THE TOWN OF MILTON, DELAWARE

Audited Financial Statements
And Supplemental Information
For Fiscal Year Ended September 30, 2007
(With Comparative Year Analyses 2006, 2005, 2004)

TOWN OF MILTON, DELAWARE
FISCAL YEAR ENDED SEPTEMBER 30, 2007

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor And Members Of Council
Town of Milton
Milton, Delaware

We have audited the accompanying financial statements of the governmental activities , the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Milton, Delaware as of and for the year ended September 30, 2007, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 15, 2008.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Milton, Delaware as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Town implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of September 30, 2005. The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted on the United States of America. We have performed certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Milton, Delaware basic financial statements. The introductory section, combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sambar + Company, CPAs, P.A.
Certified Public Accountants

January 15, 2008
Georgetown, Delaware

MANAGEMENT DISCUSSION AND ANALYSIS

TOWN OF MILTON, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

As management of The Town of Milton, Delaware, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2007. This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position, (d) identify any material deviations from the financial plan, and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Town's financial statements (beginning on page 14).

FINANCIAL HIGHLIGHTS

- The assets of The Town of Milton exceeded its liabilities at the close of the most recent fiscal year by $ 6,462,050 (Net assets). Of this amount, $ 3,966,507(unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the Town's fund designation and fiscal policies.

- As of the close of the current fiscal year, The Town of Milton's governmental funds reported combined ending fund balances of $ 3,595,084. Of this total amount, $ 3,512,841 is unreserved and available for use within the Town's designation and policies while the remaining $ 82,243 is allocated for police and street projects.

- At the end of the current fiscal year, unreserved fund balance for the general fund was $ 3,512,841 or 101 % of the total general fund expenditure.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

TOWN OF MILTON, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Both the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government and administration, public safety, and streets. The business-type activities of the Town include Water, Sewer and Sanitation operations.

The government-wide financial statements can be found on pages 14 – 16 of this report.

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

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains five governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General and Municipal Street Aid, all of which are considered to be major funds. Data from the other three funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 17 – 20 of this report.

Proprietary Funds – The Town maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer funds since they are considered to be major funds of the Town.

The basic proprietary fund financial statements can be found on pages 22 – 25 of this report.

TOWN OF MILTON, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 – 36 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budgetary activity. Required supplementary information can be found on page 37 – 44 of this report.

The combining statements referred to earlier in connection with non-major governmental funds is presented following the supplementary information. Combining and individual statements and schedules can be found on pages 45 – 57 of this report.

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Town of Milton, assets exceeded liabilities by $ 6,462,050 as of September 30, 2007.

A large portion of the Town's net assets (54 %) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF MILTON'S NET ASSETS

	Governmental Activities September 30, 2007	Governmental Activities September 30, 2006	Business-Type Activities September 30, 2007	Business-Type Activities September 30, 2006	Totals September 30, 2007	Totals September 30, 2006	Amount Change	Percentage Change
Current and other assets	$ 3,724,514	$ 1,717,994	$ 649,061	$ 3,303,770	$ 4,373,575	$ 5,021,764	$ (648,189)	-12.91%
Capital Assets	1,834,145	679,771	1,682,030	3,903,687	3,516,175	4,583,458	(1,067,283)	-23.29%
Total Assets	$ 5,558,659	$ 2,397,765	$ 2,331,091	$ 7,207,457	$ 7,889,750	$ 9,605,222	$ (1,715,472)	
Long term liabilities	$ 41,900	$ 70,744	$ 1,081,977	$ 1,096,354	$ 1,123,877	$ 1,167,098	$ (43,221)	-3.70%
Other liabilities	154,091	159,980	149,732	65,328	303,823	225,308	78,515	34.85%
Total Liabilities	$ 195,991	$ 230,724	$ 1,231,709	$ 1,161,682	$ 1,427,700	$ 1,392,406	$ 35,294	
Net Assets:								
Invested in capital assets, net of related debt	$ 1,834,145	$ 719,418	$ 594,333	$ 3,179,765	$ 2,428,478	$ 3,899,183	$ (1,470,705)	-37.72%
Restricted	24,607	-	42,458	-	67,065	-	67,065	
Unrestricted	3,503,916	1,447,624	462,591	2,866,010	3,966,507	4,313,634	(347,127)	-8.05%
Total Net Assets	$ 5,362,668	$ 2,167,042	$ 1,099,382	$ 6,045,775	$ 6,462,050	$ 8,212,817	$ (1,750,767)	

TOWN OF MILTON, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

The balance of governmental unrestricted net assets $ 3,503,916 may be used to meet the government's ongoing obligation to citizens and creditors.

As of September 30, 2007, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate categories – governmental and business-type activities.

Analysis of the Town's Operations – The following table provides a summary of the Town's operations for the year ended September 30, 2007. The Town first implemented GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, in 2004, therefore comparative data is presented. Governmental activities increased the Town of Milton's net assets by $ 3,195,627. Business-type activities decreased the Town's net assets by $ 4,946,393. The overall net effect is a decrease in net assets of $ 1,750,766.

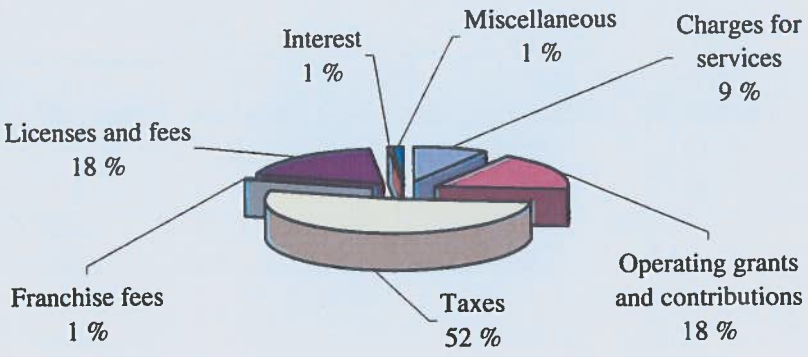
TOWN OF MILTON, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

TOWN OF MILTON'S CHANGES IN NET ASSETS

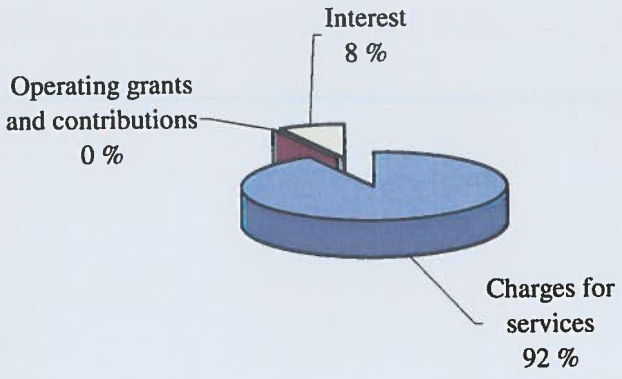
	Governmental Activities September 30, 2007	Governmental Activities September 30, 2006	Business-Type Activities September 30, 2007	Business-Type Activities September 30, 2006	Totals September 20, 2007	Totals September 20, 2006	Amount Change	Percentage Change
Revenues:								
Program Revenues:								
Charges for services	$ 223,466	$ 214,439	$ 1,136,886	$ 1,280,591	$ 1,360,352	$ 1,495,030	$ (134,678)	-9.01%
Operating grants and contributions	439,434	305,058	-	5,300	439,434	310,358	129,076	41.59%
General Revenues:								
Taxes	1,284,437	1,526,277	-	-	1,284,437	1,526,277	(241,840)	-15.85%
Franchise fees	18,010	15,171	-	-	18,010	15,171	2,839	18.71%
Licenses and fees	448,368	214,236	-	-	448,368	214,236	234,132	109.29%
Interest	12,285	18,100	100,093	48,492	112,378	66,592	45,786	68.76%
Miscellaneous	29,170	28,175	461	1,920	29,631	30,095	(464)	-1.54%
EDU income	-	-	-	429,000	-	429,000	(429,000)	-100.00%
Total Revenues	$ 2,455,170	$ 2,321,456	$ 1,237,440	$ 1,765,303	$ 3,692,610	$ 4,086,759	$ (394,149)	
Expenses:								
Sanitation Department	$ 139,958	$ 123,162	$ -	$ -	$ 139,958	$ 123,162	$ 16,796	13.64%
Street Department	196,091	114,578	-	-	196,091	114,578	81,513	71.14%
Police Department	800,345	687,768	-	-	800,345	687,768	112,577	16.37%
Fire Company	5,000	6,750	-	-	5,000	6,750	(1,750)	-25.93%
Administrative Department	704,240	305,689	-	-	704,240	305,689	398,551	130.38%
Code Enforcement	152,979	159,796	-	-	152,979	159,796	(6,817)	-4.27%
Park & Recreation	153,223	30,697	-	-	153,223	30,697	122,526	399.15%
General Government	227,297	202,304	-	-	227,297	202,304	24,993	12.35%
SWAT	32,789	30,015	-	-	32,789	30,015	2,774	9.24%
200th Anniversary	59,431	500	-	-	59,431	500	58,931	99.16%
Water Department	-	-	417,993	312,861	417,993	312,861	105,132	33.60%
Sewer Department	-	-	453,810	415,818	453,810	415,818	37,992	9.14%
Total Expenses	$ 2,471,353	$ 1,661,259	$ 871,803	$ 728,679	$ 3,343,156	$ 2,389,938	$ 953,218	
Increase / (Decrease) in net assets before extraordinary item and transfers	$ (16,183)	$ 660,197	$ 365,637	$ 1,036,624	$ 349,454	$ 1,696,821	$ (1,347,367)	
Extraordinary Loss	$ -	$ -	$ (2,100,220)	$ -	$ (2,100,220)	$ -	$ (2,100,220)	
Transfers	3,211,810	115,542	(3,211,810)	(115,542)	-	-	-	
Increase / (Decrease) in net assets	$ 3,195,627	$ 775,739	$ (4,946,393)	$ 921,082	$ (1,750,766)	$ 1,696,821	$ (3,447,587)	
Net assets - October 1st	2,167,041	1,391,302	6,045,775	5,124,693	8,212,816	6,515,995		
Net assets - September 30th	$ 5,362,668	$ 2,167,041	$ 1,099,382	$ 6,045,775	$ 6,462,050	$ 8,212,816		

TOWN OF MILTON, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

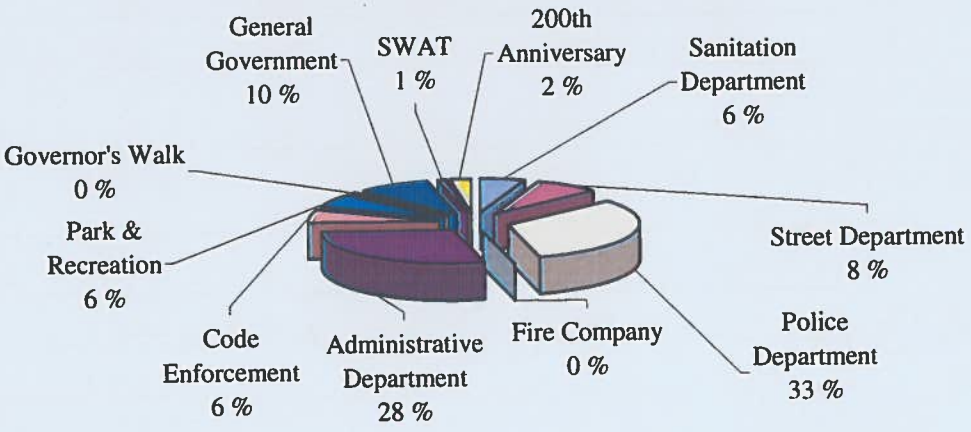
Governmental Activities 2007 Revenues



Business-Types Activities 2007 Revenues

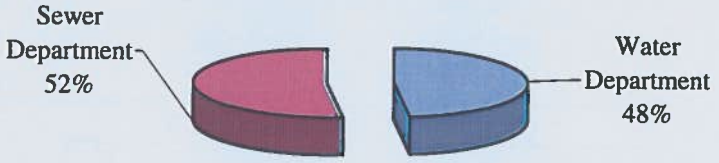


Governmental Activities 2007 Expenditures



TOWN OF MILTON, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Business-Type Activities 2007 Expenses



FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS

Governmental funds – The focus of the Town of Milton's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town of Milton's governmental funds reported combined ending fund balances of $ 3,595,084. Approximately 98 % of this total amount constitutes unreserved fund balance.

Proprietary funds – The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the respective proprietary funds are Water $ 419,498 and Sewer $ 43,093. The funds had net assets decrease in 2007 as follows: Water $ 293,237 and Sewer $ 4,653,156.

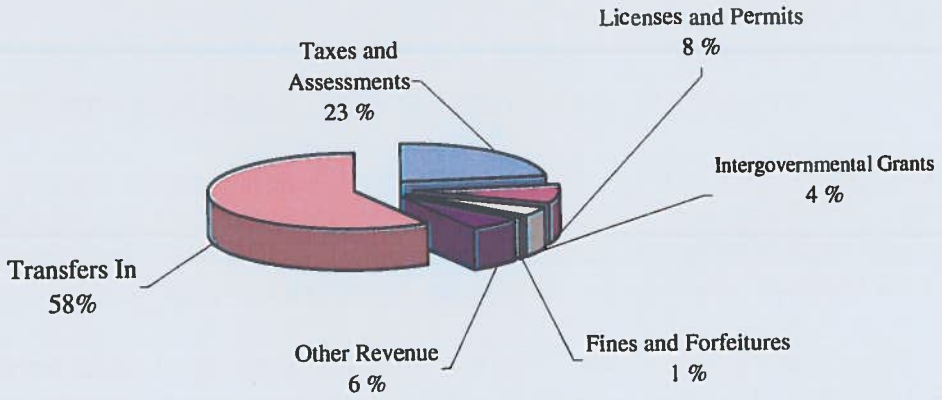
General Fund Budgetary Highlights – In the General Fund revenues exceeded budgetary expectations by $ 408,781 while the departmental expenditures were greater than original budgeted expenditures by $ 482,113.

The following schedule presents a summary of General Fund revenues and transfers in for the fiscal year ended September 30, 2007, and the amount and percentage of increase and decrease in relation to prior year revenues.

TOWN OF MILTON, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Revenues	September 30, 2007 Totals	Percentage of Total	September 30, 2006 Totals	Percentage of Total
Taxes and Assessments	$ 1,284,437	23%	$ 1,526,276	65%
Licenses and Permits	448,368	8%	214,237	9%
Intergovernmental Grants	252,531	4%	206,492	9%
Fines and Forfeitures	39,349	1%	25,961	1%
Other Revenue	322,240	6%	249,092	11%
Transfers In	3,253,505	58%	115,542	5%
	$ 5,600,430		$ 2,337,600	

General Fund 2007 Revenues



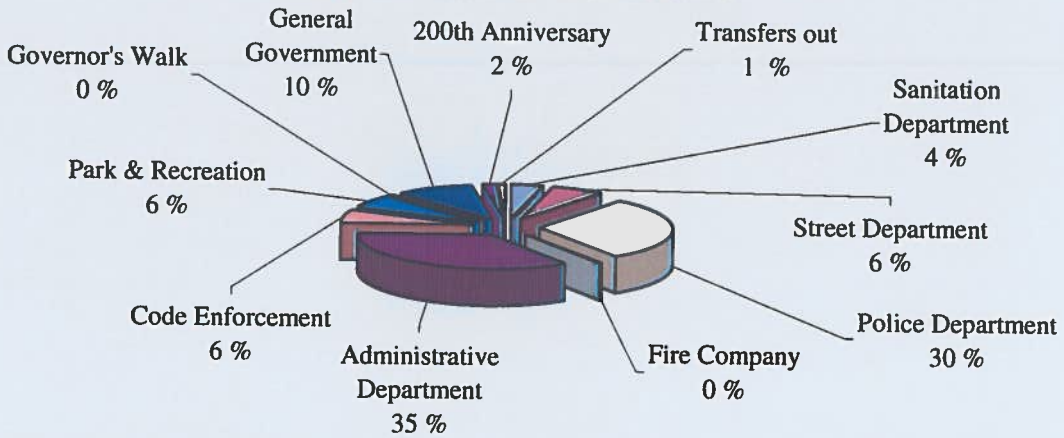
Transfers in from the enterprise fund represent the largest revenue source, with $ 3,211,810 or 57 % of all General Fund revenues.

The following schedule represents a summary of General Fund expenditures and transfers out for the fiscal year ended September 30, 2007, and the percentage of increases and decreases in relation to prior year amounts:

TOWN OF MILTON, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Expenditures	September 30, 2007 Totals	Percentage of Total	September 30, 2006 Totals	Percentage of Total
Sanitation Department	$ 139,958	4%	$ 123,162	8%
Street Department	218,866	6%	34,497	2%
Police Department	1,059,970	30%	680,749	44%
Fire Company	5,000	0%	6,750	0%
Administrative Department	1,221,233	35%	266,056	17%
Code Enforcement	218,068	6%	153,544	10%
Park & Recreation	218,312	6%	80,412	5%
Governor's Walk	8,850	0%	-	0%
General Government	336,111	10%	212,492	14%
200th Anniversary	59,431	2%	500	0%
Transfers out	24,807	1%	-	0%
	$ 3,510,606		$ 1,558,162	

General Fund 2007 Expenditures



The Town had an increase in expenditures of $ 1,952,444 or 125 % from the prior year to the current year. The major reason for the increase was due to the purchase of a new town hall and other capital items. The Town did increase the General Fund expenditures budget by 112 %. The net result, expenditures compared to budget, is an unfavorable variance of $ 482,113. The primary reason for this variance was capital expenditures and engineering fees. The Town was able to maintain expenditures within current financial resources.

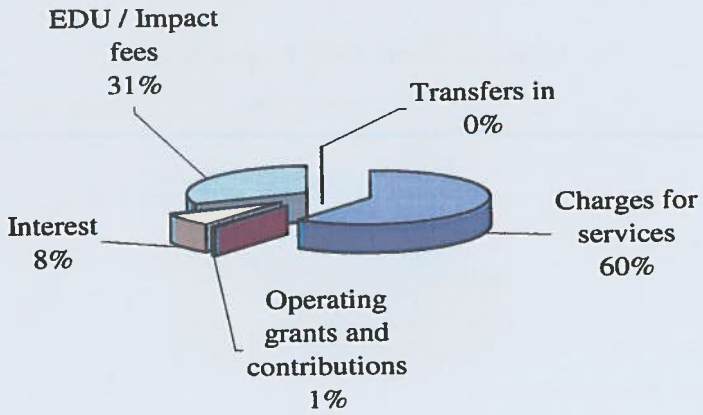
Proprietary Fund Budgetary Highlights – Revenues for the Proprietary Fund operations were below budgetary estimates by $ 227,452 or 23 %, primarily due to the loss of Sewer revenue for one quarter. Departmental expenditures were higher than the original budgeted expenditures by $ 217,573 or 25 %. The reason for this was due to legal fees and depreciation being higher than anticipated.

TOWN OF MILTON, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

The following schedule presents a summary of Proprietary Fund revenues and transfers in for the fiscal year ended September 30, 2007, and the amount and percentage of increases and decreases in relation to prior year revenues:

Revenues	September 30, 2007 Totals	Percentage of Total	September 30, 2006 Totals	Percentage of Total
Charges for services	$ 744,787	60%	$ 880,704	50%
Operating grants and contributions	7,761	1%	5,300	0%
Interest	100,093	8%	48,492	3%
EDU / Impact fees	384,800	31%	830,807	47%
Transfers in	-	0%	-	0%
	$ 1,237,441		$ 1,765,303	

Proprietary Fund 2007 Revenues



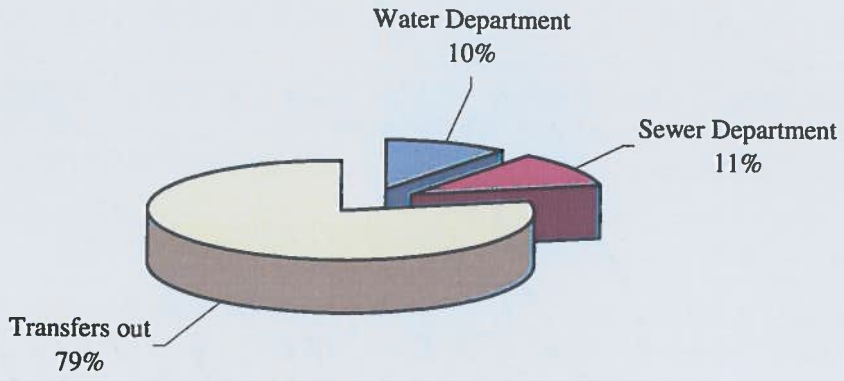
Service charges continue to represent the largest revenue source, with $ 744,787 or 60 %. The most significant decrease in revenue were fees for EDU's and impact fees.

The following schedule represents a summary of Proprietary Fund expenditures and transfers out for the fiscal year ended September 30, 2007, and the percentage of increases and decreases in relation to prior year amounts:

Expenses	September 30, 2007 Totals	Percentage of Total	September 30, 2006 Totals	Percentage of Total
Water Department	$ 417,993	10%	$ 312,861	37%
Sewer Department	453,811	11%	415,818	49%
Transfers out	3,211,810	79%	115,542	14%
	$ 4,083,614		$ 844,221	

TOWN OF MILTON, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Proprietary Fund 2007 Expenses



There were a variety of reasons for the increase in expenses of $ 3,239,393 or 384 % from the prior year to the current year. The primary reason was due to transfers out. There was an unfavorable budgetary expenditure balance of $ 4,946,393, which was due to the sale of sewer plant assets and the larger than budgeted transfer out to the general fund.

CAPITAL ASSETS

The Town of Milton's investment in capital assets for its governmental and business-type activities as of September 30, 2007, amounts to $ 3,516,176 (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, improvements and infrastructure.

Capital Assets at Year-End
Net of Accumulated Depreciation

	Governmental Activities September 30, 2007	Governmental Activities September 30, 2006	Business-Type Activities September 30, 2007	Business-Type Activities September 30, 2006	Totals September 30, 2007	Totals September 30, 2006	Amount Change
Land	$ 30,722	$ 30,722	$ -	$ -	$ 30,722	$ 30,722	$ -
Buildings	714,004	58,635	2,993	2,739,194	716,997	2,797,829	(2,080,832)
Improvements other than building	1,328,808	1,043,226	2,302,524	3,442,097	3,631,332	4,485,323	(853,991)
Machinery & equipment	576,576	326,564	749,413	646,107	1,325,989	972,671	353,318
Vehicle	363,667	235,353	151,423	151,423	515,090	386,776	128,314
Construction in process	-	-	-	70,962	-	70,962	(70,962)
Less: Accumulated Depreciation	(1,179,632)	(1,014,729)	(1,524,322)	(3,146,096)	(2,703,954)	(4,160,825)	1,456,871
Total	$ 1,834,145	$ 679,771	$ 1,682,031	$ 3,903,687	$ 3,516,176	$ 4,583,458	$ (1,067,282)

TOWN OF MILTON, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

New assets this year amounted to $ 1,319,276 in the governmental activities fund and $ 281,710 in the business-type activities fund. There was approximately $ 285,583 worth of street work completed during the year, $ 250,011 in new equipment, $ 128,314 in new vehicles, and $ 658,368 for a new town hall. During the year the Town privatized the waste water plant and infrastructure by selling these assets to Tidewater Environmental Services. This transaction resulted in a net reduction to capital assets of $ 2,252,962.

DEBT ADMINISTRATION

At the end of the current fiscal year, the Town of Milton had total loans payable of $ 1,045,941. All of this is backed by the full faith and credit of the government. These loans payable are from the State of Delaware Revolving Fund and pertain to improvements to Town's water distribution and sewer treatment facilities.

Outstanding Debt at Year End
Bonds and Notes Payable

	Business-Type Activities September 30, 2007	Business-Type Activities September 30, 2006	Amount Change
SRF 2001 - Water Improvements	$ 606,866	$ 635,621	$ (28,755)
SRF 2001 - Sewer Improvements	439,075	460,733	(21,658)
Total	$ 1,045,941	$ 1,096,354	$ (50,413)

Additional information on the Town of Milton's long term debt can be found in note #9 on pages 32 - 33 of this report.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens with general overview of the Town's finances. If you have questions about this report or need any additional information, contact the Town Hall, Attn: Town Manager, at 115 Federal Street, Milton, Delaware 19968, call 302/684-2649.

BASIC FINANCIAL STATEMENTS

TOWN OF MILTON, DELAWARE
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	$ 3,579,606	$ 419,527	$ 3,999,133
Accounts receivable	120,300	178,448	298,748
Interest receivable	-	119	119
Inventories	-	33,117	33,117
Unexpired insurance premiums	24,608	13,250	37,858
Prepaid maintenance	-	4,600	4,600
Capital assets:			
Land	30,722	-	30,722
Buildings	714,004	2,993	716,997
Improvements other than buildings	1,328,808	2,302,524	3,631,332
Machinery and equipment	576,576	749,412	1,325,988
Vehicles	363,667	151,423	515,090
Accumulated depreciation	(1,179,632)	(1,524,322)	(2,703,954)
Total Assets	$ 5,558,659	$ 2,331,091	$ 7,889,750

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

TOWN OF MILTON, DELAWARE
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	$ 84,057	$ 83,131	$ 167,188
Accrued payroll taxes and withholdings	1,348	281	1,629
Accrued wages and vacation pay	31,097	14,282	45,379
Long-term liabilities			
Due within one year	24,660	52,038	76,698
Due in more than one year	41,900	1,081,977	1,123,877
Deferred revenue	12,929	-	12,929
Total Liabilities	$ 195,991	$ 1,231,709	$ 1,427,700
NET ASSETS			
Invested in capital assets, net of related debt	$ 1,834,145	$ 594,333	$ 2,428,478
Restricted	24,607	42,458	67,065
Unrestricted	3,503,916	462,591	3,966,507
Total Net Assets	$ 5,362,668	$ 1,099,382	$ 6,462,050
Total Liabilities and Net Assets	$ 5,558,659	$ 2,331,091	$ 7,889,750

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

TOWN OF MILTON, DELAWARE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Program Activities	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
Sanitation Department	$ 139,958	$ 166,448	$ -	$ -
Street Department	196,091	-	57,351	-
Police Department	800,345	39,349	191,656	-
Fire Company	5,000	-	-	-
Administrative Department	704,240	-	-	-
Code Enforcement	152,979	17,669	-	-
Park & Recreation	153,223	-	83,377	-
Governor's Walk	8,850	-	-	-
General Government	218,447	-	14,009	-
SWAT	32,789	-	27,164	-
200th Anniversary	59,431	-	65,877	-
Total Governmental Activities	$ 2,471,353	$ 223,466	$ 439,434	$ -
Business-type Activities:				
Water Department	$ 417,993	$ 506,027	$ -	$ -
Sewer Department	453,810	630,859	-	-
Total Business-type Activities	$ 871,803	$ 1,136,886	$ -	$ -
Total Government	$ 3,343,156	$ 1,360,352	$ 439,434	$ -

General revenues:
- Taxes
- Franchise fees
- Licenses and fees
- Interest
- Miscellaneous

Transfers

Total General revenues and transfers

Extraordinary Loss

Change in net assets

Net assets - October 1, 2006

Net assets - September 30, 2007

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

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
$ 26,490	$ -	$ 26,490
(138,740)	-	(138,740)
(569,340)	-	(569,340)
(5,000)	-	(5,000)
(704,240)	-	(704,240)
(135,310)	-	(135,310)
(69,846)	-	(69,846)
(8,850)	-	(8,850)
(204,438)	-	(204,438)
(5,625)	-	(5,625)
6,446	-	6,446
$ (1,808,453)	$ -	$ (1,808,453)
$ -	$ 88,034	$ 88,034
-	177,049	177,049
$ -	$ 265,083	$ 265,083
$ (1,808,453)	$ 265,083	$ (1,543,370)
$ 1,284,437	$ -	$ 1,284,437
18,010	-	18,010
448,368	-	448,368
12,285	100,093	112,378
29,170	461	29,631
3,211,810	(3,211,810)	-
$ 5,004,080	$ (3,111,256)	$ 1,892,824
$ -	$ (2,100,220)	$ (2,100,220)
$ 3,195,627	$ (4,946,393)	$ (1,750,766)
2,167,041	6,045,775	8,212,816
$ 5,362,668	$ 1,099,382	$ 6,462,050

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TOWN OF MILTON, DELAWARE
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007

	General	Municipal Street Aid	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$ 3,509,408	$ 55,723	$ 14,475	$ 3,579,606
Accounts receivable	120,300	-	-	120,300
Unexpired insurance premiums	24,608	-	-	24,608
Total Assets	$ 3,654,316	$ 55,723	$ 14,475	$ 3,724,514
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 83,175	$ 755	$ 126	$ 84,056
Accrued payroll taxes and withholdings	1,348	-	-	1,348
Accrued wages and vacation pay	31,097	-	-	31,097
Deferred revenue	1,247	-	11,682	12,929
Total Liabilities	$ 116,867	$ 755	$ 11,808	$ 129,430
Fund Balances:				
Unreserved	$ 3,512,841	$ -	$ -	$ 3,512,841
Reserved	24,608	54,968	2,667	82,243
Total Fund Balances	$ 3,537,449	$ 54,968	$ 2,667	$ 3,595,084
Total Liabilities and Fund Balances	$ 3,654,316	$ 55,723	$ 14,475	3,724,514

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

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TOWN OF MILTON, DELAWARE
RECONCILIATION OF NET CHANGE IN GOVERNMENTAL FUND BALANCES TO GOVERNMENTAL ACTIVITIES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

The Total Net Assets reported for governmental activities in the Statement of Net Assets is different because:

Total Fund Balances for Government Funds		$ 3,595,084
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. Capital assets net of accumulated depreciation are included in the Statement of Net Assets		
Total Capital Assets	3,013,777	
Accumulated Depreciation	(1,179,632)	1,834,145
Long-term liabilities applicable to the governmental activities are not due and payable in the current year and, accordingly, are not reported as fund liabilities.		
Compensated absences	(32,958)	
Capital lease payables	(33,603)	(66,561)
Total Net Assets of Governmental Activities		$ 5,362,668

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

TOWN OF MILTON, DELAWARE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	General	Municipal Street Aid	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes and Assessments	$ 1,284,437	$ -	$ -	$ 1,284,437
Licenses and Permits	448,368	-	-	448,368
Intergovernmental Grants	252,531	57,351	49,666	359,548
Fines and Forfeitures	39,349	-	-	39,349
Other Revenue	322,240	1,228	-	323,468
Total Revenues	$ 2,346,925	$ 58,579	$ 49,666	$ 2,455,170
Expenditures:				
Sanitation Department	$ 139,958	$ -	$ -	$ 139,958
Street Department	218,866	64,012	-	282,878
Police Department	1,059,970	-	22,502	1,082,472
Fire Company	5,000	-	-	5,000
Administrative Department	1,221,233	-	-	1,221,233
Code Enforcement	218,068	-	-	218,068
Park & Recreation	218,312	-	-	218,312
200th Anniversary	59,431	-	-	59,431
General Government	344,961	-	-	344,961
SWAT	-	-	32,789	32,789
Total Expenditures	$ 3,485,799	$ 64,012	$ 55,291	$ 3,605,102
Excess Of Revenues Over (Under) Expenditures	$ (1,138,874)	$ (5,433)	$ (5,625)	$ (1,149,932)
Other Financing Sources (Uses):				
Transfers to	$ (24,807)	$ (41,696)	$ -	$ (66,503)
Transfers from	3,253,505	-	-	3,253,505
Total Other Financing Sources (Uses)	$ 3,228,698	$ (41,696)	$ -	$ 3,187,002

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

TOWN OF MILTON, DELAWARE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	General	Municipal Street Aid	Other Governmental Funds	Total Governmental Funds
Net Change in Fund Balances	$ 2,089,824	$ (47,129)	$ (5,625)	2,037,070
Fund balance - October 1, 2006	1,447,624	102,097	8,292	1,558,013
Fund balance - September 30, 2007	$ 3,537,448	$ 54,968	$ 2,667	$ 3,595,083

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

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TOWN OF MILTON, DELAWARE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Amounts reported for governmental activities in the statement of activities are different because:		
Net Change in Fund Balances - Total Governmental Funds		$ 2,037,070
Governmental Fund Reports Capital Outlay as Expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlay exceeded the depreciation expense:		
Assets acquired:	1,319,276	
Depreciation charges:	(164,903)	1,154,373
Transfer of principal and new debt acquired to the General Long-Term Debt Account Group include:		
New Capital Lease:	(2,062)	
Compensated Absences:	6,246	4,184
Change in net assets of governmental activities		$ 3,195,627

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

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TOWN OF MILTON, DELAWARE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2007

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
ASSETS			
Current Assets:			
Cash - restricted	$ 300,360	$ 119,167	$ 419,527
Accounts receivable	140,042	38,406	178,448
Inventories	31,577	1,540	33,117
Unexpired insurance premiums	2,650	10,600	13,250
Prepaid maintenance	4,600	-	4,600
Interest receivable	60	59	119
Total Current Assets	$ 479,289	$ 169,772	$ 649,061
Noncurrent Assets:			
Capital assets:			
Buildings	$ 2,993	$ -	$ 2,993
Improvements other than buildings	2,302,524	-	2,302,524
Machinery and equipment	225,287	524,125	749,412
Vehicles	-	151,423	151,423
Accumulated depreciation	(1,269,446)	(254,876)	(1,524,322)
Total Noncurrent Assets	$ 1,261,358	$ 420,672	$ 1,682,030
TOTAL ASSETS	$ 1,740,647	$ 590,444	$ 2,331,091
LIABILITIES			
Current Liabilities:			
Accounts payable	$ 80,754	$ 2,377	$ 83,131
Total Current Liabilities	$ 80,754	$ 2,377	$ 83,131
Noncurrent liabilities:			
Accrued wages and vacation pay	$ 7,338	$ 7,225	$ 14,563
Due to Tidewater Inc.	-	88,074	88,074
Notes payable	606,866	439,075	1,045,941
Total Noncurrent Liabilities	$ 614,204	$ 534,374	$ 1,148,578
Total Liabilities	$ 694,958	$ 536,751	$ 1,231,709
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	$ 626,191	$ 10,600	$ 636,791
Unrestricted	419,498	43,093	462,591
Total Net Assets	$ 1,045,689	$ 53,693	$ 1,099,382
Total Liabilities and Net Assets	$ 1,740,647	$ 590,444	$ 2,331,091

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

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TOWN OF MILTON, DELAWARE
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
Operating revenues:			
Other income	$ 3,650	$ 4,111	$ 7,761
Penalties	-	9,711	9,711
Sale of meters	20,507	-	20,507
Service charges	352,971	289,598	642,569
Tapping fees	21,600	50,400	72,000
Total Operating Revenues	$ 398,728	$ 353,820	$ 752,548
Operating expenses:			
Advertising	$ 456	$ -	$ 456
Legal fees	-	88,708	88,708
Capital expenditures	13,324	9,993	23,317
Depreciation	91,506	87,934	179,440
Employee benefits	34,806	11,901	46,707
Engineering	10,209	13,377	23,586
Equipment rental	9,569	9,869	19,438
Gas and oil	5,817	2,469	8,286
Interest expense	29,959	14,389	44,348
Landfill fees	-	26,131	26,131
Miscellaneous	2,128	2,581	4,709
Payroll taxes	6,674	5,734	12,408
Pension	5,251	4,709	9,960
Postage	181	181	362
Repairs and maintenance	49,695	15,937	65,632
Salaries and labor	89,083	88,163	177,246
Supplies	42,322	24,527	66,849
Telephone	5,295	3,178	8,473
Tests	140	7,999	8,139
Training	615	150	765
Uniforms	3,793	3,066	6,859
Utilities	17,170	32,815	49,985
Total Operating Expenses	$ 417,993	$ 453,811	$ 871,804
Operating Income (Loss)	$ (19,265)	$ (99,991)	$ (119,256)

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

TOWN OF MILTON, DELAWARE
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
Nonoperating revenues (expenses):			
Impact fees	$ 107,300	$ 277,500	$ 384,800
Interest income	557	99,536	100,093
Total Non-Operating Revenues (Expenses)	$ 107,857	$ 377,036	$ 484,893
Income (Loss) before Transfers Extraordinary Item and Transfers	$ 88,592	277,045	$ 365,637
Extraordinary Loss	$ -	$ (2,100,220)	$ (2,100,220)
Operating Transfers In (Out)	(381,829)	(2,829,981)	(3,211,810)
Change in Net Assets	$ (293,237)	$ (4,653,156)	$ (4,946,393)
Net Assets - October 1, 2006	1,338,926	4,706,849	6,045,775
Net Assets - September 30, 2007	$ 1,045,689	$ 53,693	$ 1,099,382

See accompanying notes to the basic financial statements.

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TOWN OF MILTON, DELAWARE
PROPRIETARY FUNDS
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
Cash Flows From Operating Activities:			
Operating income (loss)	$ (19,265)	$ (99,991)	$ (119,256)
Adjustments to reconcile operating income to net cash provided:			
Depreciation	91,506	87,934	179,440
(Increase) decrease in accounts receivable	(32,678)	77,035	44,357
(Increase) decrease in inventories	(2,172)	1,593	(579)
(Increase) decrease in prepaid insurance	(996)	(6,584)	(7,580)
(Increase) decrease in interest receivable	2,160	2,161	4,321
Increase (decrease) in accounts payable	76,057	42,580	118,637
Increase (decrease) in accrued compensated absences and wages	1,243	560	1,803
Net Cash Provided (Used) by Operating Activities	$ 115,855	$ 105,288	$ 221,143
Cash flows from noncapital financing activities:			
Operating transfers in / (out)	$ (381,829)	$ (2,829,981)	$ (3,211,810)
Cash flows from capital and related financing activities:			
New capital assets acquired	(35,309)	(246,401)	(281,710)
Reduction in notes payable	(28,755)	(21,658)	(50,413)
Impact fees	107,300	277,500	384,800
Cash from Tidewater Inc.	152,743	-	152,743
Decrease in CIP	70,962	-	70,962
Net Cash Provided by Capital and Related Financing Activities	$ 266,941	$ 9,441	$ 276,382
Cash flow from investing activities:			
Interest on investments	$ 557	$ 99,536	$ 100,093
Net Increase (Decrease) in Cash and Cash Investments	$ 1,524	$ (2,615,716)	$ (2,614,192)
Cash at October 1, 2006	298,836	2,734,883	3,033,719
Cash at September 30, 2007	$ 300,360	$ 119,167	$ 419,527

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

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NOTES TO FINANCIAL STATEMENTS

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TOWN OF MILTON, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(1) Summary of Significant Accounting Policies

A. General Statement

The Town of Milton (the "Town") was incorporated in 1807 under the provisions of the State of Delaware. The Town operates under a Town Council form of government and provides the following services as authorized by its charter: public safety (police), streets, sanitation, sewer and water, recreation, public improvements, planning and zoning, general administrative services.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the Town has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989. The more significant accounting policies of the Town are described below.

B. Financial Reporting Entity

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

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

Based on the aforementioned criteria, the Town of Milton has no component units.

C. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Town. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

TOWN OF MILTON, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(1) Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items are not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is the current financial resources. The Town has presented the following major governmental funds:

General Fund – This is the main operating fund of the Town. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund – This fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs of general long-term debt paid primarily from taxes levied by the Town. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of operating income and changes in net assets, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The Town has presented the following major proprietary funds:

Water and Sewer and Treatment Plant – This is used to account for the provision of water and sewage services to the residents of the Town. Activities of the fund include administration, operations and maintenance, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt

TOWN OF MILTON, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(1) Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

principle and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Measurement Focus / Basis of Accounting

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

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction that can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received.

TOWN OF MILTON, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(1) Summary of Significant Accounting Policies (Continued)

D. Measurement / Basis of Accounting (Continued)

The Town reports the following major governmental funds:

The General Fund is used to account for all financial transactions not accounted for in another fund. Revenues are derived principally from property taxes, municipal user taxes, and other intergovernmental revenues. This fund accounts for the general administrative services of the Town not recorded elsewhere, including the activities of the various departments, public safety, street maintenance, code enforcement, general administrative, and mayor and council.

The Municipal Street Aid Fund is used to account for financial transactions pertaining to specific resources. Revenues are derived from State of Delaware Transportation Trust Fund grant monies. Expenditures of these monies are allowable for improvements to water and sewer systems, street improvements, public safety and public works.

The Town reports the following major enterprise fund:

Water & Sewer Funds report Town operations that provide services financed primarily by use charges, or activities where the periodic measurement of net income is appropriate for capital maintenance, public policy and management control.

E. Implementation of New Accounting Principles

For fiscal year 2004, the Town has implemented GASB Statement No. 33 (GASB 33), "Accounting and Financial Reporting for Non-exchange Transactions", GASB Statement No. 34 (GASB 34), "Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments", GASB Statement No. 37 (GASB 37), "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus" and GASB Statement No. 38 (GASB 38), "Certain Financial Statement Disclosures". At July 1, 2003, there was no effect on fund balance as a result of implementing GASB 33, GASB 37, and GASB 38.

Under GASB Statement 33, property taxes are imposed non-exchange revenue. Assets (accounts receivable) from imposed non-exchange transactions are recorded when the Town has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date.

In prior years, capital contributions were recorded as a direct addition to the contributed capital equity account. Beginning in fiscal year 2004, GASB 33 required contributions of capital assets to be recorded as revenue in the Statement of Revenues, Expenses and Changes in Fund Net Assets.

TOWN OF MILTON, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(1) Summary of Significant Accounting Policies (Continued)

E. Implementation of New Accounting Principles (Continued)

GASB 34 creates new basic financial statements for reporting on the Town's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

GASB 34 also includes certain transition treatments in regards to infrastructure. The Town has elected to not retroactively implement those treatments.

F. Budgetary Control

The Town charter established the fiscal year as the twelve-month period beginning October 1st. The Town Council adopts a budget annually. The budget can be revised as deemed necessary by the Council. A single fixed budget covers the general fund and enterprise fund, and is employed during the year as a management control device. The budgetary amounts are comprised of the normal operating budget and supplemental budget allocations, if applicable.

(2) Investments

In January 2001, the Town entered into the Delaware Local Government Investment Pool (DELGIP) with an initial deposit of $ 80,000. These funds are pooled with the investment funds of the State of Delaware, which consist of a highly-liquid cash account managed by Morgan Guaranty and four investment portfolios managed by Delaware Trust, Wilmington Trust, and Morgan Grenfell Investments, Inc. Additional information concerning this investment pool is available from Wilmington Trust Company, the new custodian of the fund.

		Proprietary Fund
Ending Balance 9/30/06	$	74,525
Add: Current Year Deposits		-
Current Year Interest		3,247
Less: Withdrawals		(77,502)
Ending Balance 9/30/07	$	270
Accrued Interest at 9/30/07	$	1

The interest rate for DELGIP fund fluctuated during the current fiscal year. The rate of interest at September 30, 2007 was 4.722935 %.

TOWN OF MILTON, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(3) Prepaid Items

Prepaid balances are for payments made by the Town in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recognized to signify that a portion of the fund balance is not available for other subsequent expenditures.

(4) Inventory

Inventory consist of supplies used in water and sewer improvements and are recorded at cost using the first-in, first-out method.

(5) Interfund Receivables and Payables

The interfund receivables and payables reflected as "Other Financing Sources (Uses)" (due from or to other funds) are current assets and liabilities between the individual funds.

(6) Operating Transfers

Funds have been received and disbursed between the General Fund and the Enterprise Fund to finance operations during the year.

(7) Total Columns On General Purpose Financial Statements

Total columns captioned "Memorandum Only" indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Each fund should be considered separately as to its financial position and operating results.

(8) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

TOWN OF MILTON, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(8) Capital Assets (Continued)

	General Fixed Assets	(Enterprise) Proprietary Fund	Total
Land	$ 30,722	$ -	$ 30,722
Buildings	714,004	2,993	716,997
Other improvements	1,328,808	2,302,524	3,631,332
Machinery and equipment	576,576	749,413	1,325,989
Vehicles	363,667	151,423	515,090
Total	$ 3,013,777	$ 3,206,353	$ 6,220,130
Less: Accumulated depreciation	(1,179,632)	(1,524,322)	(2,703,954)
Capital Assets (Net of Accumulated Depreciation)	$ 1,834,145	$ 1,682,031	$ 3,516,176

(9) Long-Term Debt

A. General Fund

On March 3, 2006, the Town entered into a lease purchase agreement with Ford Motor Credit to acquire two 2006 Ford Crown Victoria's. The annual lease payment is $ 17,260.36. The term of the lease is for three years at an annual percentage rate of 6.60 %.

On January 5, 2007, the Town entered into a lease purchase agreement with Ford Motor Credit to acquire a 2007 Ford Crown Victoria. The annual lease payment is $ 9,551.31. The term of the lease is for three years at an annual percentage rate of 6.60 %.

B. Proprietary Fund

State Revolving Fund Loan Monies (SRF): On June 8, 2001 the Town entered into a loan agreement between the Delaware Drinking Water State Revolving Fund, offered through the Delaware Department of Health & Social Services, Division of Public Health, to fund upgrades to the Town's drinking water treatment and delivery system as well as improvements to the Town's water treatment plant. The Town is eligible to receive loan proceeds totaling $ 643,370 for water improvements and $ 474,700 for sewer improvements. Semi-annual interest payments only will be due during the construction phase. The entire loan is required to be repaid within 20 years upon the expected completion date of construction at prevailing interest rates.

TOWN OF MILTON, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(9) Long-Term Debt (Continued)

As of the fiscal year ending September 30, 2007, the Town has received SRF loan proceeds of $ 1,096,353 with $ 44,348 in interest payments being made as of this date.

The following is a summary of bond, note and lease transactions for the year ended September 30, 2007:

	Beginning Balance 10/1/06	New Debt	Amounts Retired	Ending Balance 9/30/07
General Fund:				
Capital Lease	$ 31,541	$ 26,868	$ 24,807	$ 33,602
Proprietary Fund:				
SRF loan - water	635,621	-	28,755	606,866
SRF loan - sewer	460,732	-	21,657	439,075
Total Proprietary Fund	$ 1,096,353	$ -	$ 50,412	$ 1,045,941
Total All Debt	$ 1,127,894	$ 26,868	$ 75,219	$ 1,079,543

(10) Compensated Absences

The Town has accrued a liability for vacation, sick and compensatory pay which has been earned but not taken by Town employees. The liability for the Water and Sewer Departments is reported in the Proprietary Fund. For departments included in the General Fund, the current liability is reported in the General Fund and the long-term portion is recorded in General Long-Term Debt.

The liability recorded in the financial statements at September 30, 2007 is as follows:

	Current	Long-term	Total
Administrative Department	$ 2,830	$ 2,698	$ 5,528
Code Enforcement	976	5,188	6,164
Police Department	5,954	25,071	31,025
Public Works Department	1,276	10,326	11,602
Total	$ 11,036	$ 43,283	$ 54,319

TOWN OF MILTON, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(11) Employee Pension Plan

Effective October 1, 2003, the Town became a member of the State of Delaware County and Municipal Police Pension Plan, a cost-sharing multiple-employer defined benefit plan administered by the Board of Pension Trustees of the State of Delaware. The Town's cost of participating in this plan is set by the State's Legislative body annually. Municipal employees and municipal police officers must contribute 3% and 5%, respectively.

The Police Department does receive grant monies from the State of Delaware through a special tax on gross premiums for the benefit of police. During the fiscal year the Town received $ 49,117.

(12) Cash

At September 30, 2007, the Town had $ 3,709,241 on deposit with Wilmington Trust Company, $ 280,999 on deposit with Citizens Bank, and $ 8,592 on deposit with County Bank. Town funds on deposit with financial institutions in excess of amounts covered by federal deposit insurance would vary throughout any given time frame, but at September 30, 2007, the excess was approximately $ 3,790,240. Both Wilmington Trust Company and Citizens Bank have pledged securities for the benefit of the Town of $ 3,700,000 and $ 480,000 respectively.

(13) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Town to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

(14) Commitments

In fiscal year ended September 30, 2002, a ten year management agreement with Corrosion Control Corporation was created whereby Corrosion Control will provide maintenance services to the Town's water tower. The Town will be responsible for making one annual payment of $ 37,000, two annual payments of $ 29,000, and seven annual payments of $ 13,800.

Year Ended	Amount
9/30/2008	$ 13,800
9/30/2009	13,800
9/30/2010	13,800
9/30/2011	13,800
9/30/2012	13,800
Total Minimum Future Maintenance Payments	$ 69,000

TOWN OF MILTON, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(15) Property Taxes

Property taxes are levied on January 1st and are due and payable at that time. Taxes unpaid by March 31st of the same year become delinquent. Property taxes attach as an enforceable lien on property as of March 31st after being two years delinquent.

Property tax revenues are recognized when they become available and this includes those property tax receivables expected to be collected within 60 days after year end. Delinquent taxes are considered fully collectible and therefore allowance for uncollectible taxes is not provided.

(16) Accounts Receivable

This balance represents individual balances due the Town at September 30, 2007. The balance is comprised of the following:

Real estate taxes (including penalties)	$	42,633
DEMA grant		18,000
Water service charges		140,042
Sewer service charges		38,405
Trash		59,518
Other		269
Total	$	298,867

(17) Inventories

Inventories are valued at cost using the first-in, first-out method.

(18) Budget Process

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

A. Each year and not later than sixty (60) days prior to the beginning of the next year, the Administrative Assistant shall prepare a rough draft of the Town budget. From this rough draft, the Town Council, shall no later than the next regular meeting following the presentation of the rough draft, prepare the Town Budget, containing the financial plan for conducting the affairs of the Town for the ensuing fiscal year.

B. The budget shall contain the following information:

1. A detailed estimate showing the expense of conducting each department and office of the Town for the ensuing fiscal year;

2. The amount of the debt the Town, together with the schedule of maturities of bond issues;

TOWN OF MILTON, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(18) Budget Process (Continued)

3. An itemized statement of all other estimated expenses to be incurred in the affairs of the Town for the ensuing fiscal year;

4. An estimate of the amount of money to be received from taxes, water rents, sewer service charges, front footage assessments, license fees and all other anticipated income of the Town from any source or sources whatsoever.

C. The Town Council shall, so far as possible, adhere to the budget adopted in the making of appropriations. All annual appropriations unused and unencumbered lapse at year end.

D. The budget must be enacted by September of the year preceding the next fiscal year.

(19) Contingent Liabilities

Due to the nature of activities in which Town employees are involved, from time to time legal matters may arise. The Town relies on its insurance coverage for such potential liabilities. Insurance deductibles are $ 2,500 for general liabilities and $ 10,000 for police liabilities.

(20) Privatization of the Wastewater Treatment Plant

On July 1, 2007, the Town sold the wastewater treatment plant and the sewer infrastructure to Tidewater Environmental Services, Inc. (TESI). During the initial transaction, the Town transferred impact fees in the amount of $ 2,347,257 to TESI. The Town received from TESI $ 500,000 for the old treatment plant and $ 2,000,000 for the sewer infrastructure. As new customers pay impact fees to TESI, the Town will receive $ 3,900,000 in additional money from TESI, paid as installments. The $ 3,900,000 is made up of $ 1,819,000 in franchise fees, $ 1,500,000 for 18 acres of land, $ 150,000 for prior engineering costs, and $ 431,000 for the repayment of State Revolving Fund Debt.

The Town is likely to collect the $ 3,900,000, but it has not been recorded as income as of September 30, 2007. This income will be recorded as it is received, or when it becomes absolutely certain that the money will be received.

As of July 1, 2007, the Town no longer provides sewer services, and as such, will no longer present financial information from the sewer enterprise fund.

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REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF MILTON, DELAWARE
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
Revenues:				
Taxes And Assessments:				
Real estate	$ 450,000	$ 474,890	$ 473,513	$ (1,377)
Transfer tax	717,519	717,519	810,924	93,405
Total Taxes And Assessments	$ 1,167,519	$ 1,192,409	$ 1,284,437	$ 92,028
Licenses And Permits:				
Building permits	$ 344,000	$ 344,000	$ 388,817	$ 44,817
Licenses	45,000	45,000	55,801	10,801
Zoning variances	2,000	2,000	3,750	1,750
Total Licenses And Permits	$ 391,000	$ 391,000	$ 448,368	$ 57,368
Intergovernmental Grants:				
Local law enforcement grant	$ -	$ -	$ 9,911	$ 9,911
Highway Safety grant	8,000	8,000	18,855	10,855
Miscellaneous police grants	-	-	73,271	73,271
DEMA grant	10,000	10,000	18,000	8,000
Park & Recreation grant	-	-	83,377	83,377
Sidewalk Grant	-	-	-	-
Police pension grant	27,000	27,000	49,117	22,117
Total Intergovernmental Grants	$ 45,000	$ 45,000	$ 252,531	$ 207,531
Fines And Forfeits:				
Fine and court costs	$ 37,500	$ 37,500	$ 39,349	$ 1,849
Other Revenue:				
Dock rental	$ 2,000	$ 2,000	$ 3,100	$ 1,100
Donations	8,500	8,500	14,009	5,509
Franchise fee - cable television	15,000	15,000	18,010	3,010
Interest	5,035	5,035	11,060	6,025
Other receipts	10,200	10,200	10,502	302
Payment in lieu of taxes	2,500	2,500	2,500	-
Penalties	4,000	4,000	2,561	(1,439)

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

TOWN OF MILTON, DELAWARE
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues: (Continued)				
Other Revenue: (Continued)				
Professional fees collected	$ 65,000	$ 65,000	$ 17,669	$ (47,331)
Insurance claims	-	-	10,504	10,504
200th anniversary	-	-	65,877	65,877
Service charges and user fees	160,000	160,000	166,448	6,448
Total Other Revenue	$ 272,235	$ 272,235	$ 322,240	$ 50,005
Total Revenue	$ 1,913,254	$ 1,938,144	$ 2,346,925	$ 408,781
Expenditures:				
Sanitation Department:				
User fees	$ 143,400	$ 143,400	$ 139,958	$ 3,442
Street Department:				
Capital expenditures	$ 245,000	$ 186,872	$ 192,058	$ (5,186)
Miscellaneous	1,500	2,430	2,287	143
Payroll taxes	815	1,665	1,126	539
Salaries and labor	10,000	20,300	16,259	4,041
Snow removal	3,500	200	-	200
Supplies	7,500	10,000	7,136	2,864
Total Street Department	$ 268,315	$ 221,467	$ 218,866	$ 2,601
Police Department:				
Advertising	$ 1,000	$ 1,000	$ 1,000	$ -
Capital expenditures	89,500	89,277	167,988	(78,711)
Dry cleaning	1,000	1,000	729	271
Employee benefits and insurance	148,132	148,132	143,154	4,978
Gas & oil	20,000	26,993	28,358	(1,365)
Membership dues	1,000	1,000	275	725
Miscellaneous	4,000	8,930	4,229	4,701
Payroll taxes	38,594	38,594	39,754	(1,160)
Repairs and maintenance	31,000	21,000	20,720	280
Salaries and labor	467,860	467,860	513,956	(46,096)
Legal expense	-	-	83,750	(83,750)
Supplies	12,000	9,000	9,813	(813)

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

TOWN OF MILTON, DELAWARE
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
Expenditures: (Continued)				
Police Department: (Continued)				
Telephone/Utilities	$ 25,000	$ 30,800	$ 29,460	$ 1,340
Interest expense	-	-	2,005	(2,005)
Training	10,000	8,500	6,294	2,206
Uniforms	10,000	10,000	8,485	1,515
Total Police Department	$ 859,086	$ 862,086	$ 1,059,970	$ (197,884)
Fire Company:				
Allotment	$ 5,000	$ 5,000	$ 5,000	$ -
Total Fire Company	$ 5,000	$ 5,000	$ 5,000	$ -
Administrative Department:				
Advertising	$ 9,000	$ 7,000	$ 5,285	$ 1,715
Building maintenance	2,000	16,475	15,458	1,017
Capital expenditures	781,500	807,851	815,202	(7,351)
Employee benefits and insurance	74,799	51,799	45,868	5,931
Equipment maintenance	4,000	18,000	25,323	(7,323)
Mileage	1,000	500	481	19
Miscellaneous	500	3,000	5,727	(2,727)
Payroll processing	3,500	5,000	4,413	587
Payroll taxes	16,381	16,381	15,886	495
Printing and postage	6,000	6,000	8,630	(2,630)
Salaries and labor	203,823	226,323	236,393	(10,070)
Supplies	12,500	22,500	23,238	(738)
Telephone	6,500	8,500	9,241	(741)
Training	4,500	3,000	2,982	18
Utilities	$ 6,260	$ 6,260	7,106	(846)
Total Administrative Departmen	$ 1,132,263	$ 1,198,589	$ 1,221,233	$ (22,644)

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

TOWN OF MILTON, DELAWARE
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Expenditures: (Continued)				
Code Enforcement Department:				
Advertising	$ 1,800	$ 1,800	$ 1,894	$ (94)
Inspection fees	57,000	39,000	39,525	(525)
Consultant fees	65,000	60,000	75,116	(15,116)
Employee benefits and insurance	15,919	20,377	22,075	(1,698)
Gas & oil	900	900	425	475
Payroll taxes	3,395	5,342	4,896	446
Postage	300	300	503	(203)
Salaries and labor	41,350	66,505	63,332	3,173
Supplies	800	1,730	4,245	(2,515)
Telephone/Utilities	1,540	2,000	3,116	(1,116)
Capital expenditures	-	11,078	-	11,078
Training	4,000	4,000	2,251	1,749
Uniforms	225	975	690	285
Total Code Enforcement	$ 192,229	$ 214,007	$ 218,068	$ (4,061)
Park & Recreation:				
Concert in the Park expenses	$ 7,000	$ 7,000	$ 9,662	$ (2,662)
Operating expenses	100	1,030	942	88
Payroll taxes	154	1,565	1,305	260
Rails to Trails expense	-	-	60,433	(60,433)
Repairs and maintenance	2,500	2,500	5,989	(3,489)
Salaries	4,500	20,000	17,061	2,939
Supplies	7,000	7,000	222	6,778
Capital expenditures	10,000	10,000	122,563	(112,563)
Utilities	350	350	135	215
Total Park & Recreation	$ 31,604	$ 49,445	$ 218,312	$ (168,867)
200th Anniversary:				
Supplies & expenses	$ 25,000	$ 25,000	$ 59,431	(34,431)

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

TOWN OF MILTON, DELAWARE
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Expenditures: (Continued)				
General Expenditures:				
Christmas lighting	$ 3,400	$ 3,800	$ 4,683	$ (883)
Council salaries and expense	4,722	4,842	6,647	(1,805)
Donations-Milton Develop. Corp.	500	500	49,920	(49,420)
Gas & Oil	1,500	1,500	889	611
Website/Computer expense	1,500	2,000	2,080	(80)
Dues and subscriptions	1,200	1,200	1,817	(617)
Engineering fees	-	-	45,952	(45,952)
Election expense	600	2,600	2,168	432
Insurance	140,000	140,000	125,286	14,714
Bank fees transfer tax	12,000	12,000	13,817	(1,817)
Professional fees	57,500	85,000	61,233	23,767
Property assessment	23,000	31,000	13,542	17,458
Capital expenditure	-	-	8,077	(8,077)
Governor's walk supplies	-	250	8,850	(8,600)
Total General Expenditures	$ 245,922	$ 284,692	$ 344,961	$ (60,269)
Total Expenditures	$ 2,902,819	$ 3,003,686	$ 3,485,799	$ (482,113)
Excess Of Revenues Over (Under) Expend	$ (989,565)	$ (1,065,542)	$ (1,138,874)	$ (73,332)
Other Financing Sources (Uses):				
Transfer (to)/from other funds	$ -	$ -	$ (24,807)	$ (24,807)
Transfer from Enterprise Fund	989,565	1,065,542	3,253,505	2,187,963
Total Other Financing Sources (U	$ 989,565	$ 1,065,542	$ 3,228,698	$ 2,163,156
Excess Of Revenues And Over Financing Sources Over (Under) Expenditures And Other Financing Uses	$ -	$ -	$ 2,089,824	$ 2,089,824
Fund Balance - October 1, 2006			1,447,624	
Prior Period Adjustment			-	
Fund Balance - September 30, 2007			$ 3,537,448	

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

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TOWN OF MILTON, DELAWARE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
- BUDGET AND ACTUAL -
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
Operating Revenue:				
Service charges	$ 825,000	$ 825,000	$ 642,569	$ (182,431)
Tapping fees	103,000	103,000	72,000	(31,000)
Sale of meters	35,000	35,000	20,507	(14,493)
Penalties	10,000	10,000	9,711	(289)
Other income	7,000	7,000	7,761	761
Total Operating Revenues	$ 980,000	$ 980,000	$ 752,548	$ (227,452)
Operating Expenses:				
Water Department:				
Advertising	$ 350	$ 350	$ 456	$ (106)
Capital expenditures	-	-	13,324	(13,324)
Equipment rental	-	300	9,569	(9,269)
Uniforms	3,500	3,500	3,793	(293)
Depreciation	-	-	91,506	(91,506)
Employee benefits	54,984	51,826	34,806	17,020
Engineering fees	11,000	11,000	10,209	791
Gas and oil	1,500	6,700	5,817	883
Interest	-	-	29,959	(29,959)
Payroll taxes	10,118	8,171	6,674	1,497
Pension	7,260	5,960	5,251	709
Repairs and maintenance	36,500	58,316	49,695	8,621
Salaries and labor	148,373	123,896	89,083	34,813
Supplies	46,750	27,500	42,322	(14,822)
Telephone	1,300	4,600	5,295	(695)
Tests	1,000	1,000	140	860
Miscellaneous	1,400	4,030	2,924	1,106
Utilities	16,000	16,000	17,170	(1,170)
Total Water Department	$ 340,035	$ 323,149	$ 417,993	$ (94,844)
Sewer Department:				
Advertising	$ 150	$ 150	$ -	$ 150
Legal fees	-	-	88,708	(88,708)
Depreciation	-	-	87,934	(87,934)

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

TOWN OF MILTON, DELAWARE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
- BUDGET AND ACTUAL -
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Operating Expenses: (Continued)				
Sewer Department:				
Employee benefits	$ 24,733	$ 20,000	$ 11,901	$ 8,099
Capital expenditures	-	-	9,993	(9,993)
Interest expense	-	-	14,389	(14,389)
Engineering	20,000	20,000	13,377	6,623
Equipment rental	5,000	5,000	9,869	(4,869)
Gas and oil	10,000	3,000	2,469	531
Landfill fees	40,000	40,000	26,131	13,869
Miscellaneous	500	2,430	2,581	(151)
Payroll taxes	10,133	10,133	5,734	4,399
Pension expense	4,900	4,900	4,709	191
Postage	1,000	1,000	181	819
Repairs and maintenance	75,000	29,500	15,937	13,563
Salaries and labor	102,007	95,669	88,163	7,506
Supplies	30,000	36,500	24,527	11,973
Telephone	4,000	4,500	3,178	1,322
Tests	13,500	15,000	7,999	7,001
Training	300	300	150	150
Uniforms	1,500	3,000	3,066	(66)
Utilities	40,000	40,000	32,815	7,185
Total Sewer Department	$ 382,723	$ 331,082	$ 453,811	$ (122,729)
Total Operating Expenses	$ 722,758	$ 654,231	$ 871,804	$ (217,573)
Operating Income (Loss)	$ 257,242	$ 325,769	$ (119,256)	$ (445,025)
Non-Operating Revenue (Expenses):				
Impact fees	$ 609,005	$ 609,005	$ 384,800	$ (224,205)
Interest income	40,000	40,000	100,093	60,093
Total Non-Operating Revenue (Expenses)	$ 649,005	$ 649,005	$ 484,893	$ (164,112)
Income Before Extraordinary Loss and Operating Transfers	$ 906,247	$ 974,774	$ 365,637	(609,137)

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

TOWN OF MILTON, DELAWARE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
- BUDGET AND ACTUAL -
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
Extraordinary Loss	$ -	$ -	$ (2,100,220)	$ (2,100,220)
Operating Transfers (Out) to General Fund	(906,247)	(974,774)	(3,211,810)	(2,237,036)
Net Income	$ -	$ -	$ (4,946,393)	$ (4,946,393)
Net Assets - October 1, 2006			6,045,775	
Net Assets - September 30, 2007			$ 1,099,382	

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

COMBINING FUND STATEMENTS

TOWN OF MILTON, DELAWARE
COMBINING BALANCE SHEET - GENERAL FUND
AS OF SEPTEMBER 30, 2007

(With Comparative Amounts As Of September 30, 2006, 2005, 2004)

ASSETS	2007	2006
Cash	$ 3,509,408	$ 1,481,419
Accounts Receivable	120,300	91,640
Unexpired insurance premiums	24,608	9,323
Due from other funds	-	-
TOTAL ASSETS	$ 3,654,316	$ 1,582,382

LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	$ 83,175	$ 75,612
Accrued payroll taxes and withholdings	1,348	573
Accrued wages and vacation pay	31,097	15,555
Due to other funds	-	41,772
Deferred revenue	1,247	1,247
Total Liabilities	$ 116,867	$ 134,759
Fund Balances - Unreserved	$ 3,537,449	$ 1,447,623
TOTAL LIABILITIES AND FUND EQUITY	$ 3,654,316	$ 1,582,382

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

2005	2004
$ 712,275	$ 748,013
47,376	44,249
7,065	30,354
1,446	-
$ 768,162	$ 822,616

$ 58,401	$ 27,696
-	5,203
10,773	10,209
29,506	-
1,297	2,405
$ 99,977	$ 45,513
$ 668,185	$ 777,103
$ 768,162	$ 822,616

TOWN OF MILTON, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(With Comparative Amounts For The Years Ended September 30, 2006, 2005, 2004)

	2007	2006	2005	2004
Revenues:				
Taxes And Assessments:				
Real estate tax	$ 473,513	$ 428,113	$ 327,525	$ 319,157
Transfer tax	810,924	1,098,163	740,026	598,527
Total Taxes And Assessments	$ 1,284,437	$ 1,526,276	$ 1,067,551	$ 917,684
Licenses And Permits:				
Building permits	$ 388,817	$ 172,477	$ 153,722	$ 66,525
Licenses	55,801	39,460	43,792	34,700
Zoning variances	3,750	2,300	15,775	9,710
Total Licenses And Permits	$ 448,368	$ 214,237	$ 213,289	$ 110,935
Intergovernmental Grants:				
Local Law Enforcement grant	$ 9,911	$ -	$ -	$ -
Criminal Justice grant	-	-	2,956	-
DEMA grant	18,000	-	-	-
Rails to Trails	-	25,000	-	-
Highway Safety Police grant	18,855	4,955	14,115	11,210
Miscellaneous police grants	73,271	33,582	2,043	23,408
Ordinance grant	-	3,434	10,000	-
Park & Recreation grant	83,377	82,500	1,189	-
Police Pension grant	49,117	25,555	28,152	25,123
Sidewalk grant	-	31,466	-	4,294
Total Intergovernmental Grants	$ 252,531	$ 206,492	$ 58,455	$ 64,035
Fines and Forfeits:				
Fines and court costs	$ 39,349	$ 25,961	$ 35,280	$ 48,268
Other Revenues:				
Dock rental	$ 3,100	$ 1,850	$ 2,050	$ 1,050
Donations	14,009	14,851	11,215	5,150
Franchise fee - cable television	18,010	15,171	13,114	11,472
Interest	11,060	18,100	2,758	8,156
Other receipts	10,502	1,097	7,971	17,579
Payment in lieu of taxes	2,500	2,500	2,500	2,500

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

TOWN OF MILTON, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(With Comparative Amounts For The Years Ended September 30, 2006, 2005, 2004)

	2007	2006	2005	2004
Revenue: (Continued)				
Other Revenue: (Continued)				
Penalties	$ 2,561	$ 7,045	$ 2,555	$ 144
Professional fees collected	17,669	39,478	45,541	-
Insurance reimbursements	10,504	-	-	-
Sanitation rebate	-	-	2,108	-
200th Anniversary	65,877	-	-	-
Service charges and user fees	166,448	149,000	133,320	131,750
Total Other Revenue	$ 322,240	$ 249,092	$ 223,132	$ 177,801
Total Revenue	$ 2,346,925	$ 2,222,058	$ 1,597,707	$ 1,318,723
Expenditures:				
Sanitation Department:				
Disposal services	$ -	$ -	$ -	$ -
Gas and oil	-	-	-	-
Miscellaneous	-	-	-	-
Payroll taxes	-	-	-	4
Salaries and labor	-	-	-	52
Truck expense	-	-	-	-
User fees	139,958	123,162	124,327	104,197
Total Sanitation Department	$ 139,958	$ 123,162	$ 124,327	$ 104,253
Street Department:				
Capital expenditures	$ 48,822	$ 16,789	$ 42,891	$ -
Street repairs	143,236	-	-	-
Miscellaneous	1,684	1,223	700	7,300
Payroll taxes	1,126	1,085	549	352
Repairs and maintenance	603	51	-	511
Salaries and labor	16,259	14,413	7,170	4,603
Supplies	7,136	936	4,715	917
Total Street Department	$ 218,866	$ 34,497	$ 56,025	$ 13,683
Police Department:				
Advertising	$ 1,000	$ 598	$ 593	$ 78
Legal expense	83,750	-	-	-

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

TOWN OF MILTON, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(With Comparative Amounts For The Years Ended September 30, 2006, 2005, 2004)

	2007	2006	2005	2004
Expenditures: (Continued)				
Police Department: (Continued)				
Capital expenditures	$ 167,988	$ 42,385	$ -	$ 32,230
Dry cleaning	729	974	643	546
Employee benefits and insurance	143,154	111,863	76,195	76,964
Gas and oil	28,358	20,536	12,816	12,912
Membership dues	275	485	180	705
Miscellaneous	4,229	3,648	3,022	1,293
Payroll taxes	39,754	29,475	24,830	23,220
Repairs and maintenance	20,720	35,652	19,914	24,308
Interest expense	2,005	-	-	-
Salaries and labor	513,956	383,260	317,696	297,176
Supplies	9,813	11,501	19,799	12,137
Telephone	29,460	26,287	20,228	10,904
Training	6,294	4,031	4,786	5,314
Uniforms	8,485	10,054	16,361	6,327
Total Police Department	$ 1,059,970	$ 680,749	$ 517,063	$ 504,114
Fire Company:				
Allotment	$ 5,000	$ 6,750	$ 6,200	$ 11,200
Utilities	-	-	81	81
Total Fire Company	$ 5,000	$ 6,750	$ 6,281	$ 11,281
Administrative Department:				
Advertising	$ 5,285	$ 10,993	$ 4,394	$ 708
Building maintenance	15,458	2,487	2,351	255
Capital expenditure	815,202	26,678	5,371	12,000
Employee benefits and insurance	45,868	46,638	35,896	43,060
Equipment maintenance	25,323	3,105	7,227	14,396
Mileage	481	306	1,291	501
Miscellaneous	5,727	5,893	4,443	2,906
Payroll processing	4,413	3,613	3,639	-
Payroll taxes	15,886	9,916	10,597	7,036
Printing and postage	8,630	2,756	2,907	4,880

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

TOWN OF MILTON, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(With Comparative Amounts For The Years Ended September 30, 2006, 2005, 2004)

	2007	2006	2005	2004
Expenditures: (Continued)				
Administrative Department:				
Salaries and labor	$ 236,393	$ 129,611	$ 124,452	$ 91,254
Supplies	23,238	13,416	6,582	6,568
Telephone	9,241	4,514	5,845	3,588
Training	2,982	1,062	6,559	12,366
Utilities	7,106	5,068	6,488	5,355
Total Administrative Department	$ 1,221,233	$ 266,056	$ 228,042	$ 204,873
Code Enforcer:				
Advertising	$ 1,894	$ 1,483	$ 2,274	$ 584
Auto expense	425	365	575	1,590
Consultant fees	75,116	101,870	98,327	10,988
Employee benefits and insurance	22,075	11,609	12,803	11,658
Telephone/Utilities	3,116	-	-	-
Payroll taxes	4,896	2,334	2,327	2,190
Postage	503	271	126	132
Salary	63,332	30,514	30,417	28,538
Supplies	4,245	717	399	210
Training	2,251	2,869	599	330
Inspections/Plan review fees	39,525	1,365	-	-
Uniforms	690	147	145	-
Total Code Enforcer	$ 218,068	$ 153,544	$ 147,992	$ 56,220
Park & Recreation:				
Capital expenditures	$ 122,563	$ 25,964	$ -	$ -
Concert in the Park expenses	9,662	8,117	8,771	6,635
Operating expenses	942	486	296	961
Payroll taxes	1,305	625	229	372
Rails to Trails expenses	60,433	3,337	9,027	-
Repairs and maintenance	5,989	4,376	1,841	542
Salaries	17,061	8,166	2,699	5,127
Supplies	222	29,139	8,427	1,075
Utilities	135	202	120	108
Total Park & Recreation	$ 218,312	$ 80,412	$ 31,410	$ 14,820

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

TOWN OF MILTON, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(With Comparative Amounts For The Years Ended September 30, 2006, 2005, 2004)

	2007	2006	2005	2004
Expenditures: (Continued)				
Governor's Walk:				
Supplies	$ 8,850	$ -	$ 14,600	$ 800
200th Anniversary:				
Supplies	$ 59,431	$ 500	$ 1,495	$ -
General Government:				
Christmas lighting	$ 4,683	$ 1,247	$ 1,164	$ 320
Council salaries and expense	6,647	2,903	6,276	2,067
Donations-Milton Development Corp.	49,920	-	12,500	-
Dues and subscriptions	1,817	2,095	2,232	1,477
Engineering fees	45,952	3,357	11,349	14,754
Election expense	2,168	558	375	509
Gas	889	596	-	-
Insurance	125,286	106,745	121,485	69,812
Bank fees transfer tax	13,817	18,789	7,405	10,161
Professional fees	61,233	36,283	46,391	23,700
Property assessment	13,542	26,578	19,320	14,717
Tax assessment expense	-	4,569	-	-
Capital expenditures	8,077	6,868	-	-
Unemployment payments	-	-	-	4
Website/Computer expense	2,080	1,904	-	-
Total General Government	$ 336,111	$ 212,492	$ 228,497	$ 137,521
Total Expenditures	$ 3,485,799	$ 1,558,162	$ 1,355,732	$ 1,047,565
Excess Of Revenues Over (Under) Expenditures	$ (1,138,874)	$ 663,896	$ 241,975	$ 271,158
Other Financing Sources:				
Transfer to other funds	$ (24,807)	$ -	$ (350,963)	$ (11,644)
Transfer from other funds	3,253,505	115,542	-	107,209
Total Other Financing Sources	$ 3,228,698	$ 115,542	$ (350,963)	$ 95,565

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

TOWN OF MILTON, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(With Comparative Amounts For The Years Ended September 30, 2006, 2005, 2004)

	2007	2006	2005	2004
Excess Of Revenues And Other Financing Sources Over (Under) Expenditures	$ 2,089,824	$ 779,438	$ (108,988)	$ 366,723
Fund Balance - October 1st	1,447,624	668,186	777,103	410,380
Prior Period Adjustment	-	-	71	-
Fund Balance - September 30th	$ 3,537,448	$ 1,447,624	$ 668,186	$ 777,103

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

TOWN OF MILTON, DELAWARE
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
AS OF SEPTEMBER 30, 2007

(With Comparative Amounts As Of September 30, 2006, 2005, 2004)

ASSETS	Municipal Street Aid	State Aid To Local Law Enforcement	Emergency Illegal Drug Enforcement
Cash - restricted	$ 55,723	$ 3,041	$ 8,767
Grant receivable	-	-	-
Due from other funds	-	-	-
TOTAL ASSETS	$ 55,723	$ 3,041	$ 8,767
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	$ 755	$ 126	$ -
Accrued payroll tax and wages	-	-	-
Deferred revenue	-	2,915	8,767
Due to other funds	-	-	-
Total Liabilities	$ 755	$ 3,041	$ 8,767
Fund Balance - Reserved	$ 54,968	$ -	$ -
TOTAL LIABILITIES AND FUND EQUITY	$ 55,723	$ 3,041	$ 8,767

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

SWAT	Totals (Memorandum Only) 2007	2006	2005	2004
$ 2,667	$ 70,198	$ 93,840	$ 100,487	$ 45,436
-	-	-	-	38,646
-	-	41,772	28,206	3,574
2,667	70,198	$ 135,612	$ 128,693	$ 87,656
$ -	$ 881	$ 5,744	$ 3,562	$ 2,488
-	-	-	-	-
-	11,682	19,479	19,727	17,093
-	-	-	146	115
$ -	$ 12,563	$ 25,223	$ 23,435	$ 19,696
$ 2,667	$ 57,635	$ 110,389	$ 105,258	$ 67,960
$ 2,667	$ 70,198	$ 135,612	$ 128,693	$ 87,656

TOWN OF MILTON, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(With Comparative Amounts For The Years Ended September 30, 2006, 2005, 2004)

	Municipal Street Aid	State Aid To Local Law Enforcement	Emergency Illegal Drug Enforcement	SWAT
Revenues:				
Intergovernmental grants	$ 57,351	$ 11,501	$ 11,001	$ 27,164
Interest	1,228	-	-	-
Total Revenues	$ 58,579	$ 11,501	$ 11,001	$ 27,164
Expenditures:				
Street Department:				
Capital expenditures	$ -	$ -	$ -	$ -
Snow Removal	-	-	-	-
Miscellaneous	-	-	-	-
Paving and signage	2,774	-	-	-
Repairs & maintenance	218	-	-	-
Street lighting	56,247	-	-	-
Supplies	4,773	-	-	-
Total Street Department	$ 64,012	$ -	$ -	$ -
Police Department:				
Capital expenditures	$ -	$ -	$ -	$ -
Drug informants	-	-	500	-
Equipment	-	-	5,345	-
Repairs & Maint.	-	1,150	-	-
Uniforms	-	942	-	-
Salaries	-	-	-	-
Supplies	-	9,409	5,156	-
Total Police Department	$ -	$ 11,501	$ 11,001	$ -

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

Totals			
2007	2006	2005	2004
$ 107,017	$ 98,566	$ 122,242	$ 101,764
1,228	832	557	370
$ 108,245	$ 99,398	$ 122,799	$ 102,134
$ -	$ -	$ -	$ 10,102
-	1,400	-	822
-	-	100	-
2,774	12,784	12,597	44,275
218	-	-	-
56,247	33,888	30,700	31,503
4,773	5,978	10,434	3,286
$ 64,012	$ 54,050	$ 53,831	$ 89,988
$ -	$ 2,699	$ 2,105	$ -
500	-	-	25
5,345	850	-	-
1,150			
942			
-	992	2,250	3,663
14,565	5,661	10,473	3,441
$ 22,502	$ 10,202	$ 14,828	$ 7,129

TOWN OF MILTON, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(With Comparative Amounts For The Years Ended September 30, 2006, 2005, 2004)

	Municipal Street Aid	State Aid To Local Law Enforcement	Emergency Illegal Drug Enforcement	SWAT
Expenditures: (Continued)				
SWAT:				
Entertainment	$ -	$ -	$ -	$ 2,092
Salaries	-	-	-	16,938
Supplies	-	-	-	10,629
Transportation	-	-	-	3,130
Total SWAT	$ -	$ -	$ -	$ 32,789
Youth Soccer:				
Supplies	$ -	$ -	$ -	$ -
Total Expenditures	$ 64,012	$ 11,501	$ 11,001	$ 32,789
Excess Of Revenues Over (Under) Expenditures	$ (5,433)	$ -	$ -	$ (5,625)
Operating Transfers In (Out)	$ (41,696)	$ -	$ -	$ -
Excess Of Revenues Over (Under) Expenditures And Operating Transfers In (Out)	$ (47,129)	$ -	$ -	$ (5,625)
Fund Balance - October 1st	102,097	-	-	8,292
Prior Period Adjustment	-			
Fund Balance - September 30th	$ 54,968	$ -	$ -	$ 2,667

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

Totals			
2007	2006	2005	2004
$ 2,092	$ 1,621	$ 1,556	$ 2,050
16,938	19,165	5,884	11,920
10,629	4,849	2,794	7,288
3,130	4,380	2,075	5,005
$ 32,789	$ 30,015	$ 12,309	$ 26,263
$ -	$ -	$ 928	$ -
$ 119,303	$ 94,267	$ 81,896	$ 123,380
$ (11,058)	$ 5,131	$ 40,903	$ (21,246)
$ (41,696)	$ -	$ -	$ (50,881)
$ (52,754)	$ 5,131	$ 40,903	$ (72,127)
110,389	105,258	67,960	140,087
-	-	(3,605)	-
$ 57,635	$ 110,389	$ 105,258	$ 67,960

TOWN OF MILTON, DELAWARE
COMBINING BALANCE SHEET - ALL PROPRIETARY FUND TYPES
AS OF SEPTEMBER 30, 2007

(With Comparative Amounts As Of September 30, 2006, 2005, 2004)

ASSETS	Water	Sewer	2007
Cash - restricted	$ 300,360	$ 119,167	$ 419,527
Accounts receivable	140,042	38,406	178,448
Inventories	31,577	1,540	33,117
Unexpired insurance premiums	2,650	10,600	13,250
Prepaid maintenance	4,600	-	4,600
Interest receivable	60	59	119
Buildings	2,993	-	2,993
Improvements other than buildings	2,302,524	-	2,302,524
Machinery and equipment	225,287	524,125	749,412
Vehicles	-	151,423	151,423
Accumulated depreciation	(1,269,446)	(254,876)	(1,524,322)
Construction in process	-	-	-
TOTAL ASSETS	$ 1,740,647	$ 590,444	$ 2,331,091
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	$ 80,754	$ 2,377	$ 83,131
Accrued payroll tax	197	84	281
Accrued wages and vacation pay	7,141	7,141	14,282
Accrued interest	-	-	-
Due to Tidewater Inc.	-	88,074	88,074
Notes payable	606,866	439,075	1,045,941
Total Liabilities	$ 694,958	$ 536,751	$ 1,231,709
Fund Equity:			
Contributions from other governments	$ 269,681	$ -	$ 269,681
Contributions in aid of construction	349,260	-	349,260
Retained earnings - restricted	7,250	10,600	17,850
Retained earnings - unrestricted	419,498	43,093	462,591
Total Fund Equity	$ 1,045,689	$ 53,693	$ 1,099,382
TOTAL LIABILITIES AND FUND EQUITY	$ 1,740,647	$ 590,444	$ 2,331,091

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

Totals (Memorandum Only) 2006	2005	2004
$ 3,033,719	$ 2,057,770	$ 1,617,384
222,804	201,876	128,052
32,538	23,896	19,297
5,020	3,872	8,422
5,250	5,250	7,250
4,439	1,282	-
2,739,194	2,739,194	2,739,194
3,442,097	3,442,097	1,865,441
646,107	646,107	646,107
151,423	151,423	151,423
(3,146,096)	(2,966,699)	(2,807,802)
70,962	-	919,652
$ 7,207,457	$ 6,306,068	$ 5,294,420
$ 52,567	$ 48,175	$ 124,069
151	-	-
12,610	26,052	10,492
-	10,794	8,518
1,096,354	1,096,354	919,652
$ 1,161,682	$ 1,181,375	$ 1,062,731
$ 269,681	$ 269,681	$ 269,681
2,786,428	2,786,428	2,786,428
123,656	123,654	123,654
2,866,010	1,944,930	1,051,926
$ 6,045,775	$ 5,124,693	$ 4,231,689
$ 7,207,457	$ 6,306,068	$ 5,294,420

TOWN OF MILTON, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(With Comparative Amounts For The Years Ended September 30, 2006, 2005, 2004)

	Water	Sewer	Totals 2007
Operating Revenue:			
Other income	$ 3,650	$ 4,111	$ 7,761
Penalties	-	9,711	9,711
Sale of meters	20,507	-	20,507
Service charges	352,971	289,598	642,569
Tapping fees	21,600	50,400	72,000
Tower rent	-	-	-
Total Operating Revenue	$ 398,728	$ 353,820	$ 752,548
Operating Expenses:			
Advertising	$ 456	$ -	$ 456
Bond issuance	-	-	-
Capital expenditure	13,324	9,993	23,317
Depreciation	91,506	87,934	179,440
Employee benefits	34,806	11,901	46,707
Legal Fees	-	88,708	88,708
Engineering	10,209	13,377	23,586
Equipment rental	9,569	9,869	19,438
Gas and oil	5,817	2,469	8,286
Insurance	-	500	500
Interest expense	29,959	14,389	44,348
Landfill fees	-	26,131	26,131
Miscellaneous	2,128	2,081	4,209
Payroll taxes	6,674	5,734	12,408
Pension	5,251	4,709	9,960
Postage	181	181	362
Repairs and maintenance	49,695	15,937	65,632
Salaries and labor	89,083	88,163	177,246
Supplies	42,322	24,527	66,849
Telephone	5,295	3,178	8,473
Tests	140	7,999	8,139
Training	615	150	765
Uniforms	3,793	3,066	6,859
Utilities	17,170	32,815	49,985
Total Operating Expenses	$ 417,993	$ 453,811	$ 871,804

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

Totals		
2006	2005	2004
$ 12,238	$ 6,147	$ 59,726
10,584	328	707
46,826	43,200	18,800
708,756	718,895	504,021
30,900	70,815	56,500
71,400	-	-
$ 880,704	$ 839,385	$ 639,754
$ 1,100	$ 2,065	$ 1,187
5,686	23,130	-
-	-	68,000
179,398	158,896	134,614
59,972	49,007	44,783
4,505	40,608	30,499
2,754	5,094	1,085
8,395	8,224	1,151
-	3,676	25,285
14,205	41,794	21,691
37,742	14,362	7,083
980	2,158	3,694
12,520	11,834	8,041
9,577	7,915	4,824
1,837	1,492	-
72,808	127,462	70,573
163,014	154,579	110,799
89,136	76,330	70,615
5,095	4,814	3,641
12,369	13,174	14,202
688	275	2,215
2,021	4,586	4,771
44,877	33,497	28,880
$ 728,679	$ 784,972	$ 657,633

TOWN OF MILTON, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(With Comparative Amounts For The Years Ended September 30, 2006, 2005, 2004)

	Water	Sewer	Totals 2007
Operating Income (Loss)	$ (19,265)	$ (99,991)	$ (119,256)
Non-Operating Revenue (Expenses):			
Grant revenue	-	-	-
Impact fees	107,300	277,500	384,800
Interest income	557	99,536	100,093
EDU income	-	-	-
Total Non-Operating Revenue (Expenses)	$ 107,857	$ 377,036	$ 484,893
Income (Loss) Before Extraordinary Loss and Operating Transfers	$ 88,592	$ 277,045	$ 365,637
Extraordinary Loss	$ -	$ (2,100,220)	$ (2,100,220)
Operating Transfers In (Out)	(381,829)	(2,829,981)	(3,211,810)
Net Income (Loss)	$ (293,237)	$ (4,653,156)	$ (4,946,393)
Net Assets October 1, 2006	1,338,926	4,706,849	6,045,775
Prior Period Adjustment	-	-	-
Net Assets September 30, 2007	$ 1,045,689	$ 53,693	$ 1,099,382

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

Totals		
2006	2005	2004
$ 152,025	$ 54,413	$ (17,879)
$ 5,300	$ 8,550	$ -
401,807	143,446	1,451,000
48,492	24,561	11,388
429,000	311,000	-
$ 884,599	$ 487,557	$ 1,462,388
$ 1,036,624	$ 541,970	$ 1,444,509
$ (115,542)	$ 350,963	$ (54,187)
$ 921,082	$ 892,933	$ 1,390,322
5,124,693	4,231,689	2,841,367
-	71	-
$ 6,045,775	$ 5,124,693	$ 4,231,689

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