

MISCELLANEOUS STATISTICS AS OF JUNE 30, 2005 AND JUNE 30, 2004

	June 30, 2005	June 30, 2004
Date of Incorporation	February 16, 1829	February 16, 1829
Land Area - Acres	14,714,595	14,571,345
Land Area - Square Miles	22.9910	22.7677
Total Miles of Streets	152.96	150.69
City Maintained Miles of Streets	93.61	91.34
State Maintained Miles of Streets	59.35	59.35
Population - 2000 Census	32,043	32,043
Population - City Count	34,288	33,829
Registered Voters	18,714	18,259
Total Employees	361	378
Full-Time	350	356
Part-Time Permanent	11	22
Temporary/Seasonal	22	5
ELECTRIC UTILITY:		
Total Generating Units	4	4
Total Generating Capacity	175 MW	175 MW
Area of Service - Square Miles	68	68
Substations	16	16
High Peak Load	160 MW	163 MW
(High peak load reached on 6/14/05 at 2:00 P.M.)		
System Load Factor	68.00%	48.40%
CUSTOMERS:		
Residential	17,867	17,757
Commercial	2,813	2,915
Primary	32	33
Vapor Lights Only	867	874
69 KV Industrial	4	4
Municipal	149	148
(Municipal class shows total number of meters/bills.)		
Total Customers Sales	\$60,170,324	\$57,151,810
	732,224,165 kWh	741,523,091 kWh
PURCHASE POWER:		
From Duke/Louis Dreyfus	\$39,628,288	\$37,675,178
FIRE DEPARTMENT:		
Stations	2	2
Officers	8	8
Firemen - Membership (Volunteers)	100	100
Equipment	11	15
PARKS DEPARTMENT:		
Major Parks	3	3
Small Parks	22	23

MISCELLANEOUS STATISTICS AS OF JUNE 30, 2005 AND JUNE 30, 2004

	June 30, 2005	June 30, 2004
POLICE DEPARTMENT:		
Station	1	1
Uniformed Personnel	87	85
Automobiles	79	74
Motorcycles	5	5
Motor Boats	1	1
Bicycles	4	5
Specialty Vehicles	5	5
Trailers	3	3
PUBLIC LIBRARY:		
Books	101,631	97,920
Audio Visual Materials	10,138	9,823
Members	48,626	46,318
Magazine Subscriptions	359	359
Newspapers	12	12
Circulation of Books	398,842	348,269
WATER UTILITY:		
Supply - Wells	22	22
Storage Tanks	6	6
Total Storage Capacity - Gallons	3,750,000	3,750,000
Water Mains - Miles	185	175
Average Daily Gallons Pumped	4,898,000	5,149,613
Peak Daily Gallons	8,421,000	7,400,000
Water - Gallons Pumped	1,788,000,000	1,879,608,900
Number of Metered Customers	11,625	11,150
Number of New Connections	475	298
WASTEWATER UTILITY:		
Pumping Stations	34	34
Wastewater Mains - Miles	160	155
Average Daily Gallons	5,127,000	5,708,000
Peak Daily Gallons	5,983,000	7,000,000
Total Annual Gallons	1,871,000,000	2,083,000,000
Number of New Connections	350	250
WATER TREATMENT PLANT:		
Capacity	4.6 MGD	4.6 MGD
Average Demand	0.6 MGD	0.6 MGD
Peak Demand	1.2 - 1.4 MG	1.2 MG
SALES TO CUSTOMERS:		
Water Fees	\$3,791,254	\$3,769,635
Wastewater Fees	\$2,719,577	\$2,521,499
Wastewater Adjustment	\$2,611,290	\$2,743,359

POPULATION AND HOUSING SUMMARY STATISTICS FOR 2005

	DOVER CITY	DOVER DIVISION
Population	32,043	126,697 MSA
Land area - Square Miles	22.4	154.5
Median age - Years	32.9	34.4
Male	15,122	61,070
Female	17,013	65,627
White	17,655	93,106
Black	11,961	26,180
Native American	146	806
Asian	1,016	2,137
Hispanic origin	1,327	4,069
Other race	1,357	1,611
Family households	7,500	33,615
Non-family households	4,840	13,609
Married couple households	4,983	24,994
Female householders, no husband	2,061	6,530
Persons per household	2	3
Number of dwelling units	13,195	50,481
Single family dwelling units	5,982	12,029
Semi-detached dwelling units	1,960	2,389
Mobile homes	770	3,166
Owner occupied dwelling units	6,454	33,040
Median unit value	\$111,300	\$114,100
Renter occupied dwelling units	5,886	14,184
Median contract rent	\$599	\$375

NOTE

As a result of Count Question Resolution Process, the Census Bureau revised the 2000 population count for the City of Dover to 32,043 people.

MAJOR EMPLOYERS JUNE 30, 2005

NAME	TYPE OF BUSINESS	NUMBER OF EMPLOYEES
State of Delaware	Government - State	9,515
Dover Air Force Base	Government - Federal	8,595 ⁽¹⁾
Dover Mall, LP	Shopping Mall	3,200 ⁽²⁾
Bay Health Medical Center	Health Care	2,691
Delaware State University	Education	1,150 ⁽²⁾
Dover Downs Co., Inc.	Race Track, Video Lottery, Hotel	993
Capital School District	Education	909
Playtex Products, Inc.	Manufacturing - Personal Care Products	745
Bank of America	Credit Card Company	615 ⁽²⁾
Kraft Foods, Inc.	Manufacturing - Food	522
Wesley College	College	488 ⁽²⁾
City of Dover	Government - Local	361
Procter and Gamble	Manufacturing - Paper Products	327
Wal-Mart	Department Store	324 ⁽²⁾
Sources: Finance Department, City of Dover		

NOTES

1. Dover Air Force Base total includes active duty, reservists, and civilian employees.
2. Figures are from Central Delaware Economic Development Council.
3. Some figures were estimated.

NUMBER OF VARIOUS BUSINESSES LICENSED TEN CALENDAR YEARS

BUSINESS	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Attorneys	87	91	92	85	85	82	79	75	80	89
Barber Shops	7	7	6	6	7	5	4	4	5	5
Beauty Shops	40	46	45	47	53	59	61	58	57	59
Certified Public Accountants and Accountants	22	20	13	18	12	19	18	21	22	23
Contractors	671	705	721	649	769	923	935	1,000	1,113	1,112
Dentists	29	30	28	28	30	32	28	30	28	26
Eating Establishments	179	181	173	146	152	155	155	155	163	168
Merchants	481	468	538	381	399	394	383	385	401	389
Physicians and Surgeons	86	86	93	83	98	120	118	112	118	119
Real Estate Broker of Record	28	28	29	18	22	21	17	16	15	14
Other Categories	1,108	1,114	1,131	1,728	1,351	1,956	1,750	1,897	1,844	1,976
TOTALS	2,738	2,776	2,869	3,189	2,978	3,766	3,548	3,753	3,846	3,980

Source: Department of Inspections, City of Dover

NOTE

"Other Categories" includes Consulting and Customary Home Occupations.

CITY OF DOVER

INVESTMENT POLICY

FEBRUARY 2002

1.0 Policy

It is the policy of the City of Dover 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 City shall conform to all state and local statutes governing the investment of public funds. For the record, there are currently no state statutes or regulations related to the City's investments.

2.0 Scope

This investment policy applies to all financial assets of the City of Dover for which the City retains direct or indirect daily control. Funds for which the City has retained outside funds manager(s) may be governed by these policies and/or a separate agreement established.

2.1 Accounts

2.1.1 Cash and Liquidity Accounts: The majority of the City's cash balance available for investment is maintained in the cash and liquidity accounts. These accounts will be managed and invested by investment managers, selected by the City Council through competitive bid, in order to maximize the return to the City while, at the same time, providing for safety of principal and sufficient liquidity for the City to meet its cash needs. The City will manage its short-term (12-month) investments to ensure sufficient liquidity and prevent their premature sale for the purpose of covering expenditures. Short-term investments should mature at face value in sufficient amounts to meet any needs.

2.1.2 Reserve Cash (Intermediate) Account: To the extent cash is not expected to be needed on short notice, the City Council will direct the funding of a third part. This fund shall be managed and invested by an investment manager or managers, selected by the City Council after a competitive bid, in order to maximize the return on said money to the City while providing for the safety of principal. The City will manage its intermediate investments to ensure they are made under circumstances and in amounts in which the City would not be forced to liquidate them at a loss.

All of the City of Dover's funds are accounted for in its Comprehensive Annual Financial Report. Those funds to which this investment policy applies include (with the exceptions noted in the preceding paragraph as well as the Deferred Compensation Plan):

2.2 Funds

2.2.1 General Fund

2.2.2 Capital Project Funds

2.2.3 Special Revenue Funds

2.2.4 Enterprise Funds

2.2.5 Internal Service Funds

2.2.6 Trust and Agency Funds

2.2.7 (Any new fund created by the City Council, unless specifically exempted)

3.0 Objectives

The primary objectives of the City of Dover'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 dispersion and/or diversification shall be employed so that risk of loss of principal is minimized.

3.2 Return on Investments

A goal of the investment program shall be to maximize income within the constraints of Sections 3.1 and 3.3.

3.3 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.

4.0 Delegation of Authority

Authority to manage the City of Dover's investment program is derived from: this investment policy which is approved by City Council, and "Dover Code, Article IV, Section 42" (attachment B) which states in part that "The City Treasurer shall be the custodian of all of the City funds . . ." (Note: the City's Finance Director is also the City Treasurer).

The Finance Director/Treasurer shall:

1. Review the City's investment policy and recommend changes to the policy to City Council;
2. Be charged with implementing the policy, and may delegate authority to make investments. The Finance Director/Treasurer shall be responsible for all investment transactions and shall establish controls to regulate the activities of the delegate.
3. Ensure that records of the City's investment activities are kept for ten years.

5.0 Prudence, Ethics and Conflicts of Interest

The delegate empowered to make investments on behalf of the City of Dover shall comply with the following:

5.1 "Prudent Person" Rule

They shall make investment decisions 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.

6.0 Authorized Institutions and Dealers

The City of Dover Finance Director/Treasurer shall maintain a list of financial institutions and other entities that are authorized to provide investment and/or depository services to the City. An annual review of the financial condition and registrations will be conducted by the Finance Director/Treasurer. The investment manager shall provide a current audited financial statement to the City annually, which will be kept on file in the Finance Department.

7.0 Authorized Investments and Trading of Securities

The Finance Director/Treasurer or his/her authorized delegate may invest in the following types of securities:

7.1 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.

7.2 Government Agency Securities

Debt securities issued by government-sponsored enterprises, federal agencies, federal financing banks, and international institutions part of whose capital stock has been subscribed for by the United States.

7.3 Certificates of Deposit, Time Deposits, and Bankers Acceptances

7.3.1 Domestic Institutions: Issued or endorsed by a domestic bank, or a savings and loan association, organized and supervised under federal or any state laws, or any of its branches located in the United Kingdom, the Bahamas, or the Cayman Islands and denominated in U.S. dollars; provided, however, that:

- The banking institution has assets of not less than \$5 billion; and
- The banking institution is rated not lower than “B” by Fitch, Inc. (formerly Thomson’s Bank Watch Service).

7.3.2 Delaware-Domiciled Institutions: The Cash Account, and only the Cash Account, may also be invested in Certificates of Deposit, Time Deposits, and Bankers Acceptances 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 7.3.1 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 percent 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 percent 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.)
- The Board expressly affirms that, consistent with these guidelines, Delaware banks and savings associations should be considered as a source of investment.

7.4 Corporate Debt Instruments

Such instruments include commercial paper, variable rate master demand notes, and non-convertible debt securities (bonds and debentures); provided, however, that:

7.4.1 Any such instrument must be issued by a U.S. corporation; and

7.4.2 Commercial paper investments at the time of purchase must be rated “A-1” by Standard & Poor’s (S&P) and/or “P-1” by Moody’s Investors Service (“Moody’s), and the senior long-term debt of the issuer must be rated not lower than “A” by S&P and/or “A” by Moody’s. Investments in corporate bonds and debentures must be rated at the time of purchase at least “AA” by S&P and/or “Aa” by Moody’s.

7.4.3 Any such instrument may be backed fully by an irrevocable, unconditional letter of credit issued by a bank which meets the requirements of Section 7.3.1 or Section 7.3.3 hereto. The security will count as a holding of the letter of credit provider for purposes of applying the percentage limitations outlined in Section 7.4 hereto.

7.5 Repurchase Agreements

The underlying securities shall consist of U.S. government or government agency securities, certificates of deposit, commercial paper or bankers acceptances; provided, however, that:

- 7.5.1** All repurchased transactions must be governed by written repurchase agreements;
- 7.5.2** 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 7.3.3 above;
- 7.5.3** 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; and
- 7.5.4** 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 102 percent of the maturity value of the agreement and marked-to-market as requested by the investment manager.

7.6 Reverse Repurchase Agreements

The investment manager may enter into reverse repurchase agreements which involve the sale of money market securities held by the City, with an agreement to repurchase the securities at an agreed upon price, date, and interest payment, so long as:

- 7.6.1** The agreement is entered into only with a recognized U.S. Government broker/dealer or a bank which meets the requirements set out under Section 7.3.4 above who is acting as a principal to the agreement;
- 7.6.2** The City's securities are sold at not less than 98 percent of their fair market value including all accrued interest; and
- 7.6.3** The investment manager marks-to-market as appropriate.

7.7 Money Market Funds

The money market fund(s) selected by the investment manager shall be consistent with the investment quality guidelines as stated in this document.

7.8 Mortgage-Backed Securities

Only the Cash Reserve (Intermediate) Account may invest in Mortgage-Backed Securities. The portfolio may have a total investment of no more than 20 percent, valued at market, in AAA-rated Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Association (FHLMC) mortgage-backed securities in the form of pass-throughs.

7.9 Municipal Obligations

Taxable and tax-exempt securities issued by state and local governments and public authorities in the U.S.

7.10 State of Delaware Investments Pool

The investment in this pool 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 25 percent of the total funds available and will be monitored by the City's Finance Department on a monthly basis.

7.11 Trading Securities

7.11.1 The Financial Director/Treasurer is hereby authorized to buy/sell the securities when the net result will generate the additional revenues for the City.

7.12 Internal Control on such transactions

7.12.1 An investment report will be provided to the Council on a quarterly basis.

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

7.12.3 The records will be kept on City records for ten (10) years.

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

8.0 Collateralization of City Deposits

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

8.1 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 .5 percent or greater.
- Average capital ratio (total equity to total assets) of five percent or greater.

8.2 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 Moody's rating of "A" or better.

8.3 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 102 percent of the ledger balance(s) in the account(s) marked to market each day.

8.4 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.)

8.5 Provide reports on a monthly basis to the City Finance Department detailing the collateral pledged.

8.6 Provide a Call Report (Consolidated Report of Condition and Income, FFIEC 031) on a quarterly basis to the City Finance Department.

9.0 Percentage of Account Limitations

The purchase of the securities outlined in Section 7 cannot exceed the following percentage limits of the Account, valued at market. Investments due to mature in one business day may be excluded from the computation of said percentages.

9.1 U.S. Government. No restrictions.

9.2 Government Agency. 75 percent total 40 percent in any one agency.

9.3 CDs, Time Deposits, and Bankers Acceptances. 50 percent total, ten percent in any one issuer.

- Domestic. No additional restrictions.

9.4 Corporate Debt. 50 percent total, 25 percent in any one industry, ten percent in any one issuer, ten percent of any issuer's total outstanding securities.

- Domestic. No additional restrictions.

9.5 Repurchase Agreements. 50 percent total

9.6 Reverse Repurchase Agreements. 25 percent total.

9.7 Money Market Funds. 25 percent total, ten percent in any one fund except for the Cash Account which may invest 100 percent of the Account in the State Investment Pool.

9.8 Municipal Obligations. Ten percent in any one issuer.

10.0 Investment Limitations

The City of Dover will diversify its investments by type of investment, institution, and maturity dates in as far as staff is able to do so while remaining in compliance with Sections 3 and 7 of this policy.

11.0 Maximum Maturities

As a general rule, the City of Dover will invest operating funds for one day to 48 months to minimize the effects of interest rate fluctuations upon interest earnings, while always considering anticipated cash flow requirements. In any case, unless matched to a specific cash flow need, the City will not directly invest in securities maturing more than four years from the date of purchase. The City may, however, collateralize its repurchase agreements using acceptable securities that bear a maturity date exceeding four years.

12.0 Internal Control

The investing activities of the City of Dover shall be reviewed annually as part of the annual audit (attachment C) by a Certified Public Accountant, to assure that compliance with investment policies and procedures is maintained. On a monthly basis, a "balances report" will be prepared by one finance person, and the balances will be cross-checked with the General Ledger balances by another finance person. Any differences will be reconciled on a monthly basis. All reports and reconciliations (if any) will be provided to the external auditors at the time of audit.

13.0 Performance Standards

The City of Dover'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. No formal targeted market yield is adopted, but the Finance Director/Treasurer shall compare the City's results with 90-day U.S. Treasury bill for the cash account and the one-year U. S. Treasury Bill for the reserve account in determining the effectiveness of the investment program account.

14.0 Reporting

At the end of each calendar quarter, the Finance Director/Treasurer will submit a report of all quarter-ending investments to the Mayor and City Council.

15.0 Investment Policy Adoption

The City of Dover's investment policy will be adopted by the City Council after review and recommendation of the Legislative and Finance Committee. The policy will be reviewed at least once every two years by the Legislative and 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.

LEGEND

1. Original approval by City Council - November 14, 1988
2. Revised policy approved by City Council - December 14, 1992
3. Revised and fully updated - November 1995
4. Reviewed and revised - February 9, 1998
2. Revised - November 9, 1998
3. Revised - September 11, 2000
4. Revised policy approved - February 11, 2002

ATTACHMENT A

GLOSSARY

AGENCIES: Federal agency securities

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 day to nine months.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the City of Dover – 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 – 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

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

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$100,000 per deposit

FEDERAL FUNDS RATE: The rate of interest at which Federal 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-à-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. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

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 "pass-throughs" 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: The yield obtainable on a security based on its purchase price or its current market price

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 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.

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

Municipal Treasurers' Association of the United States and Canada

ATTACHMENT B

ARTICLE IV. CITY TREASURER AND FINANCIAL AFFAIRS

Sec. 42 **City treasurer; [signing of warrants]**

At the annual meeting, the Council shall elect a City Treasurer to hold office until the next annual meeting of the Council, or until his successor has been duly chosen and qualified, but subject to removal at any time by the Council.

The City Treasurer shall be the custodian of all the City funds and shall deposit them in a banking institution designated by the Council.

He shall pay out no money except upon warrant signed by the City Manager and countersigned by the Mayor.

The Mayor and the City Manager shall sign no warrants on the City Treasurer except pursuant to appropriations or resolutions theretofore made by the Council.

ATTACHMENT C

ARTICLE IV. CITY TREASURER AND FINANCIAL AFFAIRS

Sec. 46 **Annual audit**

Annually in the month of July the Council shall have the finances of the City and the books and accounts of the City Manager, the Alderman, and the City Treasurer audited by a certified accountant.

THIS PAGE INTENTIONALLY LEFT BLANK