page 3 under “1. General Overview”

The paragraph should state:

“The City of Milford requests proposals from qualified certified public accounting firms for the provision of auditing services for each of the three (3) fiscal years ended June 30, 2024, 2025 & 2026, with the potential for no greater than two (2) annual extensions of one year each.”

p**PLEASE SEE REQUIRED ACKNOWLEDGEMENT ON THE FOLLOWING PAGE**

2. Any bid received after stated closing time will be returned unopened. If bids are sent by mail to the purchasing manager, the bidder shall be responsible for actual delivery of the bid to the purchasing manager before the advertised date and hour for opening of bids. If mail is delayed either in the postal service or in the internal mail system of the City beyond the date and hour set for the bid opening, bids thus delayed will not be considered and will be returned unopened.

*****THIS ADDENDUM MUST BE RETURNED WITH THE ORIGINAL BID *****

PLEASE COMPLETE THE INFORMATION BELOW:

SIGNATURE DATE

PRINTED NAME TITLE

COMPANY

MAILING ADDRESS

PHONE NUMBER FAX NUMBER E-MAIL ADDRESS

City of Milford, DE
ADDENDUM #1
RFP for Audit Services Released January 12, 2023
January 26, 2024

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PLEASE COMPLETE THE INFORMATION BELOW:

SIGNATURE DATE

PRINTED NAME TITLE

COMPANY

MAILING ADDRESS

PHONE NUMBER FAX NUMBER E-MAIL ADDRESS

City of Milford, DE
ADDENDUM #2
RFP for Audit Services Released January 12, 2023
January 26, 2024

Responses to the following questions received from interested firms are being provided to supplement the original Request for Proposals.

1. **Question:** “Can you please clarify the year-end and if this is for a single or multi-year contract?”

Response: The City of Milford requests proposals from qualified certified public accounting firms for the provision of auditing services for each of the three (3) fiscal years ended June 30, 2024, 2025 and 2026, with the potential for no greater than two (2) annual extensions of one year each.

2. **Question:** “When we responded to your bid for FY21-23, included were options for FY24 and FY25. Are those options not being considered with the existing auditor who was the successful bidder in FY21?”

Response: Pursuant to Paragraph 7(B)(5) in the RFP, the City reserves the right to reject all applications and discontinue the process if it determines that such course of action is in the best interests of the City.

****PLEASE SEE REQUIRED ACKNOWLEDGEMENT ON THE FOLLOWING PAGE****

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*****THIS ADDENDUM MUST BE RETURNED WITH THE ORIGINAL BID *****

PLEASE COMPLETE THE INFORMATION BELOW:

SIGNATURE DATE

PRINTED NAME TITLE

COMPANY

MAILING ADDRESS

PHONE NUMBER FAX NUMBER E-MAIL ADDRESS

City of Milford, DE
ADDENDUM #2
RFP for Audit Services Released January 12, 2023
January 26, 2024

Responses to the following questions received from interested firms are being provided to supplement the original Request for Proposals.

1. **Question:** “Can you please clarify the year-end and if this is for a single or multi-year contract?”

Response: *The City of Milford requests proposals from qualified certified public accounting firms for the provision of auditing services for each of the three (3) fiscal years ended June 30, 2024, 2025 and 2026, with the potential for no greater than two (2) annual extensions of one year each.*

2. **Question:** “When we responded to your bid for FY21-23, included were options for FY24 and FY25. Are those options not being considered with the existing auditor who was the successful bidder in FY21?”

Response: *Pursuant to Paragraph 7(B)(5) in the RFP, the City reserves the right to reject all applications and discontinue the process if it determines that such course of action is in the best interests of the City.*

****PLEASE SEE REQUIRED ACKNOWLEDGEMENT ON THE FOLLOWING PAGE****

3. Any bid received after stated closing time will be returned unopened. If bids are sent by mail to the purchasing manager, the bidder shall be responsible for actual delivery of the bid to the purchasing manager before the advertised date and hour for opening of bids. If mail is delayed either in the postal service or in the internal mail system of the City beyond the date and hour set for the bid opening, bids thus delayed will not be considered and will be returned unopened.

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PLEASE COMPLETE THE INFORMATION BELOW:

SIGNATURE DATE

PRINTED NAME TITLE

COMPANY

MAILING ADDRESS

PHONE NUMBER FAX NUMBER E-MAIL ADDRESS



To: Mayor and City Council
 Finance and Audit Committee
 From: Louis C. Vitola, Finance Director
 Date: March 22, 2024
 Re: Auditor Recommendation for Fiscal Year 2024

EXECUTIVE SUMMARY

The City of Milford’s Finance Department would like to make the following recommendation for the City’s financial auditor for the fiscal years 2024 through 2026.

BACKGROUND

The Finance and Administration staff issued the RFP for Independent Audit Services for FY24-26 on January 12, 2024. On March 1, 2024, Lank, Johnson & Tull, CPA, LLC (LJT) and Barbacane Thornton & Company (BT) each submitted viable proposals. In addition to the two proposals received, the City has the option for up to two additional one year extensions with the current auditors, Zelenkofske Axelrod (ZA). Accountant Kevin Gaboriault and I served on a two-member committee, with Accountant Sandra Peck standing by as a passive scorer in the event of a tie. See proposals and scoring summaries.

SCORING

The scoring committee scored the following results:

City of Milford, DE					
RFP for Auditor Services - March 1, 2024 - Score Calculator					
Ref	Abbrev	Description	Max Score		
a.	Exp: Like Organizations	Experience working with similar government organizations; experience with municipal public power distribution systems and other public utility systems	30.00	18.00	29.00
b.	References	Relationships with prior clients, as demonstrated with listed References	20.00	17.00	20.00
c.	Abilities	Ability to meet the project deliverables and deadlines	25.00	20.00	22.50
d.	Cost Proposal	Cost proposal	25.00	7.00	25.00
Total			100.00	62.00	96.50

The scoring committee believes both firms could successfully perform the FY24-26 financial audits, however differences in like organizations and cost proposal how lead BT to a significantly higher score. Both auditors have experience in city financial audits, but BT only practices in government and other nonprofit/municipal related services. BT also has experience with larger cities such as Salisbury, MD and similar fund structures as Rehoboth Beach, DE. LJT provides a variety of services for government and for-profit clients. They perform audits for the towns of Bridgeville, DE and Laurel, DE. Confirmed references for both auditors were outstanding. Both firms have loyal and long-term clients.

The next significant difference was pricing. The chart below shows the cost proposals with ZA included. LJT's proposal is 49% greater than BTC's.

Note ZA was not scored as it had been scored in the FY21 RFP process and our continued experience with ZA would not make it comparable in the scoring process with the two new proposals.

RECOMMENDATION

While each of the three auditors could reliably perform the FY 2024 financial audit, additional factors in the Finance Department have led the scoring committee to one recommendation. 1) During the last two years the finance department has been challenged with turnover leading to additional training for new employees. 2) The new ERP implementation over the past year and continued rollout has required additional training and implementation hours. 3) The FY24 audit will be the first audit using the new ERP software. 4) FY23 needs to be completed before FY24 begins. Also, first year auditors require additional work to learn the City's financial recording structure. While unexpected challenges are nothing new, the combination of these events make it crucial that the City decide on the most efficient way to complete the FY24 audit. For those reasons, staff recommend the City continue with ZA for the FY24 financial audit.

This recommendation will be discussed by the Finance and Audit Committee with a recommendation to City Council on April 22, 2024.



April 8, 2024

Mayor Archie Campbell and City Council
201 South Walnut Street
Milford DE 19963

Dear Mayor and Council:

Downtown Milford Inc. (DMI) is requesting a waiver of the alcohol restrictions during our upcoming First Friday events planned for the first Friday of each month, starting May 3 and running through 4 from 5 to 7 PM. We will be using the services of the Alcohauler, provided by EasySpeak.

Alcohol will be limited to within the boundaries of the event which will include Walnut Street from Northeast Front to Southeast Front and Park Avenue with "No Alcohol Beyond This Point" signs posted at all entrances and exits. The Alcohauler will assume responsibility for confirming all customers are 21 or older. We will have volunteers acting as crowd control throughout the festival. All those serving alcohol will be ABC Certified as they are employees of EasySpeak and/or fondue.

We respectfully request this alcohol waiver for this event. Thank your for your consideration to this matter.

Sincerely,

Marissa King

Marissa King
Promotions Chairperson
302-858-1875

Trr



FINANCE DEPARTMENT
10 SE Second Street
Milford, DE 19963

PHONE 302.424.5140
FAX 302.424.5932
www.cityofmilford.com

Date: April 22, 2024
To: Mayor and City Council
From: Louis C. Vitola, Finance Director
Re: Water Rate Schedule – Commercial Rate Change (Meter Sizes \leq 1”)

EXECUTIVE SUMMARY

Staff recommend City Council approve minor changes in the Water Rate Schedule for all commercial water accounts with a meter size less than or equal to one inch (\leq 1”) effective April 30, 2024 by (1) decreasing the monthly volume break point for the first billing tier from 10,000 gallons to 4,000 gallons, and (2) decreasing the flat monthly charge for the first billing tier as shown redlined in the enclosed fee schedule.

BACKGROUND

The City’s water rate structure for both residential and commercial accounts includes a volumetric break point in the first billing tier for which a minimum fixed rate is charged. This rate structure was developed in connection with the City’s utility rate consultants and promotes fixed cost recovery while also encouraging water conservation. The first break point in the commercial rate schedule for meter sizes up to one inch is 10,000 gallons, which is generally appropriate for commercial rate classes. However, for small commercial accounts with lower volume, the 10,000-gallon breakpoint can result in high costs from the perspective of the rate per unit volume. The decreased rate was calculated such that an account in this rate class using at least 10,000 gallons per month would be billed the same before and after the rate adjustment, while users less than 10,000 gallons per month would be billed less after the rate adjustment, with the greatest savings accruing to the users with the lowest flows. This adjustment will successfully address the rate per unit cost issue experienced by lower flow accounts through FY26, at which time the City will conduct the next comprehensive cost of service / utility rate study for both the water and sewer utilities.

RECOMMENDATION

Staff recommend City Council adopt a resolution to adjust the Water Rate Schedule effective April 30, 2024 for all commercial water accounts with a meter size less than or equal to one inch by decreasing the monthly volume break point for the first billing tier from 10,000 gallons to 4,000 gallons and decreasing the flat monthly charge for the first billing tier as shown redlined in the enclosed fee schedule update.

Description		Fee Per Month prior to 06/30/2021	Fee Per Month effective 07/01/2021	Fee Per Month effective 07/01/2022	Fee Per Month effective 07/01/2023	Fee Per Month effective 04/30/2024	Fee Per Month effective 07/01/2024	Fee Per Month effective 07/01/2025	
Usage Fee; Residential; In-City Users	Up to 1,000 gallons of metered water	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95	
	1,001-4,000 gallons of metered water consumption, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95	
	4,001-8,000 gallons of metered water consumption, per 1,000 gallons	\$3.50	\$3.64	\$3.79	\$3.94	\$3.94	\$4.09	\$4.26	
	Over 8,000 gallons of metered water consumption, per 1,000 gallons	\$4.00	\$4.16	\$4.33	\$4.50	\$4.50	\$4.68	\$4.87	
Usage Fee; Residential Out-of-City Users	Up to 1,000 gallons of metered water	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94	
	1,001-4,000 gallons of metered water consumption, per 1,000 gallons	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94	
	4,001-8,000 gallons of metered water consumption, per 1,000 gallons	\$5.25	\$5.46	\$5.68	\$5.91	\$5.91	\$6.14	\$6.39	
	Over 8,000 gallons of metered water consumption, per 1,000 gallons	\$6.00	\$6.24	\$6.49	\$6.75	\$6.75	\$7.02	\$7.30	
Usage Fee; Commercial Inside City	≤1" meter	Up to 104 ,000 gallons	\$32.50	\$33.80	\$35.15	\$36.56	\$36.56 \$19.04	\$38.02 \$19.78	\$39.54 \$20.58
		104 ,001-31M gallons, per 1,000 gallons	\$2.60	\$2.70	\$2.81	\$2.92	\$2.92	\$3.04	\$3.16
		Over 31M gallons, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95
	1.25" meter	Up to 15,000 gallons	\$48.75	\$50.70	\$52.73	\$54.84	\$54.84	\$57.03	\$59.31
		15,001-31M gallons, per 1,000 gallons	\$2.60	\$2.70	\$2.81	\$2.92	\$2.92	\$3.04	\$3.16
		Over 31M gallons, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95

(NO CHANGES
THIS PAGE)

Description		Fee Per Month prior to 06/30/2021	Fee Per Month effective 07/01/2021	Fee Per Month effective 07/01/2022	Fee Per Month effective 07/01/2023	Fee Per Month effective 04/30/2024	Fee Per Month effective 07/01/2024	Fee Per Month effective 07/01/2025	
Usage Fee; Commercial Inside City	1.5" meter	Up to 25,000 gallons	\$81.25	\$84.50	\$87.88	\$91.40	\$91.40	\$95.05	\$98.85
		25,001-31M gallons, per 1,000 gallons	\$2.60	\$2.70	\$2.81	\$2.92	\$2.92	\$3.04	\$3.16
		Over 31M gallons, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95
	2" meter	Up to 50,000 gallons	\$162.50	\$169.00	\$175.76	\$182.79	\$182.79	\$190.10	\$197.71
		50,001-31M gallons, per 1,000 gallons	\$2.60	\$2.70	\$2.81	\$2.92	\$2.92	\$3.04	\$3.16
		Over 31M gallons, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95
	3" meter	Up to 125,000 gallons	\$406.25	\$422.50	\$439.40	\$456.98	\$456.98	\$475.26	\$494.27
		125,001-31M gallons, per 1,000 gallons	\$2.60	\$2.70	\$2.81	\$2.92	\$2.92	\$3.04	\$3.16
		Over 31M gallons, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95
	4" meter	Up to 300,000 gallons	\$975.00	\$1,014.00	\$1,054.56	\$1,096.74	\$1,096.74	\$1,140.61	\$1,186.24
		300,001-31M gallons, per 1,000 gallons	\$2.60	\$2.70	\$2.81	\$2.92	\$2.92	\$3.04	\$3.16
		Over 31M gallons, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95
	6" meter	Up to 800,000 gallons	\$2,600.00	\$2,704.00	\$2,812.16	\$2,924.65	\$2,924.65	\$3,041.63	\$3,163.30
		800,001-31M gallons, per 1,000 gallons	\$2.60	\$2.70	\$2.81	\$2.92	\$2.92	\$3.04	\$3.16
		Over 31M gallons, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95
8" meter	Up to 1.2M gallons	\$3,900.00	\$4,056.00	\$4,218.24	\$4,386.97	\$4,386.97	\$4,562.45	\$4,744.95	

Description			Fee Per Month prior to 06/30/21	Fee Per Month effective 07/01/21	Fee Per Month effective 07/01/22	Fee Per Month effective 07/01/23	Fee Per Month effective 04/30/24	Fee Per Month effective 07/01/24	Fee Per Month effective 07/01/25
Usage Fee; Commercial Inside City (Con't)	8" meter, Con't	1.21M-31M gallons, per 1,000 gallons	\$2.60	\$2.70	\$2.81	\$2.92	\$2.92	\$3.04	\$3.16
		Over 31M gallons, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95
	10" meter	Up to 1.6M gallons	\$5,200.00	\$5,408.00	\$5,624.32	\$5,849.29	\$5,849.29	\$6,083.26	\$6,326.60
		1.61M-31M gallons	\$2.60	\$2.70	\$2.81	\$2.92	\$2.92	\$3.04	\$3.16
		Over 31M gallons, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95
	12" meter	Up to 2M gallons	\$6,500.00	\$6,760.00	\$7,030.40	\$7,311.62	\$7,311.62	\$7,604.08	\$7,908.24
		2.1M-31M gallons, per 1,000 gallons	\$2.60	\$2.70	\$2.81	\$2.92	\$2.92	\$3.04	\$3.16
		Over 31M gallons, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95
	Usage Fee; Commercial Outside City	≤1" meter	Up to 104 ,000 gallons	\$48.75	\$50.66	\$52.64	\$54.70	\$54.70 \$28.36	\$56.84 \$29.42
104 ,001-31M gallons, per 1,000 gallons			\$3.90	\$4.06	\$4.22	\$4.39	\$4.39	\$4.57	\$4.75
Over 31M gallons, per 1,000 gallons			\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94
1.25" meter		Up to 15,000 gallons	\$73.13	\$75.99	\$78.96	\$82.04	\$82.04	\$85.24	\$88.57
		15,001-31M gallons, per 1,000 gallons	\$3.90	\$4.06	\$4.22	\$4.39	\$4.39	\$4.57	\$4.75
		Over 31M gallons, per 1,000 gallons	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94
1.5" meter		Up to 25,000 gallons	\$121.88	\$126.64	\$131.58	\$136.72	\$136.72	\$142.06	\$147.61
		25,001-31M gallons, per 1,000 gallons	\$3.90	\$4.06	\$4.22	\$4.39	\$4.39	\$4.57	\$4.75

(NO CHANGES
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Description		Fee Per Month prior to 06/30/2021	Fee Per Month effective 07/01/2021	Fee Per Month effective 07/01/2022	Fee Per Month effective 07/01/2023	Fee Per Month effective 04/30/2024	Fee Per Month effective 07/01/2024	Fee Per Month effective 07/01/2025	
Usage Fee; Commercial Outside City, Con't		Over 31M gallons, per 1,000 gallons	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94
	2" meter	Up to 50,000 gallons	\$243.75	\$253.26	\$263.14	\$273.41	\$273.41	\$284.08	\$295.16
		50,001-31M gallons, per 1,000 gallons	\$3.90	\$4.06	\$4.22	\$4.39	\$4.39	\$4.57	\$4.75
		Over 31M gallons, per 1,000 gallons	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94
	3" meter	Up to 125,000 gallons	\$609.38	\$633.15	\$657.85	\$683.51	\$683.51	\$710.17	\$737.87
		125,001-31M gallons, per 1,000 gallons	\$3.90	\$4.06	\$4.22	\$4.39	\$4.39	\$4.57	\$4.75
		Over 31M gallons, per 1,000 gallons	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94
	4" meter	Up to 300,000 gallons	\$1,462.50	\$1,519.54	\$1,578.81	\$1,640.39	\$1,640.39	\$1,704.37	\$1,770.85
		300,001-31M gallons, per 1,000 gallons	\$3.90	\$4.06	\$4.22	\$4.39	\$4.39	\$4.57	\$4.75
		Over 31M gallons, per 1,000 gallons	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94
	6" meter	Up to 800,000 gallons	\$3,900.00	\$4,052.10	\$4,210.14	\$4,374.34	\$4,374.34	\$4,544.94	\$4,722.20
		800,001-31M gallons, per 1,000 gallons	\$3.90	\$4.06	\$4.22	\$4.39	\$4.39	\$4.57	\$4.75
		Over 31M gallons, per 1,000 gallons	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94
	8" meter	Up to 1.2M gallons	\$5,850.00	\$6,078.15	\$6,315.20	\$6,561.50	\$6,561.50	\$6,817.40	\$7,083.28
		1.21M-31M gallons, per 1,000 gallons	\$3.90	\$4.06	\$4.22	\$4.39	\$4.39	\$4.57	\$4.75
		Over 31M gallons, per 1,000 gallons	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94

(NO CHANGES
THIS PAGE)

Description		Fee Per Month prior to 06/30/2021	Fee Per Month effective 07/01/2021	Fee Per Month effective 07/01/2022	Fee Per Month effective 07/01/2023	Fee Per Month effective 04/30/2024	Fee Per Month effective 07/01/2024	Fee Per Month effective 07/01/2025	
Usage Fee; Commercial Outside City, Con't	10" meter	Up to 1.6M gallons	\$7,800.00	\$8,104.20	\$8,420.27	\$8,748.67	\$8,748.67	\$9,089.87	\$9,444.38
		1.61M-31M gallons	\$3.90	\$4.06	\$4.22	\$4.39	\$4.39	\$4.57	\$4.75
		Over 31M gallons, per 1,000 gallons	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94
	12" meter	Up to 2M gallons	\$9,750.00	\$10,130.25	\$10,525.33	\$10,935.82	\$10,935.82	\$11,362.32	\$11,805.46
		2.1M-31M gallons, per 1,000 gallons	\$3.90	\$4.06	\$4.22	\$4.39	\$4.39	\$4.57	\$4.75
		Over 31M gallons, per 1,000 gallons	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94

Description	Fee
Late Utility Payment	1.50% per month
Temporary Water Usage, Flat Fee per day	\$50.00 per day
Fire Line/Hydrant, Private Availability, Inside/Outside City	\$15.00 per month
Water Tampering	\$250.00 per occurrence
Water Account Set Up	\$50.00 each
Water Service Re-connection	\$50.00 per occurrence
Service Call; during normal business hours	\$50.00 per occurrence
Service Call; after normal business hours	\$100.00 per occurrence
Water Meter Testing	\$100.00 per occurrence
Penalties & Fines	Not less than \$50 nor more than \$1,000 plus cost of prosecution



RESOLUTION 2024-04

AUTHORIZATION OF UPDATED CONSOLIDATED CITY FEE SCHEDULE Adds Reduced Billing Tier for Low-Volume Commercial Water Usage

- WHEREAS, the City Council of the City of Milford has the authority to establish fees for various services; and
- WHEREAS, City Staff reviews costs reasonably borne by the City in providing those services, the beneficiaries of those services, and the revenues produced by those paying fees and charges for special services; and
- WHEREAS, City Council finds that providing these services are of special benefit to applicant and users both separate and apart from the general benefit to the public; and therefore, in the interest of fairness to the general public, it is better recovering the costs from applicants and users who have sought or require the City's services by maintaining a schedule of fees; and
- WHEREAS, City Council Resolution Number 2024-02 is hereby rescinded upon the effective date described in Section 2 of this Resolution; and
- WHEREAS, the adoption of a current and comprehensive City Fee Schedule will assist the public, as well as City staff, in readily locating fees, while continuing the City's quest for governmental transparency; and
- WHEREAS, the fees within the consolidated City Fee Schedule will be evaluated no less than on an annual basis to ensure quality services continue to be provided while practical, but necessary cost recovery fees are measured; and
- WHEREAS, the updated City Fee Schedule modifies the Water Rate Schedule for commercial customers using a meter size less than or equal to one inch ($\leq 1"$) by decreasing the monthly volume break point from 10,000 gallons to 4,000 gallons and decreasing the flat monthly charge for the first billing tier.

NOW, THEREFORE, THE CITY OF MILFORD HEREBY ORDAINS:

- Section 1. Resolution 2024-04, to be known as the consolidated City Fee Schedule, attached hereto, is hereby adopted.
- Section 2. All fees and rates shown in Resolution 2024-04, including those that are new or adjusted, shall become effective April 30, 2024.
- Section 3. Although most City fees are inclusive, this consolidated Fee Schedule may not show all fees and penalties authorized by administrative rules or in a city contract, such as concession and franchise fees.
- Section 4. It is the intention of the City that future versions of this document show all rates and fees and shall distinguish those that are being proposed at the time of the adoption.
- Section 5. The City Comprehensive Fee Schedule is hereby amended by adding the Reduced Billing Tier for Low-Volume Commercial Users as shown on the Attachment to this Resolution.

Approved:

Mayor Arthur J. Campbell

Attest:

City Clerk Teresa K. Hudson

Attachment: 2024-04 City Fee Schedule effective April 30, 2024

Adoption Date: April 22, 2024



Water Fee Update

Adopted: April 22, 2024 Effective: April 30, 2024

Description		Fee Per Month prior to 06/30/2021	Fee Per Month effective 07/01/2021	Fee Per Month effective 07/01/2022	Fee Per Month effective 07/01/2023	Fee Per Month effective 04/30/2024	Fee Per Month effective 07/01/2024	Fee Per Month effective 07/01/2025	
Usage Fee; Residential; In- City Users	Up to 1,000 gallons of metered water	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95	
	1,001-4,000 gallons of metered water consumption, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95	
	4,001-8,000 gallons of metered water consumption, per 1,000 gallons	\$3.50	\$3.64	\$3.79	\$3.94	\$3.94	\$4.09	\$4.26	
	Over 8,000 gallons of metered water consumption, per 1,000 gallons	\$4.00	\$4.16	\$4.33	\$4.50	\$4.50	\$4.68	\$4.87	
Usage Fee; Residential Out-of-City Users	Up to 1,000 gallons of metered water	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94	
	1,001-4,000 gallons of metered water consumption, per 1,000 gallons	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94	
	4,001-8,000 gallons of metered water consumption, per 1,000 gallons	\$5.25	\$5.46	\$5.68	\$5.91	\$5.91	\$6.14	\$6.39	
	Over 8,000 gallons of metered water consumption, per 1,000 gallons	\$6.00	\$6.24	\$6.49	\$6.75	\$6.75	\$7.02	\$7.30	
Usage Fee; Commercial Inside City	≤1" meter	Up to 104 ,000 gallons	\$32.50	\$33.80	\$35.15	\$36.56	\$36.56 \$19.04	\$38.02 \$19.78	\$39.54 \$20.58
		104 ,001-31M gallons, per 1,000 gallons	\$2.60	\$2.70	\$2.81	\$2.92	\$2.92	\$3.04	\$3.16
		Over 31M gallons, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95
	1.25" meter	Up to 15,000 gallons	\$48.75	\$50.70	\$52.73	\$54.84	\$54.84	\$57.03	\$59.31
		15,001-31M gallons, per 1,000 gallons	\$2.60	\$2.70	\$2.81	\$2.92	\$2.92	\$3.04	\$3.16
		Over 31M gallons, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95



Water Fee Update

Adopted: April 22, 2024 Effective: April 30, 2024

Description		Fee Per Month prior to 06/30/2021	Fee Per Month effective 07/01/2021	Fee Per Month effective 07/01/2022	Fee Per Month effective 07/01/2023	Fee Per Month effective 04/30/2024	Fee Per Month effective 07/01/2024	Fee Per Month effective 07/01/2025	
Usage Fee; Commercial Inside City	1.5" meter	Up to 25,000 gallons	\$81.25	\$84.50	\$87.88	\$91.40	\$91.40	\$95.05	\$98.85
		25,001-31M gallons, per 1,000 gallons	\$2.60	\$2.70	\$2.81	\$2.92	\$2.92	\$3.04	\$3.16
		Over 31M gallons, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95
	2" meter	Up to 50,000 gallons	\$162.50	\$169.00	\$175.76	\$182.79	\$182.79	\$190.10	\$197.71
		50,001-31M gallons, per 1,000 gallons	\$2.60	\$2.70	\$2.81	\$2.92	\$2.92	\$3.04	\$3.16
		Over 31M gallons, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95
	3" meter	Up to 125,000 gallons	\$406.25	\$422.50	\$439.40	\$456.98	\$456.98	\$475.26	\$494.27
		125,001-31M gallons, per 1,000 gallons	\$2.60	\$2.70	\$2.81	\$2.92	\$2.92	\$3.04	\$3.16
		Over 31M gallons, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95
	4" meter	Up to 300,000 gallons	\$975.00	\$1,014.00	\$1,054.56	\$1,096.74	\$1,096.74	\$1,140.61	\$1,186.24
		300,001-31M gallons, per 1,000 gallons	\$2.60	\$2.70	\$2.81	\$2.92	\$2.92	\$3.04	\$3.16
		Over 31M gallons, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95
	6" meter	Up to 800,000 gallons	\$2,600.00	\$2,704.00	\$2,812.16	\$2,924.65	\$2,924.65	\$3,041.63	\$3,163.30
		800,001-31M gallons, per 1,000 gallons	\$2.60	\$2.70	\$2.81	\$2.92	\$2.92	\$3.04	\$3.16
		Over 31M gallons, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95



Water Fee Update

Adopted: April 22, 2024 Effective: April 30, 2024

8" meter		Up to 1.2M gallons	\$3,900.00	\$4,056.00	\$4,218.24	\$4,386.97	\$4,386.97	\$4,562.45	\$4,744.95
Description			Fee Per Month prior to 06/30/21	Fee Per Month effective 07/01/21	Fee Per Month effective 07/01/22	Fee Per Month effective 07/01/23	Fee Per Month effective 04/30/24	Fee Per Month effective 07/01/24	Fee Per Month effective 07/01/25
Usage Fee; Commercial Inside City (Con't)	8" meter, Con't	1.21M-31M gallons, per 1,000 gallons	\$2.60	\$2.70	\$2.81	\$2.92	\$2.92	\$3.04	\$3.16
		Over 31M gallons, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95
	10" meter	Up to 1.6M gallons	\$5,200.00	\$5,408.00	\$5,624.32	\$5,849.29	\$5,849.29	\$6,083.26	\$6,326.60
		1.61M-31M gallons	\$2.60	\$2.70	\$2.81	\$2.92	\$2.92	\$3.04	\$3.16
		Over 31M gallons, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95
	12" meter	Up to 2M gallons	\$6,500.00	\$6,760.00	\$7,030.40	\$7,311.62	\$7,311.62	\$7,604.08	\$7,908.24
		2.1M-31M gallons, per 1,000 gallons	\$2.60	\$2.70	\$2.81	\$2.92	\$2.92	\$3.04	\$3.16
		Over 31M gallons, per 1,000 gallons	\$3.25	\$3.38	\$3.52	\$3.66	\$3.66	\$3.80	\$3.95
	Usage Fee; Commercial Outside City	≤1" meter	Up to 104 ,000 gallons	\$48.75	\$50.66	\$52.64	\$54.70	\$54.70 \$28.36	\$56.84 \$29.42
104 ,001-31M gallons, per 1,000 gallons			\$3.90	\$4.06	\$4.22	\$4.39	\$4.39	\$4.57	\$4.75
Over 31M gallons, per 1,000 gallons			\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94
1.25" meter		Up to 15,000 gallons	\$73.13	\$75.99	\$78.96	\$82.04	\$82.04	\$85.24	\$88.57
		15,001-31M gallons, per 1,000 gallons	\$3.90	\$4.06	\$4.22	\$4.39	\$4.39	\$4.57	\$4.75
		Over 31M gallons, per 1,000 gallons	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94



Water Fee Update

Adopted: April 22, 2024 Effective: April 30, 2024

	1.5" meter	Up to 25,000 gallons	\$121.88	\$126.64	\$131.58	\$136.72	\$136.72	\$142.06	\$147.61
	1.5" meter	25,001-31M gallons, per 1,000 gallons	\$3.90	\$4.06	\$4.22	\$4.39	\$4.39	\$4.57	\$4.75
Description			Fee Per Month prior to 06/30/2021	Fee Per Month effective 07/01/2021	Fee Per Month effective 07/01/2022	Fee Per Month effective 07/01/2023	Fee Per Month effective 04/30/2024	Fee Per Month effective 07/01/2024	Fee Per Month effective 07/01/2025
Usage Fee; Commercial Outside City, Con't		Over 31M gallons, per 1,000 gallons	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94
	2" meter	Up to 50,000 gallons	\$243.75	\$253.26	\$263.14	\$273.41	\$273.41	\$284.08	\$295.16
		50,001-31M gallons, per 1,000 gallons	\$3.90	\$4.06	\$4.22	\$4.39	\$4.39	\$4.57	\$4.75
		Over 31M gallons, per 1,000 gallons	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94
	3" meter	Up to 125,000 gallons	\$609.38	\$633.15	\$657.85	\$683.51	\$683.51	\$710.17	\$737.87
		125,001-31M gallons, per 1,000 gallons	\$3.90	\$4.06	\$4.22	\$4.39	\$4.39	\$4.57	\$4.75
		Over 31M gallons, per 1,000 gallons	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94
	4" meter	Up to 300,000 gallons	\$1,462.50	\$1,519.54	\$1,578.81	\$1,640.39	\$1,640.39	\$1,704.37	\$1,770.85
		300,001-31M gallons, per 1,000 gallons	\$3.90	\$4.06	\$4.22	\$4.39	\$4.39	\$4.57	\$4.75
		Over 31M gallons, per 1,000 gallons	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94
	6" meter	Up to 800,000 gallons	\$3,900.00	\$4,052.10	\$4,210.14	\$4,374.34	\$4,374.34	\$4,544.94	\$4,722.20
		800,001-31M gallons, per 1,000 gallons	\$3.90	\$4.06	\$4.22	\$4.39	\$4.39	\$4.57	\$4.75
Over 31M gallons, per 1,000 gallons		\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94	



Water Fee Update

Adopted: April 22, 2024 Effective: April 30, 2024

	8" meter	Up to 1.2M gallons	\$5,850.00	\$6,078.15	\$6,315.20	\$6,561.50	\$6,561.50	\$6,817.40	\$7,083.28
		1.21M-31M gallons, per 1,000 gallons	\$3.90	\$4.06	\$4.22	\$4.39	\$4.39	\$4.57	\$4.75
		Over 31M gallons, per 1,000 gallons	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94
Description			Fee Per Month prior to 06/30/2021	Fee Per Month effective 07/01/2021	Fee Per Month effective 07/01/2022	Fee Per Month effective 07/01/2023	Fee Per Month effective 04/30/2024	Fee Per Month effective 07/01/2024	Fee Per Month effective 07/01/2025
Usage Fee; Commercial Outside City, Con't	10" meter	Up to 1.6M gallons	\$7,800.00	\$8,104.20	\$8,420.27	\$8,748.67	\$8,748.67	\$9,089.87	\$9,444.38
		1.61M-31M gallons	\$3.90	\$4.06	\$4.22	\$4.39	\$4.39	\$4.57	\$4.75
		Over 31M gallons, per 1,000 gallons	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94
	12" meter	Up to 2M gallons	\$9,750.00	\$10,130.25	\$10,525.33	\$10,935.82	\$10,935.82	\$11,362.32	\$11,805.46
		2.1M-31M gallons, per 1,000 gallons	\$3.90	\$4.06	\$4.22	\$4.39	\$4.39	\$4.57	\$4.75
		Over 31M gallons, per 1,000 gallons	\$4.88	\$5.08	\$5.28	\$5.49	\$5.49	\$5.71	\$5.94

Description	Fee
Late Utility Payment	1.50% per month
Temporary Water Usage, Flat Fee per day	\$50.00 per day
Fire Line/Hydrant, Private Availability, Inside/Outside City	\$15.00 per month
Water Tampering	\$250.00 per occurrence
Water Account Set Up	\$50.00 each
Water Service Re-connection	\$50.00 per occurrence
Service Call; during normal business hours	\$50.00 per occurrence
Service Call; after normal business hours	\$100.00 per occurrence
Water Meter Testing	\$100.00 per occurrence
Penalties & Fines	Not less than \$50 nor more than \$1,000 plus cost of prosecution

To: Mayor and City Council
Finance and Audit Committee
From: Louis C. Vitola, Finance Director
Date: March 11, 2024
Re: Investment Policy Update

EXECUTIVE SUMMARY

Staff request that the Finance and Audit Committee review the enclosed edit to the City's Investment Policy Statement (IPS) proposed by PFM Asset Management. Staff is in support of the edit and ask that the Committee make a recommendation to City Council to approve the change to clarify investment class limitations for the benefit of traders acting pursuant to the City's IPS.

DETAIL

The City's Investment Policy Statement was last updated March 13, 2023. The Policy was recently reviewed by Finance staff and the City's investment advisors, PFM Asset Management, pursuant to the requirement that the IPS be reviewed annually. The PFM team recommends only one minor change to the Policy – to clarify the portfolio percentage limit of asset-backed securities in paragraph 8.5.1.2 by striking the reference to mortgage-backed securities pointing to paragraph 8.8. While the separate, independent limitations for each asset class can be inferred in the context of the IPS, and indeed PFM traders are compliant with the intended policy limits, the change should be made to clarify and simplify the City's instructions to all readers of the IPS, now and into the future. Staff strongly recommend the change be supported by the Committee and approved by City Council at the March 25, 2024 meeting.

cc: Mark Whitfield, City Manager



THE CITY of

Milford
DELAWARE

Investment Policy Statement

As Presented [April 22, 2024](#)

Final Review; City Council Presentation: [April 22, 2024](#)

Finance & Audit Committee – Review and Discussion: [March 11, 2024](#)

Final Review; City Council Approval, Current: March 13, 2023

City Council Workshop – Review and Discussion: February 22, 2023
<https://www.cityofmilford.com/ArchiveCenter/ViewFile/Item/3833>

Finance Committee Final Review; Council Approval: November 8, 2021
<https://www.cityofmilford.com/ArchiveCenter/ViewFile/Item/3443>;
<https://www.cityofmilford.com/ArchiveCenter/ViewFile/Item/3440>

Finance Committee Review and Discussion: September 13, 2021
<https://www.cityofmilford.com/ArchiveCenter/ViewFile/Item/3416>

1.0 Governing Authority

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

2.0 Scope

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

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

2.1 Liquidity

The City's operating cash balances, Equipment Replacement Reserves (ERR) for assets being replaced in the current budget year, reserves restricted for capital projects being undertaken in the current budget year, and any component of the City's Minimum Cash Requirement (MCR) related to operating cash are included in the City's Liquidity investment group. The Liquidity investment group is limited to commercial checking and savings deposit accounts (subject to collateral considerations) and those investments specified in sections 8.1, 8.2, 8.3, 8.6, 8.7 and 8.10 provided that the investments are convertible to cash within one (1) business day.

2.2 Intermediate

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

2.3 Growth

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

3.0 Objectives

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

3.1 Safety

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

3.2 Liquidity

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

3.3 Return on Investments

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

4.0 Delegation of Authority

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

The Finance Director shall:

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

5.0 Prudence, Ethics and Conflicts of Interest

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

5.1 "Prudent Person" Rule

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

5.2 Ethics and Conflict of Interest

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

officers shall refrain from undertaking personal investment transactions with the same individual(s) with whom business is conducted on behalf of the City.

6.0 Authorized Institutions and Dealers

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

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

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

7.0 Safekeeping and Custody

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

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

8.0 Authorized Investments and Trading of Securities

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

8.1 United States Government Securities

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

8.2 Government Agency Securities

Debt securities issued by government-sponsored enterprises ("GSE"), federal agencies, and federal financing banks; the maximum stated maturity of any investment in this sector shall

be limited to 10 years at time of purchase. Up to 100% of the portfolio may be invested in this sector.

8.3 Certificates of Deposit and Time Deposits

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

If not insured by the FDIC:

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

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

8.3.2 Delaware-Domiciled Institutions: Issued by or endorsed by any bank or savings association domiciled in the State of Delaware and organized and supervised under federal or State of Delaware banking laws which does not meet the requirements of Section 8.3.I hereto; provided, however, that:

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

8.4 Corporate Debt Instruments

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

8.4.1 Any such instrument must be denominated/issued in U.S. dollars. Many foreign corporations issue debt/securities in the U.S. market, in U.S. dollars.

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

- 8.4.3 Commercial Paper shall be limited to a final stated maturity of 270 days. This sector shall not exceed 25% of the total portfolio. Issuers shall be rated at least A-1 by Standard & Poor's and P-1 by Moody's.
- 8.4.4 Bankers' Acceptances shall be limited to a final maturity of 365 days. This sector shall not exceed 20% of the City's Portfolio. Issuers shall be rated at least A-1 by Standard & Poor's and P1 by Moody's.
- 8.4.5 Corporate bonds and debentures shall be limited to a final stated maturity of 15 years. This sector shall not exceed 50% of the total portfolio. Issuers shall hold a long-term rating of at least BBB+ by S&P, Baa1 by Moody's or BBB+ by Fitch Ratings, though the dollar-weighted average credit rating of the securities invested pursuant to 8.4.5 must exceed the minimum rating at the time of purchase. Rebalancing shall not be automatically required if the dollar-weighted average credit rating of the securities invested pursuant to 8.4.5 fall below minimum rating.

8.5 Asset-Backed Securities

8.5.1 Definition: Securities collateralized by pools of auto loan receivables, credit card receivables, and equipment loans; provided that such securities have (i) the highest credit rating from at least two NRSROs and (ii) an average life not to exceed two years from the date of settlement (unless such securities are subject to periodic reset of coupon or interest rate, in which case the average life may not exceed three years from the date of settlement).

8.5.1.2 Percentage Limit: 10% in total, ~~including securities defined in subsection 8.8.~~

8.6 Repurchase Agreements

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

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

8.7 Registered Investment Companies (Money Market Funds)

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

8.8 Mortgage-Backed Securities

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

8.9 Municipal Obligations

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

8.10 State of Delaware Investment Pool

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

8.11 Trading Securities

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

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

8.12 Internal Control on such transactions

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

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

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

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

9.0 Collateralization of City Deposits

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

- 9.1** Collateralize the City's daily ledger balance(s) if, for any quarter during the most recent eight quarters the bank has not met both of the following two criteria:
- Return on total average assets of 0.50 percent or greater.
 - Average capital ratio (total equity to total assets) of 5.00 percent or greater.
- 9.2** If either criterion in paragraph 8.1 is not satisfied collateral must be pledged and shall consist of one or more of the following securities:
- U.S. Government securities
 - U.S. Government agency securities
 - Federal Home Loan Board letters of credit
 - State of Delaware securities
 - Securities of a political subdivision of the State of Delaware with a rating of A3 or better by Moody's, A- or better by S&P or A- or better by Fitch Ratings.
- 9.3** Ensure that the securities pledged as collateral (except for Federal Home Loan Board letters of credit) have a market value equal to or greater than 103 percent of the ledger balance(s) in the account(s) marked to market each day.
- 9.4** Ensure that securities pledged as collateral are housed at the Federal Reserve Bank or a mutually agreed upon third party depository. (The trust department of the winning vendor will not be acceptable.)
- 9.5** Provide reports on a monthly basis to the City Finance Department detailing the collateral pledged.
- 9.6** Provide a Call Report (Consolidated Report of Condition and Income, FFIEC 031) on a quarterly basis to the City Finance Department.

10.0 Policy Considerations

If securities owned by the City are downgraded by either of the three major credit ratings agencies to a level below the quality required by this Policy, it shall be the City's policy that the Finance Director shall promptly notify City Council and recommend a course of action. If the City has retained a professional investment advisor, in the event of a downgrade below the minimum credit standards, the investment advisor shall promptly notify the Finance Director and recommend a course of action.

11.0 Internal Controls

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

- Control of collusion
- Separation of transaction authority from accounting and recordkeeping
- Custodial safekeeping
- Prohibition of physical delivery securities
- Clear, written delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers

12.0 Performance Standards

The City of Milford's investment decisions shall be made with the objective of obtaining a rate of return commensurate with the investment risk constraints and the cash flow needs. On a quarterly basis, the Finance Director shall compare the City's portfolio against a benchmark(s) that shall be reflective of the actual securities being managed and risks undertaken, and the benchmark(s) shall have a similar weighted average maturity and credit profile.

13.0 Reporting

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

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

14.0 Investment Policy Adoption

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

ATTACHMENT A GLOSSARY

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

ASSET-BACKED SECURITY: A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

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

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

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

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

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

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

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

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

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

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

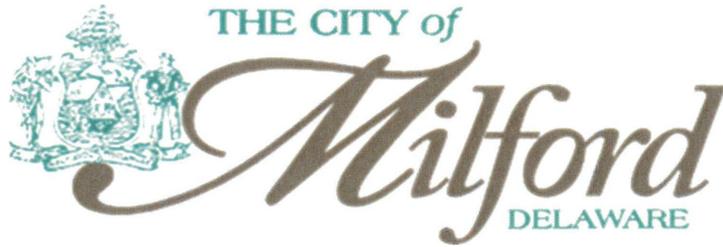
VARIABLE RATE MASTER DEMAND NOTES: A floating rate security with initial maturities and indexed rates chosen by the investor. The interest rate is adjusted periodically, usually off a standard such as that prevailing on a Treasury Bill or the prime interest rate.

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

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

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

City Council Resolution 2023-04
Adoption of Investment Policy Update



RESOLUTION 2023 04

Adoption of the City of Milford Investment Policy Update

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

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

WHEREAS, the City investment policy was most recently updated on November 8, 2023 by City Council following the review and recommendation of the Finance Committee;

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

WHEREAS, the efforts in 2022 and 2023 to identify an investment management firm to advise the City on the investment policy resulted in this recommendation to update the City investment policy; and

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

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Official Seal of the City of Milford to be affixed this 13th day of March 2023.




Mayor Arthur J. Campbell

Attest:



Acting City Clerk Katrina L. White



RESOLUTION 2024-05

Adoption of the City of Milford Investment Policy Update

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

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

WHEREAS, the City Investment Policy (investment policy) was last updated on March 13, 2023 by City Council following the review and recommendation of the Finance Committee; and

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

WHEREAS, the Investment Policy was most recently evaluated by Finance Staff and the City's Advisors PFM Asset Management; and

WHEREAS, simplification of the portfolio percentage limit of asset-backed securities was recommended by eliminating unnecessary mortgage-backed securities language and allowing the remaining context to remain; and

WHEREAS, the City Council agrees it is appropriate to update the "Investment Policy for the City of Milford" to ensure directness and clarity exists in relation to financial practices, procedures, and strategies of the City of Milford.

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Official Seal of the City of Milford to be affixed this 22nd day of April 2024.

Mayor Arthur J. Campbell

Attest:

City Clerk Teresa K. Hudson



The governing body has recessed to Executive Session. The regular meeting will resume shortly.