

THE TOWN OF MILTON, DELAWARE

Audited Financial Statements
And Supplemental Information
For Fiscal Year Ended September 30, 2005
(With Comparative Year Analyses 2004, 2003, 2002)

TOWN OF MILTON, DELAWARE
FISCAL YEAR ENDED SEPTEMBER 30, 2005

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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, 2005, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 22, 2005.

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, 2005, 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 has 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.

Sembar & Company, CPAs, P.A.

Certified Public Accountants

November 22, 2005
Georgetown, Delaware

MANAGEMENT DISCUSSION AND ANALYSIS

TOWN OF MILTON, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

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, 2005. 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 years 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 \$ 6,516,026 (Net assets). Of this amount, \$ 1,822,106 (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 \$ 773,474. Of this total amount, \$ 668,185 is unreserved and available for use within the Town's designation and policies while the remaining \$ 105,289 is allocated for police and street projects.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$ 668,185 or 49% 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, 2005

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 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 seven 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 five 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 and Sanitation 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, 2005

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 \$ 6,515,995 as of September 30, 2005.

The largest portion of the Town's net assets (71 %) 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, 2005	Governmental Activities September 30, 2004	Business-Type Activities September 30, 2005	Business-Type Activities September 30, 2004	Totals		Amount Change	Percentage Change
					September 30, 2005	September 30, 2004		
Current and other assets	\$ 896,855	\$ 910,271	\$ 2,293,946	\$ 1,780,405	\$ 3,190,801	\$ 2,690,676	\$ 500,125	18.59%
Capital Assets	646,240	681,799	4,012,122	3,514,015	4,658,362	4,195,814	462,548	11.02%
Total Assets	\$ 1,543,095	\$ 1,592,070	\$ 6,306,068	\$ 5,294,420	\$ 7,849,163	\$ 6,886,490	\$ 962,673	
Long term liabilities	\$ 28,381	\$ 21,767	\$ 1,096,354	\$ 919,652	\$ 1,124,735	\$ 941,419	\$ 183,316	19.47%
Other liabilities	123,412	65,209	85,021	143,079	208,433	208,288	145	0.07%
Total Liabilities	\$ 151,793	\$ 86,976	\$ 1,181,375	\$ 1,062,731	\$ 1,333,168	\$ 1,149,707	\$ 183,461	
Net Assets:								
Invested in capital assets, net of related debt	\$ 646,240	\$ 681,798	\$ 4,012,122	\$ 3,477,409	\$ 4,658,362	\$ 4,159,207	\$ 499,155	12.00%
Unrestricted	745,062	823,296	1,112,571	754,280	1,857,633	1,577,576	280,057	17.75%
Total Net Assets	\$ 1,391,302	\$ 1,505,094	\$ 5,124,693	\$ 4,231,689	\$ 6,515,995	\$ 5,736,783	\$ 779,212	

TOWN OF MILTON, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

The balance of governmental unrestricted net assets \$ 1,822,106 may be used to meet the government's ongoing obligation to citizens and creditors.

As of September 30, 2005, 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, 2005. 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 decreased the Town of Milton's net assets by \$ 103,644. Business-type activities increased the Town's net assets by \$ 892,933. The overall net effect is an increase in net assets of \$ 789,289.

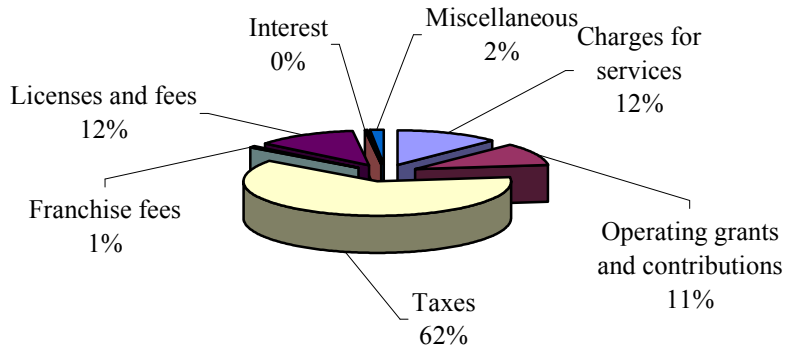
TOWN OF MILTON, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

TOWN OF MILTON'S CHANGES IN NET ASSETS

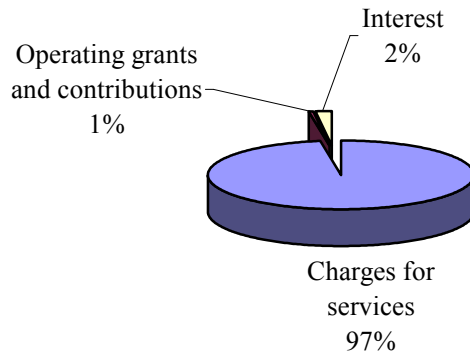
	Governmental	Governmental	Business-Type	Business-Type	Totals		Amount Change	Percentage Change
	Activities September 30, 2005	Activities September 30, 2004	Activities September 30, 2005	Activities September 30, 2004	September 20, 2005	September 20, 2004		
Revenues:								
Program Revenues:								
Charges for services	\$ 214,141	\$ 180,018	\$ 1,293,831	\$ 2,090,754	\$ 1,507,972	\$ 2,270,772	\$ (762,800)	-33.59%
Operating grants and contributions	180,697	165,799	8,550	-	189,247	165,799	23,448	14.14%
General Revenues:								
Taxes	1,067,550	917,684	-	-	1,067,550	917,684	149,866	16.33%
Franchise fees	13,114	11,472	-	-	13,114	11,472	1,642	14.31%
Licenses and fees	213,289	110,935	-	-	213,289	110,935	102,354	92.26%
Interest	3,314	8,526	24,561	11,388	27,875	19,914	7,961	39.98%
Miscellaneous	28,399	26,423	-	-	28,399	26,423	1,976	7.48%
Total Revenues	\$ 1,720,504	\$ 1,420,857	\$ 1,326,942	\$ 2,102,142	\$ 3,047,446	\$ 3,522,999	\$ (475,553)	
Expenses:								
Sanitation Department	\$ 124,327	\$ 104,478	\$ -	\$ -	\$ 124,327	\$ 104,478	\$ 19,849	19.00%
Street Department	110,040	130,714	-	-	110,040	130,714	(20,674)	-15.82%
Police Department	553,656	536,075	-	-	553,656	536,075	17,581	3.28%
Fire Company	6,281	11,281	-	-	6,281	11,281	(5,000)	-44.32%
Administrative Department	234,885	216,693	-	-	234,885	216,693	18,192	8.40%
Code Enforcement	147,992	56,220	-	-	147,992	56,220	91,772	163.24%
Park & Recreation	34,227	17,637	-	-	34,227	17,637	16,590	94.06%
Governor's Walk	14,600	800	-	-	14,600	800	13,800	1725.00%
General Government	233,374	141,469	-	-	233,374	141,469	91,905	64.96%
SWAT	12,308	26,263	-	-	12,308	26,263	(13,955)	-53.14%
200th Anniversary	1,495	-	-	-	1,495	-	1,495	149500.00%
Water Department	-	-	295,579	201,817	295,579	201,817	93,762	46.46%
Sewer Department	-	-	489,393	455,816	489,393	455,816	33,577	7.37%
Total Expenses	\$ 1,473,185	\$ 1,241,630	\$ 784,972	\$ 657,633	\$ 2,258,157	\$ 1,899,263	\$ 358,894	
Increase / (Decrease) in net assets before transfers	\$ 247,319	\$ 179,227	\$ 541,970	\$ 1,444,509	\$ 789,289	\$ 1,623,736	\$ (834,447)	
Transfers	(350,963)	44,684	350,963	(54,187)	-	(9,503)	9,503	
Increase / (Decrease) in net assets	\$ (103,644)	\$ 223,911	\$ 892,933	\$ 1,390,322	\$ 789,289	\$ 1,614,233	\$ (824,944)	
Net assets - October 1st	1,505,094	1,281,183	4,231,689	2,841,367	5,736,783	4,122,550	1,614,233	
Prior Period Adjustment	(10,148)	-	71	-	(10,077)	-	(10,077)	
Net assets - September 30th	\$ 1,391,302	\$ 1,505,094	\$ 5,124,693	\$ 4,231,689	\$ 6,515,995	\$ 5,736,783	\$ 779,212	

TOWN OF MILTON, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

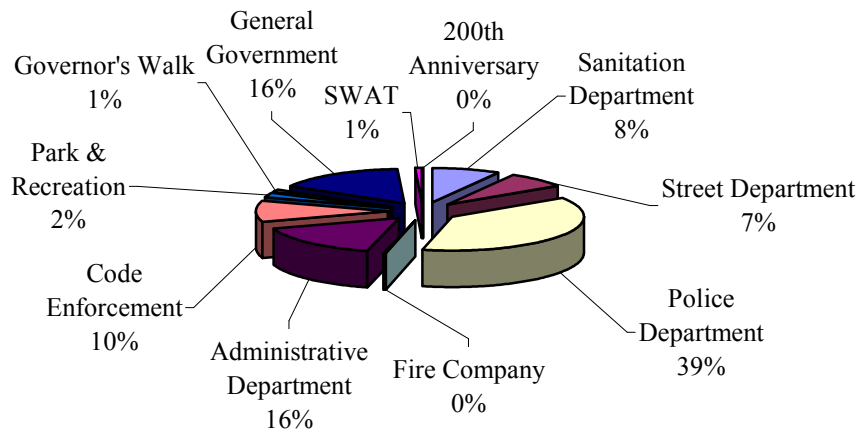
Governmental Activities 2005 Revenues



Business-Types Activities 2005 Revenues

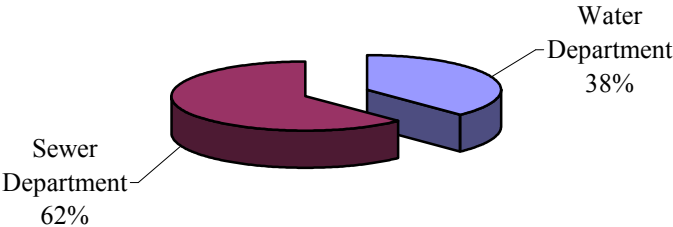


Governmental Activities 2005 Expenditures



TOWN OF MILTON, DELAWARE
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Business-Type Activities 2005 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 \$ 773,474. Approximately 86 % 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 (\$ 412,317) and Sewer \$ 1,524,888. The funds that had a net assets increase in 2005 are as follows: Water \$ 361,459 and Sewer \$ 531,474.

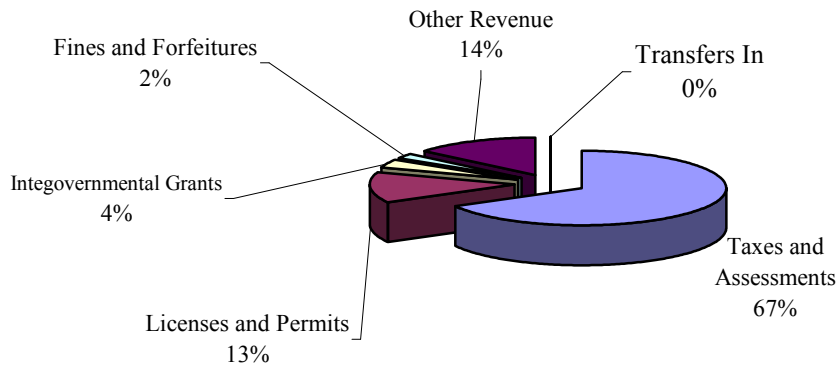
General Fund Budgetary Highlights – In the General Fund revenues exceeded budgetary expectations by \$ 754,646 while the departmental expenditures were greater than original budgeted expenditures by \$ 203,993.

The following schedule presents a summary of General Fund revenues and transfers in for the fiscal year ended September 30, 2005, 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, 2005

Revenues	September 30, 2005 Totals	Percentage of Total	September 30, 2004 Totals	Percentage of Total
Taxes and Assessments	\$ 1,067,551	67%	\$ 917,684	65%
Licenses and Permits	213,289	13%	110,935	8%
Integovernmental Grants	58,455	4%	64,035	5%
Fines and Forfeitures	35,280	2%	48,268	3%
Other Revenue	223,132	14%	177,801	13%
Transfers In	-	0%	95,565	100%
	<u>\$ 1,597,707</u>		<u>\$ 1,414,288</u>	

General Fund 2005 Revenues



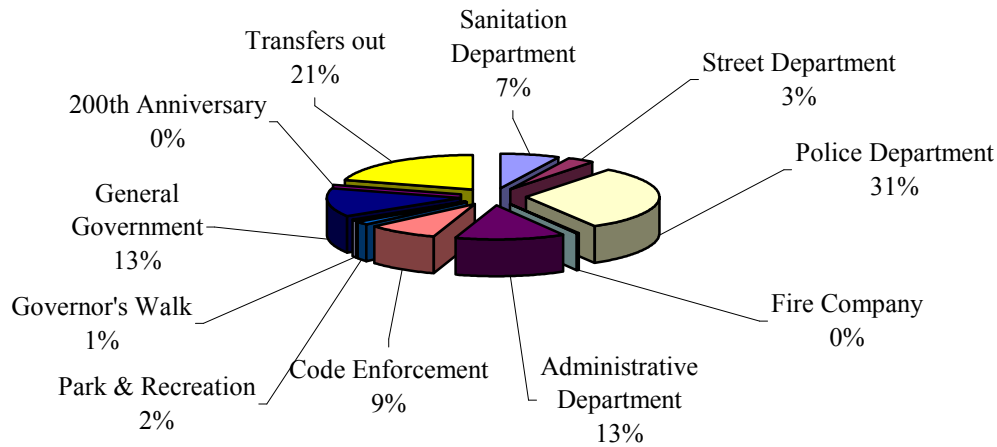
Current and prior year's property taxes, real estate transfer tax and sanitation user fees continue to represent the largest revenue sources, with \$ 1,200,871 or 75% of all General Fund revenues. An additional significant revenue increase of \$87,197 was realized in the area of building permits.

The following schedule represents a summary of General Fund expenditures and transfers out for the fiscal year ended September 30, 2005, 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, 2005

Expenditures	September 30, 2005 Totals	Percentage of Total	September 30, 2004 Totals	Percentage of Total
Sanitation Department	\$ 124,327	7%	\$ 104,253	10%
Street Department	56,025	3%	13,683	1%
Police Department	517,063	31%	504,114	48%
Fire Company	6,281	0%	11,281	1%
Administrative Department	228,042	13%	204,873	20%
Code Enforcement	147,992	9%	56,220	5%
Park & Recreation	31,410	2%	14,820	1%
Governor's Walk	14,600	1%	800	0%
General Government	228,497	13%	137,521	13%
200th Anniversary	1,495	0%	-	0%
Transfers out	350,963	21%	-	0%
	<u>\$ 1,706,695</u>		<u>\$ 1,047,565</u>	

General Fund 2005 Expenditures



The Town had a variety of reasons for the increase in expenditures of \$308,168 or 29% from the prior year to the current year. Some of the major increases were a result of higher costs of insurance, salaries and transfers out to other funds. The Town did increase the General Fund expenditures budget by 33%. The net result, expenditures compared to budget, is an unfavorable variance of \$ 203,993. The Town was able to maintain expenditures within current financial resources. However, the Town was not able to budget transfers out thus significantly reduced the general fund's available fund balance.

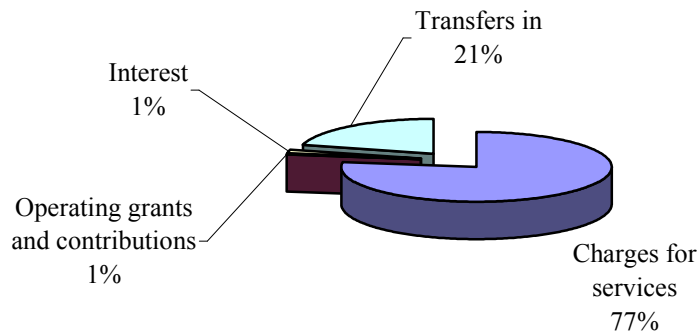
Proprietary Fund Budgetary Highlights – Revenues for the Proprietary Fund operations did exceed budgetary estimates by \$ 609,429 or 89%. On the other hand, current year revenues compared to prior year revenues decreased by 424,237 or 20%. Departmental expenditures were substantially higher than the original budgeted expenditures by \$366,832 or 88%.

TOWN OF MILTON, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

The following schedule presents a summary of Proprietary Fund revenues and transfers in for the fiscal year ended September 30, 2005, and the amount and percentage of increases and decreases in relation to prior year revenues:

Revenues	June 30, 2005 Totals	Percentage of Total	June 30, 2004 Totals	Percentage of Total
Charges for services	\$ 1,293,831	77%	\$ 2,090,754	99%
Operating grants and contributions	8,550	1%	-	0%
Interest	24,561	1%	11,388	1%
Transfers in	350,963	21%	-	0%
	<u>\$ 1,677,905</u>		<u>\$ 2,102,142</u>	

Proprietary Fund 2005 Revenues



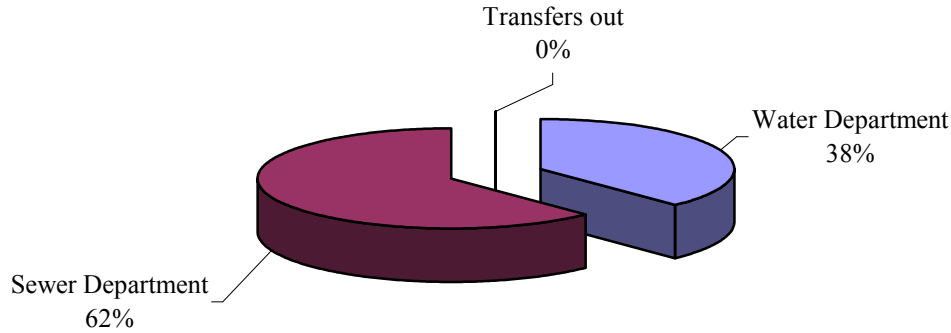
Service charges continue to represent the largest revenue sources, with \$1,293,831 or 77%. The most significant increase in revenue was transfers in from the General Fund.

The following schedule represents a summary of Proprietary Fund expenditures and transfers out for the fiscal year ended September 30, 2005, and the percentage of increases and decreases in relation to prior year amounts:

Revenues	June 30, 2005 Totals	Percentage of Total	June 30, 2004 Totals	Percentage of Total
Water Department	\$ 295,579	38%	\$ 201,817	28%
Sewer Department	489,393	62%	455,816	64%
Transfers out	-	0%	54,187	8%
	<u>\$ 784,972</u>		<u>\$ 711,820</u>	

TOWN OF MILTON, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Proprietary Fund 2005 Expenses



The were a variety of reasons for the increase in expenses of \$ 73,152 or 10% from the prior year to the current year. Some of the major increases are because of unbudgeted depreciation and interest expense, unexpected repairs and maintenance costs, as well as increases in salaries. The Town did increase the expenses budget in the Proprietary Fund by approximately 42%. However, this was not enough because the expenses had an unfavorable balance of \$ 366,832.

CAPITAL ASSETS

The Town of Milton's investment in capital assets for its governmental and business-type activities as of September 30, 2005, amounts to \$ 4,658,362 (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, improvements, infrastructure and construction in progress.

Capital Assets at Year-End
Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Totals		Amount Change
	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004	
Land	\$ 30,720	\$ 30,720	\$ -	\$ -	\$ 30,720	\$ 30,720	\$ -
Buildings	58,636	58,636	2,739,194	2,739,194	2,797,830	2,797,830	-
Improvements other than building	1,016,229	988,022	3,442,097	1,865,441	4,458,326	2,853,463	1,604,863
Machinery & equipment	313,792	304,155	646,107	646,107	959,899	950,262	9,637
Vehicle	165,074	165,074	151,423	151,423	316,497	316,497	-
Construction in process	-	-	-	919,652	-	919,652	(919,652)
Less: Accumulated Depreciation	(938,211)	(864,809)	(2,966,699)	(2,807,802)	(3,904,910)	(3,672,611)	(232,299)
Total	\$ 646,240	\$ 681,798	\$ 4,012,122	\$ 3,514,015	\$ 4,658,362	\$ 4,195,813	\$ 462,549

TOWN OF MILTON, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

New assets this year amounted to \$ 37,844 in the governmental activities fund and \$ 657,004 in the business-type activities fund. There was approximately \$ 28,206 worth of street work completed during the year as well as approximately \$ 8,508 in police equipment. A large portion of the business-type activities increase pertains to the water and sewer upgrades.

DEBT ADMINISTRATION

At the end of the current fiscal year, the Town of Milton had total loans payable of \$ 1,096,354. 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 <u>September 30, 2005</u>	Business-Type Activities <u>September 30, 2004</u>	Amount <u>Change</u>
SRF 2001 - Water Improvements	\$ 635,621	\$ 635,621	\$ -
SRF 2001 - Sewer Improvements	<u>460,733</u>	<u>284,031</u>	<u>176,702</u>
<u>Total</u>	<u>\$ 1,096,354</u>	<u>\$ 919,652</u>	<u>\$ 176,702</u>

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 101 Federal Street, Milton, Delaware 19968, call 302/684-4110.

BASIC FINANCIAL STATEMENTS

TOWN OF MILTON, DELAWARE
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2005

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 812,762	\$ 2,057,770	\$ 2,870,532
Accounts receivable	47,376	201,876	249,252
Interest receivable	-	1,282	1,282
Grants receivable	-	-	-
Due from other funds	29,652	-	29,652
Inventories	-	23,896	23,896
Unexpired insurance premiums	7,065	3,872	10,937
Prepaid maintenance	-	5,250	5,250
Capital assets:			
Land	30,720	-	30,720
Buildings	58,636	2,739,194	2,797,830
Improvements other than buildings	1,016,229	3,442,097	4,458,326
Machinery and equipment	313,792	646,107	959,899
Vehicles	165,074	151,423	316,497
Construction in process	-	-	-
Accumulated depreciation	(938,211)	(2,966,699)	(3,904,910)
	<u>\$ 1,543,095</u>	<u>\$ 6,306,068</u>	<u>\$ 7,849,163</u>
<u>Total Assets</u>	<u>\$ 1,543,095</u>	<u>\$ 6,306,068</u>	<u>\$ 7,849,163</u>

See accompanying notes to basic financial statements.

TOWN OF MILTON, DELAWARE
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2005

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	\$ 61,963	\$ 48,175	\$ 110,138
Accrued payroll taxes and withholdings	-	-	-
Accrued wages and vacation pay	10,773	26,052	36,825
Due to other funds	29,652	-	29,652
Accrued interest	-	10,794	10,794
Long-term liabilities			
Due within one year	-	-	-
Due in more than one year	28,381	1,096,354	1,124,735
Deferred revenue	21,024	-	21,024
	<u>\$ 151,793</u>	<u>\$ 1,181,375</u>	<u>\$ 1,333,168</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 646,240	\$ 4,012,122	\$ 4,658,362
Unrestricted	745,062	1,112,571	1,857,633
	<u>\$ 1,391,302</u>	<u>\$ 5,124,693</u>	<u>\$ 6,515,995</u>
	<u>\$ 1,543,095</u>	<u>\$ 6,306,068</u>	<u>\$ 7,849,163</u>

See accompanying notes to basic financial statements.

TOWN OF MILTON, DELAWARE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Program Activities	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Sanitation Department	\$ 124,327	\$ 133,320	\$ -	\$ -
Street Department	110,040	-	91,994	-
Police Department	553,656	35,280	62,094	-
Fire Company	6,281	-	-	-
Administrative Department	234,885	-	-	-
Code Enforcement	147,992	45,541	10,000	-
Park & Recreation	34,227	-	1,189	-
Governor's Walk	14,600	-	-	-
General Government	233,374	-	-	-
SWAT	12,308	-	15,420	-
200th Anniversary	1,495	-	-	-
Total Governmental Activities	\$ 1,473,185	\$ 214,141	\$ 180,697	\$ -
Business-type Activities:				
Water Department	\$ 295,579	\$ 461,139	\$ 8,550	\$ -
Sewer Department	489,393	832,692	-	-
Total Business-type Activities	\$ 784,972	\$ 1,293,831	\$ 8,550	\$ -
Total Government	\$ 2,258,157	\$ 1,507,972	\$ 189,247	\$ -

General revenues:

- Taxes
- Franchise fees
- Licenses and fees
- Interest
- Miscellaneous

Transfers

Total General revenues and transfers

Change in net assets

Net assets - October 1, 2004

Prior Period Adjustment

Net assets - September 30, 2005

See accompanying notes to basic financial statements.

Net (Expenses) Revenues
and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ 8,993	\$ -	\$ 8,993
(18,046)	-	(18,046)
(456,282)	-	(456,282)
(6,281)	-	(6,281)
(234,885)	-	(234,885)
(92,451)	-	(92,451)
(33,038)	-	(33,038)
(14,600)	-	(14,600)
(233,374)	-	(233,374)
3,112	-	3,112
(1,495)	-	(1,495)
<u>\$ (1,078,347)</u>	<u>\$ -</u>	<u>\$ (1,078,347)</u>
\$ -	\$ 174,110	\$ 174,110
-	343,299	343,299
<u>\$ -</u>	<u>\$ 517,409</u>	<u>\$ 517,409</u>
<u>\$ (1,078,347)</u>	<u>\$ 517,409</u>	<u>\$ (560,938)</u>
\$ 1,067,550	\$ -	\$ 1,067,550
13,114	-	13,114
213,289	-	213,289
3,314	24,561	27,875
28,399	-	28,399
(350,963)	350,963	-
<u>\$ 974,703</u>	<u>\$ 375,524</u>	<u>\$ 1,350,227</u>
\$ (103,644)	\$ 892,933	\$ 789,289
1,505,094	4,231,689	5,736,783
(10,148)	71	(10,077)
<u>\$ 1,391,302</u>	<u>\$ 5,124,693</u>	<u>\$ 6,515,995</u>

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TOWN OF MILTON, DELAWARE
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2005

	<u>General</u>	<u>Municipal Street Aid</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 712,275	\$ 73,564	\$ 26,923	\$ 812,762
Accounts receivable	47,376	-	-	47,376
Grant receivable	-	-	-	-
Due from other funds	1,446	28,206	-	29,652
Unexpired insurance premiums	7,065	-	-	7,065
	<u>768,162</u>	<u>101,770</u>	<u>26,923</u>	<u>896,855</u>
<u>Total Assets</u>	\$ 768,162	\$ 101,770	\$ 26,923	\$ 896,855
LIABILITIES AND FUND BALANCES				
<u>Liabilities:</u>				
Accounts payable	\$ 58,401	\$ 2,762	\$ 800	\$ 61,963
Accrued payroll taxes and withholdings	-	-	-	-
Accrued wages and vacation pay	10,773	-	-	10,773
Due to other funds	29,506	-	115	29,621
Deferred revenue	1,297	-	19,727	21,024
	<u>99,977</u>	<u>2,762</u>	<u>20,642</u>	<u>123,381</u>
<u>Total Liabilities</u>	\$ 99,977	\$ 2,762	\$ 20,642	\$ 123,381
<u>Fund Balances:</u>				
Unreserved	\$ 668,185	\$ -	\$ -	\$ 668,185
Reserved	-	98,977	6,281	105,258
	<u>668,185</u>	<u>98,977</u>	<u>6,281</u>	<u>773,443</u>
<u>Total Fund Balances</u>	\$ 668,185	\$ 98,977	\$ 6,281	\$ 773,443
<u>Total Liabilities and Fund Balances</u>	\$ 768,162	\$ 101,739	\$ 26,923	\$ 896,824

See accompanying notes to basic 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, 2005

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

Total Fund Balances for Government Funds \$ 773,443

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	1,584,451	
Accumulated Depreciation	<u>(938,211)</u>	<u>646,240</u>

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		<u>(28,381)</u>
----------------------	--	-----------------

Total Net Assets of Governmental Activities \$ 1,391,302

TOWN OF MILTON, DELAWARE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	<u>General</u>	<u>Municipal Street Aid</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues:</u>				
Taxes and Assessments	\$ 1,067,551	\$ -	\$ -	\$ 1,067,551
Licenses and Permits	213,289	-	-	213,289
Intergovernmental Grants	58,455	91,994	30,248	180,697
Fines and Forfeitures	35,280	-	-	35,280
Other Revenue	223,132	557	-	223,689
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Total Revenues</u>	\$ 1,597,707	\$ 92,551	\$ 30,248	\$ 1,720,506
<u>Expenditures:</u>				
Sanitation Department	\$ 124,327	\$ -	\$ -	\$ 124,327
Street Department	56,025	53,831	-	109,856
Police Department	517,063	-	14,828	531,891
Fire Company	6,281	-	-	6,281
Administrative Department	228,042	-	-	228,042
Code Enforcement	147,992	-	-	147,992
Park & Recreation	31,410	-	-	31,410
Governor's Walk	14,600	-	-	14,600
200th Anniversary	1,495	-	-	1,495
General Government	228,497	-	-	228,497
SWAT	-	-	12,309	12,309
Youth Soccer	-	-	928	928
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Total Expenditures</u>	\$ 1,355,732	\$ 53,831	\$ 28,065	\$ 1,437,628
<u>Excess Of Revenues Over (Under) Expenditures</u>	\$ 241,975	\$ 38,720	\$ 2,183	\$ 282,878
<u>Other Financing Sources (Uses):</u>				
Transfers to	\$ (350,963)	\$ -	\$ -	\$ (350,963)
Transfers from	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Total Other Financing Sources (Uses)</u>	\$ (350,963)	\$ -	\$ -	\$ (350,963)

See accompanying notes to basic financial statements.

TOWN OF MILTON, DELAWARE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	<u>General</u>	<u>Municipal Street Aid</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Net Change in Fund Balances</u>	\$ <u>(108,988)</u>	\$ <u>38,720</u>	\$ <u>2,183</u>	\$ <u>(68,085)</u>
<u>Fund balance - October 1, 2004</u>	777,103	63,862	4,098	845,063
<u>Prior Period Adjustment</u>	<u>71</u>	<u>(3,605)</u>	<u>-</u>	<u>(3,534)</u>
<u>Fund balance - September 30, 2005</u>	\$ <u><u>668,186</u></u>	\$ <u><u>98,977</u></u>	\$ <u><u>6,281</u></u>	\$ <u><u>773,444</u></u>

See accompanying notes to basic 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, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$	(68,085)
Governmental Fund Reports Capital Outlay as Expenditures		
Assets acquired	37,843	
Depreciation charges	<u>(73,402)</u>	<u>(35,559)</u>
Change in net assets of governmental activities	\$	<u><u>(103,644)</u></u>

See accompanying notes to basic financial statements.

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TOWN OF MILTON, DELAWARE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2005

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
ASSETS			
<u>Current Assets:</u>			
Cash - restricted	\$ 131,629	\$ 1,926,141	\$ 2,057,770
Accounts receivable	97,609	104,267	201,876
Inventories	21,577	2,319	23,896
Unexpired insurance premiums	744	3,128	3,872
Prepaid maintenance	5,250	-	5,250
Interest receivable	641	641	1,282
	<u>257,450</u>	<u>2,036,496</u>	<u>2,293,946</u>
<u>Total Current Assets</u>	\$ <u>257,450</u>	\$ <u>2,036,496</u>	\$ <u>2,293,946</u>
<u>Noncurrent Assets:</u>			
Capital assets:			
Buildings	\$ 2,993	\$ 2,736,201	\$ 2,739,194
Improvements other than buildings	2,283,855	1,158,242	3,442,097
Machinery and equipment	121,980	524,127	646,107
Vehicles	-	151,423	151,423
Construction in process	-	-	-
Accumulated depreciation	(794,972)	(2,171,727)	(2,966,699)
	<u>(794,972)</u>	<u>(2,171,727)</u>	<u>(2,966,699)</u>
<u>Total Noncurrent Assets</u>	\$ <u>1,613,856</u>	\$ <u>2,398,266</u>	\$ <u>4,012,122</u>
<u>TOTAL ASSETS</u>	\$ <u>1,871,306</u>	\$ <u>4,434,762</u>	\$ <u>6,306,068</u>
LIABILITIES			
<u>Current Liabilities:</u>			
Accounts payable	\$ 14,979	\$ 33,196	\$ 48,175
Accrued interest	6,388	4,406	10,794
	<u>21,367</u>	<u>37,602</u>	<u>58,969</u>
<u>Total Current Liabilities</u>	\$ <u>21,367</u>	\$ <u>37,602</u>	\$ <u>58,969</u>
<u>Noncurrent liabilities:</u>			
Accrued wages and vacation pay	\$ 12,779	\$ 13,273	\$ 26,052
Notes payable	635,621	460,733	1,096,354
	<u>648,400</u>	<u>474,006</u>	<u>1,122,406</u>
<u>Total Noncurrent Liabilities</u>	\$ <u>648,400</u>	\$ <u>474,006</u>	\$ <u>1,122,406</u>
<u>Total Liabilities</u>	\$ <u>669,767</u>	\$ <u>511,608</u>	\$ <u>1,181,375</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	\$ 1,613,856	\$ 2,398,266	\$ 4,012,122
Unrestricted	(412,317)	1,524,888	1,112,571
	<u>1,201,539</u>	<u>3,923,154</u>	<u>5,124,693</u>
<u>Total Net Assets</u>	\$ <u>1,201,539</u>	\$ <u>3,923,154</u>	\$ <u>5,124,693</u>
<u>Total Liabilities and Net Assets</u>	\$ <u>1,871,306</u>	\$ <u>4,434,762</u>	\$ <u>6,306,068</u>

See accompanying notes to the basic 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, 2005

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Operating revenues:</u>			
Other income	\$ 3,417	\$ 2,730	\$ 6,147
Penalties	-	328	328
Sale of meters	43,200	-	43,200
Service charges	337,587	381,308	718,895
Tapping fees	24,615	46,200	70,815
	<u>408,819</u>	<u>430,566</u>	<u>839,385</u>
<u>Total Operating Revenues</u>	<u>\$ 408,819</u>	<u>\$ 430,566</u>	<u>\$ 839,385</u>
<u>Operating expenses:</u>			
Advertising	\$ 177	\$ 1,888	\$ 2,065
Bond issuance	-	23,130	23,130
Depreciation	61,381	97,515	158,896
Employee benefits	28,714	20,293	49,007
Engineering	21,107	19,501	40,608
Equipment rental	100	4,994	5,094
Gas and oil	1,411	6,813	8,224
Insurance	-	3,676	3,676
Interest expense	27,627	14,167	41,794
Landfill fees	-	14,362	14,362
Miscellaneous	-	2,158	2,158
Payroll taxes	3,893	7,941	11,834
Pension	3,718	4,197	7,915
Postage	-	1,492	1,492
Repairs and maintenance	40,679	86,783	127,462
Salaries and labor	50,778	103,801	154,579
Supplies	44,133	32,197	76,330
Telephone	1,422	3,392	4,814
Tests	400	12,774	13,174
Training	175	100	275
Uniforms	-	4,586	4,586
Utilities	9,864	23,633	33,497
	<u>295,579</u>	<u>489,393</u>	<u>784,972</u>
<u>Total Operating Expenses</u>	<u>\$ 295,579</u>	<u>\$ 489,393</u>	<u>\$ 784,972</u>
<u>Operating Income (Loss)</u>	<u>\$ 113,240</u>	<u>\$ (58,827)</u>	<u>\$ 54,413</u>

See accompanying notes to the basic financial statements.

TOWN OF MILTON, DELAWARE
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
<u>Nonoperating revenues (expenses):</u>			
Grant revenue	\$ 8,550	\$ -	\$ 8,550
Impact fees	52,320	402,126	454,446
Interest income	3,269	21,292	24,561
<u>Total Non-Operating Revenues (Expenses)</u>	\$ 64,139	\$ 423,418	\$ 487,557
<u>Income (Loss) before Transfers</u>	\$ 177,379	\$ 364,591	\$ 541,970
<u>Operating Transfers In (Out)</u>	\$ 184,080	\$ 166,883	\$ 350,963
<u>Change in Net Assets</u>	\$ 361,459	\$ 531,474	\$ 892,933
<u>Net Assets - October 1, 2004</u>	(80,008)	1,255,588	1,175,580
<u>Prior Period Adjustment</u>	-	71	71
<u>Net Assets - September 30, 2005</u>	\$ 281,451	\$ 1,787,133	\$ 2,068,584

See accompanying notes to the basic financial statements.

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TOWN OF MILTON, DELWARE
PROPRIETARY FUNDS
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
<u>Cash Flows From Operating Activities:</u>			
Operating income (loss)	\$ 113,240	\$ (58,827)	\$ 54,413
Adjustments to reconcile operating income to net cash provided:			
Depreciation	61,382	97,515	158,897
(Increase) decrease in accounts receivable	(35,088)	(38,736)	(73,824)
(Increase) decrease in inventories	(4,308)	(291)	(4,599)
(Increase) decrease in prepaid insurance	874	3,676	4,550
(Increase) decrease in prepaid maintenance	2,000	-	2,000
(Increase) decrease in interest receivable	(641)	(641)	(1,282)
(Increase) decrease in construction in progress	635,621	284,031	919,652
Increase (decrease) in accounts payable	(98,994)	23,100	(75,894)
Increase (decrease) in accrued interest payable	673	1,603	2,276
Increase (decrease) in accrued compensated absences and wages	7,874	7,686	15,560
	<u>7,874</u>	<u>7,686</u>	<u>15,560</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ 682,633</u>	<u>\$ 319,116</u>	<u>\$ 1,001,749</u>
<u>Cash flows from noncapital financing activities:</u>			
Operating transfers in	\$ 184,080	\$ 166,883	\$ 350,963
<u>Cash flows from capital and related financing activities:</u>			
Acquisition of fixed assets	\$ (875,492)	\$ (701,164)	\$ (1,576,656)
Grant revenue	8,550	-	8,550
Impact fees	52,320	402,126	454,446
Notes payable	-	176,702	176,702
	<u>-</u>	<u>176,702</u>	<u>176,702</u>
<u>Net Cash Provided by Capital and Related Financing Activities</u>	<u>\$ (814,622)</u>	<u>\$ (122,336)</u>	<u>\$ (936,958)</u>
<u>Cash flow from investing activities:</u>			
Interest on cash and investments	\$ 3,269	\$ 21,292	\$ 24,561
<u>Net Increase (Decrease) in Cash and Cash Investments</u>	<u>\$ 55,360</u>	<u>\$ 384,955</u>	<u>\$ 440,315</u>
<u>Cash at October 1, 2004</u>	<u>76,269</u>	<u>1,541,115</u>	<u>1,617,384</u>
Prior Period Adjustment	-	71	71
<u>Cash at September 30, 2005</u>	<u>\$ 131,629</u>	<u>\$ 1,926,141</u>	<u>\$ 2,057,770</u>

See accompanying notes to basic 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, 2005

(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 City 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 hold 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, 2005

(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, Treatment Plant, and Trash Fund – This is used to account for the provision of water, sewer, sewage and trash collection 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, 2005

(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, 2005

(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, 2005

(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.

		<u>Proprietary Fund</u>
Ending Balance 9/30/04	\$	<u>101,236</u>
<u>Add:</u> Current Year Deposits		-
Current Year Interest		2,012
<u>Less:</u> Withdrawals		<u>(31,980)</u>
Ending Balance 9/30/05	\$	<u><u>71,268</u></u>
Accrued Interest at 9/30/05	\$	<u>211</u>

The interest rate for DELGIP fund fluctuated during the current fiscal year. The rate of interest at September 30, 2005 was 4.097234 %.

TOWN OF MILTON, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

(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, 2005

(8) Capital Assets (Continued)

	<u>General</u> <u>Fixed</u> <u>Assets</u>	<u>(Enterprise)</u> <u>Proprietary</u> <u>Fund</u>	<u>Total</u>
Land	\$ 30,720	\$ -	\$ 30,720
Buildings	58,636	2,739,194	2,797,830
Other improvements	1,016,229	3,442,097	4,458,326
Machinery and equipment	313,792	646,107	959,899
Vehicles	<u>165,074</u>	<u>151,423</u>	<u>316,497</u>
Total	\$ 1,584,451	\$ 6,978,821	\$ 8,563,272
Less: Accumulated depreciation	<u>(938,211)</u>	<u>(2,966,699)</u>	<u>(3,904,910)</u>
Capital Assets (Net of Accumulated Depreciation)	<u>\$ 646,240</u>	<u>\$ 4,012,122</u>	<u>\$ 4,658,362</u>

(9) Long-Term Debt

A. 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.

As of the fiscal year ending September 30, 2005, the Town has already received SRF loan proceeds of \$ 1,096,353 with \$ 41,794 in interest payments being made as of this date.

TOWN OF MILTON, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

(9) Long-Term Debt (Continued)

The following is a summary of bond, note and lease transactions for the year ended September 30, 2004:

	Beginning Balance 10/1/04	New Debt	Amounts Retired	Ending Balance 9/30/05
<u>Proprietary Fund:</u>				
SRF loan - water	635,621	-	-	635,621
SRF loan - sewer	284,031	176,701	-	460,732
<u>Total Proprietary Fund</u>	\$ 919,652	\$ 176,701	\$ -	\$ 1,096,353

(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, 2005 is as follows:

	Current	Long-term	Total
Administrative Department	\$ 863	\$ 1,805	\$ 2,668
Code Enforcement	-	5,532	5,532
Police Department	191	23,215	23,406
Public Works Department	1,516	19,975	21,491
<u>Total</u>	\$ 2,570	\$ 50,527	\$ 53,097

(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 \$ 28,152.

TOWN OF MILTON, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

(12) Cash

At June 30, 2005, the Town had \$ 759,602 on deposit with Wilmington Trust Company, \$ 2,038,697 on deposit with Citizens Bank, and \$666 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, 2005, the excess was approximately \$ 2,498,965. Both Wilmington Trust Company and Citizens Bank have pledged securities for the benefit of the Town of \$550,000 and \$2,843,000, 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.

<u>Year Ended</u>	<u>Amount</u>
9/30/2006	\$ 13,800
9/30/2007	13,800
9/30/2008	13,800
9/30/2009	13,800
9/30/2010	13,800
Thereafter	<u>13,800</u>

<u>Total Minimum Future</u>	
<u>Maintenance Payments</u>	<u>\$ 82,800</u>

(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.

TOWN OF MILTON, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

(16) Contributions In Aid Of Construction

This amount represents contributions in aid of construction received by the Town since 1978. It is composed of the following:

U.S. Economic Development Administration	\$ 94,625
U.S. Department of Housing and Urban Development	349,260
U.S. Environmental Protection Agency	1,887,628
State of Delaware - Department of Natural Resources and Environmental Control	248,393
State of Delaware - Division of Housing and Community Development	<u>206,522</u>
<u>Total</u>	<u>\$ 2,786,428</u>

(17) Accounts Receivable

This balance represents individual balances due the Town at September 30, 2005. The balance is comprised of the following:

Real estate taxes (including penalties)	\$ 9,127
Sidewalks	1,274
Water service charges	97,609
Sewer service charges	104,267
Trash	<u>36,975</u>
<u>Total</u>	<u>\$ 249,252</u>

(18) Inventories

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

(19) 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.

TOWN OF MILTON, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

(19) Budget Process (Continued)

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;
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.

(20) 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.

(21) Subsequent Events

During the upcoming fiscal year, the Town will be receiving significant funding from the State of Delaware for the rehabilitation of Mulberry Street. This project includes adding sidewalks, installation of new water lines and paving.

(22) Prior Period Adjustment

A prior period adjustment was made in the General Fund, Proprietary Fund, and Municipal Street Aid Fund to account for discrepancies found during the current fiscal year audit that affected the prior fiscal year. This adjustment focused around transfers in and out.

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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, 2005

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual Amounts	
<u>Revenues:</u>				
<u>Taxes And Assessments:</u>				
Real estate	\$ 350,000	\$ 350,000	\$ 327,525	\$ (22,475)
Transfer tax	165,000	165,000	740,026	575,026
<u>Total Taxes And Assessments</u>	<u>\$ 515,000</u>	<u>\$ 515,000</u>	<u>\$ 1,067,551</u>	<u>\$ 552,551</u>
 <u>Licenses And Permits:</u>				
Building permits	\$ 30,000	\$ 30,000	\$ 153,722	\$ 123,722
Licenses	27,500	27,500	43,792	16,292
Zoning variances	7,500	7,500	15,775	8,275
<u>Total Licenses And Permits</u>	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>\$ 213,289</u>	<u>\$ 148,289</u>
 <u>Intergovernmental Grants:</u>				
Criminal Justice grant	\$ -	\$ -	\$ 2,956	\$ 2,956
Highway Safety grant	-	-	14,115	14,115
Miscellaneous police grants	26,000	26,000	2,043	(23,957)
Ordinance grant	-	-	10,000	10,000
Park & Recreation grant	-	-	1,189	1,189
Police pension grant	-	-	28,152	28,152
<u>Total Intergovernmental Grants</u>	<u>\$ 26,000</u>	<u>\$ 26,000</u>	<u>\$ 58,455</u>	<u>\$ 32,455</u>
 <u>Fines And Forfeits:</u>				
Fine and court costs	\$ 40,000	\$ 40,000	\$ 35,280	\$ (4,720)
 <u>Other Revenue:</u>				
Dock rental	\$ 600	\$ 600	\$ 2,050	\$ 1,450
Donations	1,000	1,000	11,215	10,215
Franchise fee - cable television	11,472	11,472	13,114	1,642
Interest	150	150	2,758	2,608
Other receipts	1,030	1,030	7,971	6,941
Payment in lieu of taxes	5,000	5,000	2,500	(2,500)
Penalties	200	200	2,555	2,355

See accompanying notes to 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, 2005

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
			Amounts	Favorable
				(Unfavorable)
<u>Revenues: (Continued)</u>				
<u>Other Revenue: (Continued)</u>				
Professional fees collected	\$ -	\$ -	\$ 45,541	\$ 45,541
Sanitation rebate	-	-	2,108	2,108
Service charges and user fees	129,960	129,960	133,320	3,360
<u>Total Other Revenue</u>	<u>\$ 149,412</u>	<u>\$ 149,412</u>	<u>\$ 223,132</u>	<u>\$ 73,720</u>
<u>Total Revenue</u>	<u>\$ 795,412</u>	<u>\$ 795,412</u>	<u>\$ 1,597,707</u>	<u>\$ 802,295</u>
 <u>Expenditures:</u>				
<u>Sanitation Department:</u>				
User fees	\$ 110,905	\$ 110,905	\$ 124,327	\$ (13,422)
 <u>Street Department:</u>				
Capital expenditures	\$ -	\$ -	\$ 42,891	\$ (42,891)
Miscellaneous	-	-	700	(700)
Payroll taxes	-	-	549	(549)
Salaries and labor	-	-	7,170	(7,170)
Supplies	-	-	4,715	(4,715)
<u>Total Street Department</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,025</u>	<u>\$ (56,025)</u>
 <u>Police Department:</u>				
Advertising	\$ 500	\$ 500	\$ 593	\$ (93)
Capital expenditures	103,000	103,000	-	103,000
Dry cleaning	1,500	1,500	643	857
Employee benefits and insurance	93,898	93,898	76,195	17,703
Gas & oil	15,000	15,000	12,816	2,184
Membership dues	1,000	1,000	180	820
Miscellaneous	2,900	2,900	3,022	(122)
Payroll taxes	19,662	19,662	24,830	(5,168)
Repairs and maintenance	24,000	24,000	19,914	4,086
Salaries and labor	275,436	275,436	317,696	(42,260)
Supplies	8,000	8,000	19,799	(11,799)

See accompanying notes to 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, 2005

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Favorable (Unfavorable)
<u>Expenditures: (Continued)</u>				
<u>Police Department: (Continued)</u>				
Telephone	\$ 15,700	\$ 15,700	\$ 20,228	\$ (4,528)
Training	5,000	5,000	4,786	214
Uniforms	4,000	4,000	16,361	(12,361)
<u>Total Police Department</u>	<u>\$ 569,596</u>	<u>\$ 569,596</u>	<u>\$ 517,063</u>	<u>\$ 52,533</u>
 <u>Fire Company:</u>				
Allotment	\$ 6,200	\$ 6,200	\$ 6,200	\$ -
Utilities	-	-	81	(81)
<u>Total Fire Company</u>	<u>\$ 6,200</u>	<u>\$ 6,200</u>	<u>\$ 6,281</u>	<u>\$ (81)</u>
 <u>Administrative Department:</u>				
Advertising	\$ 1,000	\$ 1,000	\$ 4,394	\$ (3,394)
Building maintenance	3,000	3,000	2,351	649
Capital expenditures	10,000	10,000	5,371	4,629
Employee benefits and insurance	49,950	49,950	35,896	14,054
Equipment maintenance	7,500	7,500	7,227	273
Mileage	400	400	1,291	(891)
Miscellaneous	1,500	1,500	4,443	(2,943)
Payroll processing	-	-	3,639	(3,639)
Payroll taxes	10,447	10,447	10,597	(150)
Printing and postage	5,450	5,450	2,907	2,543
Salaries and labor	135,299	135,299	124,452	10,847
Supplies	8,000	8,000	6,582	1,418
Telephone	3,200	3,200	5,845	(2,645)
Training	2,000	2,000	6,559	(4,559)
Utilities	4,400	4,400	6,488	(2,088)
<u>Total Administrative Department</u>	<u>\$ 242,146</u>	<u>\$ 242,146</u>	<u>\$ 228,042</u>	<u>\$ 14,104</u>

See accompanying notes to 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, 2005

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual Amounts	
<u>Expenditures: (Continued)</u>				
<u>Code Enforcement Department:</u>				
Advertising	\$ 800	\$ 800	\$ 2,274	\$ (1,474)
Auto expense	500	500	454	46
Capital expenditures	2,500	2,500	-	2,500
Consultant fees	7,000	7,000	98,327	(91,327)
Employee benefits and insurance	13,148	13,148	12,803	345
Gas & oil	350	350	121	229
Payroll taxes	2,207	2,207	2,327	(120)
Postage	150	150	126	24
Salaries and labor	29,122	29,122	30,417	(1,295)
Supplies	1,700	1,700	399	1,301
Training	800	800	599	201
Uniforms	150	150	145	5
<u>Total Code Enforcement</u>	<u>\$ 58,427</u>	<u>\$ 58,427</u>	<u>\$ 147,992</u>	<u>\$ (89,565)</u>
 <u>Park & Recreation:</u>				
Concert in the Park expenses	\$ -	\$ -	\$ 8,771	\$ (8,771)
Operating expenses	-	-	296	(296)
Payroll taxes	-	-	229	(229)
Rails to Trails expense	-	-	9,027	(9,027)
Repairs and maintenance	-	-	1,841	(1,841)
Salaries	-	-	2,699	(2,699)
Supplies	-	-	8,427	(8,427)
Utilities	-	-	120	(120)
<u>Total Park & Recreation</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,410</u>	<u>\$ (31,410)</u>
 <u>Governor's Walk:</u>				
Supplies	\$ -	\$ -	\$ 14,600	(14,600)
 <u>200th Anniversary:</u>				
Supplies	\$ -	\$ -	\$ 1,495	(1,495)

See accompanying notes to 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, 2005

	Budgeted Amounts			Actual	
	Original	Final		Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Expenditures: (Continued)</u>					
<u>General Expenditures:</u>					
Christmas lighting	\$ 600	\$ 600	\$	1,164	\$ (564)
Council salaries and expense	-	-		6,276	(6,276)
Donations	-	-		12,500	(12,500)
Dues and subscriptions	1,200	1,200		2,232	(1,032)
Engineering fees	10,000	10,000		11,349	(1,349)
Election expense	500	500		375	125
Insurance	97,500	97,500		121,485	(23,985)
Miscellaneous	-	-		7,405	(7,405)
Professional fees	26,750	26,750		46,391	(19,641)
Property assessment	15,000	15,000		19,320	(4,320)
Unemployment payments	250	250		-	250
	<u>151,800</u>	<u>151,800</u>	<u>\$</u>	<u>228,497</u>	<u>\$ (76,697)</u>
<u>Total General Expenditures</u>					
	<u>\$ 1,139,074</u>	<u>\$ 1,139,074</u>	<u>\$</u>	<u>1,355,732</u>	<u>\$ (216,658)</u>
<u>Total Expenditures</u>					
<u>Excess Of Revenues Over (Under) Expendi</u>	<u>\$ (343,662)</u>	<u>\$ (343,662)</u>	<u>\$</u>	<u>241,975</u>	<u>\$ 585,637</u>
<u>Other Financing Sources (Uses):</u>					
Transfer from Enterprise Fund	\$ -	\$ -	\$	(350,963)	(350,963)
<u>Excess Of Revenues And Over Financing</u>					
<u>Sources Over (Under) Expenditures And</u>					
<u>Other Financing Uses</u>	<u>\$ (343,662)</u>	<u>\$ (343,662)</u>	<u>\$</u>	<u>(108,988)</u>	<u>\$ 234,674</u>
<u>Fund Balance - October 1, 2004</u>				<u>777,103</u>	
<u>Prior Period Adjustment</u>				71	
<u>Fund Balance - September 30, 2005</u>			<u>\$</u>	<u>668,186</u>	

See accompanying notes to 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, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Actual</u>	<u>Actual Amounts</u>	
<u>Operating Revenue:</u>				
Service charges	\$ 621,602	\$ 621,602	\$ 718,895	\$ 97,293
Tapping fees	30,000	30,000	70,815	40,815
Sale of meters	12,000	12,000	43,200	31,200
Penalties	1,000	1,000	328	(672)
Other income	3,300	3,300	6,147	2,847
	<u>\$ 667,902</u>	<u>\$ 667,902</u>	<u>\$ 839,385</u>	<u>\$ 171,483</u>
 <u>Operating Expenses:</u>				
<u>Water Department:</u>				
Advertising	\$ 100	\$ 100	\$ 177	\$ (77)
Depreciation	-	-	61,381	(61,381)
Employee benefits	23,906	23,906	28,714	(4,808)
Engineering fees	15,000	15,000	21,107	(6,107)
Equipment rental	-	-	100	(100)
Gas and oil	-	-	1,411	(1,411)
Interest	-	-	27,627	(27,627)
Payroll taxes	4,929	4,929	3,893	1,036
Pension	2,538	2,538	3,718	(1,180)
Repairs and maintenance	39,800	39,800	40,679	(879)
Salaries and labor	63,302	63,302	50,778	12,524
Supplies	21,500	21,500	44,133	(22,633)
Telephone	2,490	2,490	1,422	1,068
Tests	-	-	400	(400)
Training	200	200	175	25
Utilities	9,000	9,000	9,864	(864)
	<u>\$ 182,765</u>	<u>\$ 182,765</u>	<u>\$ 295,579</u>	<u>\$ (112,814)</u>
 <u>Sewer Department:</u>				
Advertising	\$ 100	\$ 100	\$ 1,888	\$ (1,788)
Bond issuance	-	-	23,130	(23,130)
Capital expenditures	5,733	5,733	-	5,733
Depreciation	-	-	97,515	(97,515)

See accompanying notes to 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, 2005

	Budgeted Amounts			Variance with
	Original	Actual	Actual	Final Budget
			Amounts	Favorable
				(Unfavorable)
<u>Operating Expenses: (Continued)</u>				
<u>Sewer Department:</u>				
Employee benefits	\$ 25,595	\$ 25,595	\$ 20,293	\$ 5,302
Engineering	20,000	20,000	19,501	499
Equipment rental	700	700	4,994	(4,294)
Gas and oil	3,700	3,700	6,813	(3,113)
Insurance	-	-	3,676	(3,676)
Landfill fees	6,000	6,000	14,362	(8,362)
Miscellaneous	-	-	2,158	(2,158)
Payroll taxes	6,443	6,443	7,941	(1,498)
Pension expense	3,756	3,756	4,197	(441)
Postage	-	-	1,492	(1,492)
Repairs and maintenance	25,250	25,250	86,783	(61,533)
Salaries and labor	83,088	83,088	103,801	(20,713)
Supplies	28,000	28,000	32,197	(4,197)
Telephone	1,010	1,010	3,392	(2,382)
Tests	-	-	12,774	(12,774)
Training	400	400	100	300
Uniforms	4,600	4,600	4,586	14
Utilities	21,000	21,000	23,633	(2,633)
	<u>\$ 235,375</u>	<u>\$ 235,375</u>	<u>\$ 475,226</u>	<u>\$ (239,851)</u>
<u>Total Operating Expenses</u>	<u>\$ 418,140</u>	<u>\$ 418,140</u>	<u>\$ 770,805</u>	<u>\$ (352,665)</u>
<u>Operating Income (Loss)</u>	<u>\$ 249,762</u>	<u>\$ 249,762</u>	<u>\$ 68,580</u>	<u>\$ (181,182)</u>
 <u>Non-Operating Revenue (Expenses):</u>				
Grant income	\$ -	\$ -	\$ 8,550	\$ 8,550
Impact fees	16,500	16,500	454,446	437,946
Interest income	-	-	24,561	24,561
	<u>\$ 16,500</u>	<u>\$ 16,500</u>	<u>\$ 487,557</u>	<u>\$ 471,057</u>
<u>Income Before Operating Transfers</u>	<u>\$ 266,262</u>	<u>\$ 266,262</u>	<u>\$ 556,137</u>	<u>\$ 289,875</u>

See accompanying notes to 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, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Actual</u>	<u>Actual Amounts</u>	
<u>Operating Transfers (Out) to General Fund</u>	\$ -	\$ -	\$ 350,963	\$ 350,963
<u>Net Income</u>	\$ <u>266,262</u>	\$ <u>266,262</u>	\$ 907,100	\$ <u>640,838</u>
<u>Fund Equity - October 1, 2004</u>			4,231,689	
<u>Prior Period Adjustment</u>			<u>71</u>	
<u>Fund Equity - September 30, 2005</u>			\$ <u>5,138,860</u>	

See accompanying notes to financial statements.

COMBINING FUND STATEMENTS

TOWN OF MILTON, DELAWARE
COMBINING BALANCE SHEET - GENERAL FUND
AS OF SEPTEMBER 30, 2005

(With Comparative Amounts As Of September 30, 2004, 2003, 2002)

ASSETS

	<u>2005</u>	<u>2004</u>
Cash	\$ 712,275	\$ 748,013
Accounts Receivable	47,376	44,249
Inventory	-	-
Unexpired insurance premiums	7,065	30,354
Due from other funds	<u>1,446</u>	<u>-</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 768,162</u>	 <u>\$ 822,616</u>

LIABILITIES AND FUND EQUITY

Liabilities:

Accounts payable	\$ 58,401	\$ 27,696
Accrued payroll taxes and withholdings	-	5,203
Accrued wages and vacation pay	10,773	10,209
Due to other funds	29,506	-
Deferred revenue	<u>1,297</u>	<u>2,405</u>
 <u>Total Liabilities</u>	 <u>\$ 99,977</u>	 <u>\$ 45,513</u>

Fund Balances - Unreserved

\$ 668,185 \$ 777,103

TOTAL LIABILITIES AND FUND EQUITY

\$ 768,162 \$ 822,616

<u>2003</u>	<u>2002</u>
\$ 425,259	\$ 218,240
60,798	45,889
2,432	1,632
16,203	12,811
<u>-</u>	<u>-</u>
<u>\$ 504,692</u>	<u>\$ 278,572</u>
\$ 49,485	\$ 29,364
3,460	(592)
6,403	3,708
-	-
<u>34,964</u>	<u>50,384</u>
<u>\$ 94,312</u>	<u>\$ 82,864</u>
<u>\$ 410,380</u>	<u>\$ 195,708</u>
<u>\$ 504,692</u>	<u>\$ 278,572</u>

TOWN OF MILTON, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2005

(With Comparative Amounts For The Years Ended September 30, 2004, 2003, 2002)

	2005	2004	2003	2002
<u>Revenues:</u>				
<u>Taxes And Assessments:</u>				
Real estate tax	\$ 327,525	\$ 319,157	\$ 234,751	\$ 224,597
Transfer tax	740,026	598,527	277,608	169,249
<u>Total Taxes And Assessments</u>	<u>\$ 1,067,551</u>	<u>\$ 917,684</u>	<u>\$ 512,359</u>	<u>\$ 393,846</u>
<u>Licenses And Permits:</u>				
Building permits	\$ 153,722	\$ 66,525	\$ 46,784	\$ 76,133
Licenses	43,792	34,700	21,560	15,545
Zoning variances	15,775	9,710	2,426	2,459
<u>Total Licenses And Permits</u>	<u>\$ 213,289</u>	<u>\$ 110,935</u>	<u>\$ 70,770</u>	<u>\$ 94,137</u>
<u>Intergovernmental Grants:</u>				
Bureau of Justice Assistant grant	\$ -	\$ -	\$ 976	\$ -
Criminal Justice grant	2,956	-	-	7,936
DEMA grant	-	-	2,218	-
Governor's Walk grant	-	-	-	139
Highway Safety Police grant	14,115	11,210	7,653	2,800
Miscellaneous police grants	2,043	23,408	-	-
Ordinance grant	10,000	-	-	-
Park & Recreation grant	1,189	-	-	-
Police Pension grant	28,152	25,123	23,505	13,487
Sidewalk grant	-	4,294	-	-
Suburban Street grant	-	-	-	100,645
SWAT	-	-	-	31,355
<u>Total Intergovernmental Grants</u>	<u>\$ 58,455</u>	<u>\$ 64,035</u>	<u>\$ 34,352</u>	<u>\$ 156,362</u>
<u>Fines and Forfeits:</u>				
Fines and court costs	\$ 35,280	\$ 48,268	\$ 47,971	\$ 21,473
<u>Other Revenues:</u>				
Dock rental	\$ 2,050	\$ 1,050	\$ -	\$ -
Donations	11,215	5,150	450	1,650
Franchise fee - cable television	13,114	11,472	10,509	9,513
Interest	2,758	8,156	3,090	2,663
Other receipts	7,971	17,579	7,250	1,681
Payment in lieu of taxes	2,500	2,500	2,500	2,500

See accompanying notes to financial statements.

TOWN OF MILTON, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2005

(With Comparative Amounts For The Years Ended September 30, 2004, 2003, 2002)

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>Revenue: (Continued)</u>				
<u>Other Revenue: (Continued)</u>				
Penalties	\$ 2,555	\$ 144	\$ 2,343	\$ 2,343
Professional fees collected	45,541	-	-	-
Sale of assets	-	-	3,776	-
Sanitation rebate	2,108	-	4,508	9,159
Service charges and user fees	133,320	131,750	105,905	105,316
Youth Soccer	-	-	-	313
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Total Other Revenue</u>	<u>\$ 223,132</u>	<u>\$ 177,801</u>	<u>\$ 140,331</u>	<u>\$ 135,138</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Total Revenue</u>	<u>\$ 1,597,707</u>	<u>\$ 1,318,723</u>	<u>\$ 805,783</u>	<u>\$ 800,956</u>
 <u>Expenditures:</u>				
<u>Sanitation Department:</u>				
Disposal services	\$ -	\$ -	\$ 91,935	\$ -
Gas and oil	-	-	-	1,577
Miscellaneous	-	-	-	35
Payroll taxes	-	4	263	1,940
Salaries and labor	-	52	1,572	21,151
Truck expense	-	-	(906)	10,051
User fees	124,327	104,197	1,200	55,802
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Total Sanitation Department</u>	<u>\$ 124,327</u>	<u>\$ 104,253</u>	<u>\$ 94,064</u>	<u>\$ 90,556</u>
 <u>Street Department:</u>				
Capital expenditures	\$ 42,891	\$ -	\$ -	\$ -
Gas and oil	-	-	827	1,015
Miscellaneous	700	7,300	3,643	-
Payroll taxes	549	352	636	299
Repairs and maintenance	-	511	630	1,438
Salaries and labor	7,170	4,603	8,577	3,815
Supplies	4,715	917	480	1,313
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Total Street Department</u>	<u>\$ 56,025</u>	<u>\$ 13,683</u>	<u>\$ 14,793</u>	<u>\$ 7,880</u>
 <u>Police Department:</u>				
Advertising	\$ 593	\$ 78	\$ 331	\$ 316
Auto expense	-	-	10,688	8,888

See accompanying notes to financial statements.

TOWN OF MILTON, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2005

(With Comparative Amounts For The Years Ended September 30, 2004, 2003, 2002)

	2005	2004	2003	2002
<u>Expenditures: (Continued)</u>				
<u>Police Department: (Continued)</u>				
Capital expenditures	\$ -	\$ 32,230	\$ 11,126	\$ 3,235
Dry cleaning	643	546	609	266
Employee benefits and insurance	76,195	76,964	73,350	38,355
Gas and oil	12,816	12,912	12,464	3,857
Membership dues	180	705	130	-
Miscellaneous	3,022	1,293	312	10,272
Payroll taxes	24,830	23,220	19,679	16,710
Repairs and maintenance	19,914	24,308	6,067	1,635
Return of grant monies	-	-	10,722	216,201
Salaries and labor	317,696	297,176	262,882	15,454
Supplies	19,799	12,137	13,249	4,194
Telephone	20,228	10,904	10,939	-
Tests	-	-	-	8,140
Training	4,786	5,314	5,704	8,579
Uniforms	16,361	6,327	8,433	-
	<u>\$ 517,063</u>	<u>\$ 504,114</u>	<u>\$ 446,685</u>	<u>\$ 336,102</u>
<u>Fire Company:</u>				
Allotment	\$ 6,200	\$ 11,200	\$ -	\$ 5,000
Utilities	81	81	80	80
	<u>\$ 6,281</u>	<u>\$ 11,281</u>	<u>\$ 80</u>	<u>\$ 5,080</u>
<u>Administrative Department:</u>				
Advertising	\$ 4,394	\$ 708	\$ 1,171	\$ 1,371
Building maintenance	2,351	255	260	516
Capital expenditure	5,371	12,000	44,517	3,929
Employee benefits and insurance	35,896	43,060	30,252	18,217
Equipment maintenance	7,227	14,396	8,004	6,724
Mileage	1,291	501	319	-
Miscellaneous	4,443	2,906	362	(125)
Payroll processing	3,639	-	-	-
Payroll taxes	10,597	7,036	6,323	4,428
Printing and postage	2,907	4,880	6,090	5,006

See accompanying notes to financial statements.

TOWN OF MILTON, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2005

(With Comparative Amounts For The Years Ended September 30, 2004, 2003, 2002)

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>Expenditures: (Continued)</u>				
<u>Administrative Department:</u>				
Salaries and labor	\$ 124,452	\$ 91,254	\$ 84,726	\$ 58,372
Supplies	6,582	6,568	8,480	7,284
Telephone	5,845	3,588	3,515	3,547
Training	6,559	12,366	2,076	1,604
Utilities	6,488	5,355	4,490	3,574
	<u>228,042</u>	<u>204,873</u>	<u>200,585</u>	<u>114,447</u>
<u>Total Administrative Department</u>				
<u>Code Enforcer:</u>				
Advertising	\$ 2,274	\$ 584	\$ 528	\$ 1,043
Auto expense	454	16	25	498
Consultant fees	98,327	10,988	15,450	-
Employee benefits and insurance	12,803	11,658	9,605	2,852
Gas and oil	121	1,519	-	-
Mileage	-	55	60	-
Payroll taxes	2,327	2,190	1,975	2,056
Postage	126	132	16	-
Salary	30,417	28,538	26,560	28,836
Supplies	399	210	1,009	170
Training	599	330	456	30
Uniforms	145	-	-	-
	<u>147,992</u>	<u>56,220</u>	<u>55,684</u>	<u>35,485</u>
<u>Total Code Enforcer</u>				
<u>Park & Recreation:</u>				
Capital expenditures	\$ -	\$ -	\$ -	\$ 45,825
Concert in the Park expenses	8,771	6,635	-	-
Miscellaneous	-	-	-	3,052
Operating expenses	296	961	-	-
Payroll taxes	229	372	-	353
Rails to Trails expenses	9,027	-	-	-
Repairs and maintenance	1,841	542	-	2,006
Salaries	2,699	5,127	-	3,782
Supplies	8,427	1,075	-	3,233
Utilities	120	108	-	226
	<u>31,410</u>	<u>14,820</u>	<u>-</u>	<u>58,477</u>
<u>Total Park & Recreation</u>				

See accompanying notes to financial statements.

TOWN OF MILTON, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2005

(With Comparative Amounts For The Years Ended September 30, 2004, 2003, 2002)

	2005	2004	2003	2002
<u>Expenditures: (Continued)</u>				
<u>Governor's Walk:</u>				
Supplies	\$ 14,600	\$ 800	\$ -	\$ -
<u>200th Anniversary:</u>				
Supplies	\$ 1,495	\$ -	\$ -	\$ -
<u>General Government:</u>				
Christmas lighting	\$ 1,164	\$ 320	\$ 431	\$ 1,504
Council salaries and expense	6,276	2,067	4,893	2,397
Donations	12,500	-	5,332	6,257
Dues and subscriptions	2,232	1,477	1,181	1,028
Engineering fees	11,349	14,754	17,337	27,298
Election expense	375	509	375	-
Gas	-	-	-	1,284
Insurance	121,485	69,812	62,761	48,135
Miscellaneous	7,405	10,161	4,994	-
Professional fees	46,391	23,700	21,057	14,983
Property assessment	19,320	14,717	11,936	10,289
Sidewalks	-	-	-	106,870
SWAT reimbursements	-	-	-	34,902
Unemployment payments	-	4	6,257	-
Youth Soccer supplies	-	-	-	592
<u>Total General Government</u>	\$ 228,497	\$ 137,521	\$ 136,554	\$ 255,539
<u>Total Expenditures</u>	\$ 1,355,732	\$ 1,047,565	\$ 948,445	\$ 903,566
<u>Excess Of Revenues Over (Under) Expenditures</u>	\$ 241,975	\$ 271,158	\$ (142,662)	\$ (102,610)
<u>Other Financing Sources:</u>				
Transfer to other funds	\$ (350,963)	\$ (11,644)	\$ (4,723)	\$ (29,521)
Transfer from other funds	-	107,209	362,057	217,101
<u>Total Other Financing Sources</u>	\$ (350,963)	\$ 95,565	\$ 357,334	\$ 187,580

See accompanying notes to financial statements.

TOWN OF MILTON, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2005

(With Comparative Amounts For The Years Ended September 30, 2004, 2003, 2002)

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>Excess Of Revenues And Other Financing</u>				
<u>Sources Over (Under) Expenditures</u>	\$ <u>(108,988)</u>	\$ <u>366,723</u>	\$ <u>214,672</u>	\$ <u>84,970</u>
<u>Fund Balance - October 1st</u>	777,103	410,380	195,708	110,738
<u>Prior Period Adjustment</u>	<u>71</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balance - September 30th</u>	<u>\$ 668,186</u>	<u>\$ 777,103</u>	<u>\$ 410,380</u>	<u>\$ 195,708</u>

See accompanying notes to financial statements.

TOWN OF MILTON, DELAWARE
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
AS OF SEPTEMBER 30, 2005

(With Comparative Amounts As Of September 30, 2004, 2003, 2002)

<u>ASSETS</u>	<u>Municipal Street Aid</u>	<u>State Aid To Local Law Enforcement</u>	<u>Emergency Illegal Drug Enforcement</u>
Cash - restricted	\$ 73,564	\$ 9,145	\$ 11,497
Grant receivable	-	-	-
Due from other funds	<u>28,206</u>	<u>-</u>	<u>-</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 101,770</u>	 <u>\$ 9,145</u>	 <u>\$ 11,497</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 2,762	\$ 800	\$ -
Accrued payroll tax and wages	-	-	-
Deferred revenue	-	8,345	11,382
Due to other funds	<u>31</u>	<u>-</u>	<u>115</u>
 <u>Total Liabilities</u>	 <u>\$ 2,793</u>	 <u>\$ 9,145</u>	 <u>\$ 11,497</u>
 <u>Fund Balance - Reserved</u>	 <u>\$ 98,977</u>	 <u>\$ -</u>	 <u>\$ -</u>
 <u>TOTAL LIABILITIES AND FUND EQUITY</u>	 <u>\$ 101,770</u>	 <u>\$ 9,145</u>	 <u>\$ 11,497</u>

See accompanying notes to financial statements.

SWAT	Youth Soccer	Totals (Memorandum Only)			
		2005	2004	2003	2002
\$ 6,281	\$ -	\$ 100,487	\$ 45,436	\$ 136,324	\$ 60,335
-	-	-	38,646	30,008	30,608
-	-	28,206	3,574	-	458
<u>6,281</u>	<u>-</u>	<u>128,693</u>	<u>\$ 87,656</u>	<u>\$ 166,332</u>	<u>\$ 91,401</u>
\$ -	\$ -	3,562	\$ 2,488	\$ 5,599	\$ -
-	-	-	-	96	-
-	-	19,727	17,093	20,550	10,506
-	-	146	115	-	-
<u>-</u>	<u>-</u>	<u>23,435</u>	<u>\$ 19,696</u>	<u>\$ 26,245</u>	<u>\$ 10,506</u>
<u>\$ 6,281</u>	<u>\$ -</u>	<u>\$ 105,258</u>	<u>\$ 67,960</u>	<u>\$ 140,087</u>	<u>\$ 80,895</u>
<u>\$ 6,281</u>	<u>\$ -</u>	<u>\$ 128,693</u>	<u>\$ 87,656</u>	<u>\$ 166,332</u>	<u>\$ 91,401</u>

TOWN OF MILTON, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

(With Comparative Amounts For The Years Ended September 30, 2004, 2003, 2002)

		<u>Municipal</u>	<u>State Aid</u>	<u>Emergency</u>		
		<u>Street</u>	<u>To Local Law</u>	<u>Illegal Drug</u>	<u>SWAT</u>	<u>Youth</u>
		<u>Aid</u>	<u>Enforcement</u>	<u>Enforcement</u>		<u>Soccer</u>
<u>Revenues:</u>						
Donations	\$	-	\$ -	\$ -	\$ -	\$ -
Intergovernmental grants		91,994	5,838	2,494	15,420	-
Interest		557	-	-	-	-
Boat dock rental		-	-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Total Revenues</u>	\$	<u>92,551</u>	\$ <u>5,838</u>	\$ <u>2,494</u>	\$ <u>15,420</u>	\$ <u>-</u>
<u>Expenditures:</u>						
<u>Street Department:</u>						
Capital expenditures	\$	-	\$ -	\$ -	\$ -	\$ -
Interest expense		-	-	-	-	-
Miscellaneous		100	-	-	-	-
Paving and signage		12,597	-	-	-	-
Repairs & maintenance		-	-	-	-	-
Street lighting		30,700	-	-	-	-
Supplies		10,434	-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Total Street Department</u>	\$	<u>53,831</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
<u>Police Department:</u>						
Capital expenditures	\$	-	\$ 2,105	\$ -	\$ -	\$ -
Drug informants		-	-	-	-	-
Equipment		-	-	-	-	-
Salaries		-	-	2,250	-	-
Supplies		-	3,733	244	-	-
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Total Police Department</u>	\$	<u>-</u>	\$ <u>5,838</u>	\$ <u>2,494</u>	\$ <u>-</u>	\$ <u>-</u>
<u>Park & Recreation:</u>						
Capital expenditures	\$	-	\$ -	\$ -	\$ -	\$ -
Concert in the Park		-	-	-	-	-
Miscellaneous		-	-	-	-	-
Payroll tax expense		-	-	-	-	-
Repairs & maintenance		-	-	-	-	-

See accompanying notes to financial statements.

Totals					
SLEAF	2005	2004	2003	2002	
\$ -	\$ -	\$ -	\$ 4,600	\$ -	
6,496	122,242	101,764	129,894	69,173	
-	557	370	326	21	
-	-	-	700	-	
<u>\$ 6,496</u>	<u>\$ 122,799</u>	<u>\$ 102,134</u>	<u>\$ 135,520</u>	<u>\$ 69,194</u>	
\$ -	\$ -	\$ 10,102	\$ -	\$ 5,000	
-	-	822	-	-	
-	100	-	7,428	-	
-	12,597	44,275	-	6,315	
-	-	-	2,244	-	
-	30,700	31,503	28,747	26,393	
-	10,434	3,286	8,139	5,549	
<u>\$ -</u>	<u>\$ 53,831</u>	<u>\$ 89,988</u>	<u>\$ 46,558</u>	<u>\$ 43,257</u>	
\$ -	\$ 2,105	\$ -	\$ 18,821	\$ 7,397	
-	-	25	500	-	
-	-	-	-	647	
-	2,250	3,663	-	-	
<u>6,496</u>	<u>10,473</u>	<u>3,441</u>	<u>977</u>	<u>339</u>	
<u>\$ 6,496</u>	<u>\$ 14,828</u>	<u>\$ 7,129</u>	<u>\$ 20,298</u>	<u>\$ 8,383</u>	
\$ -	\$ -	\$ -	\$ 14,854	\$ -	
-	-	-	4,525	-	
-	-	-	(58)	-	
-	-	-	378	-	
-	-	-	601	-	

TOWN OF MILTON, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

(With Comparative Amounts For The Years Ended June 30, 2004, 2003, 2002)

	Municipal Street Aid	State Aid To Local Law Enforcement	Emergency Illegal Drug Enforcement	SWAT	Youth Soccer
<u>Expenditures: (Continued)</u>					
<u>Park & Recreations: (Continued)</u>					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	-	-	-
Utilities	-	-	-	-	-
	-	-	-	-	-
<u>Total Park & Recreations</u>	\$ -	\$ -	\$ -	\$ -	\$ -
<u>SWAT:</u>					
Entertainment	\$ -	\$ -	\$ -	1,556	\$ -
Salaries	-	-	-	5,884	-
Supplies	-	-	-	2,794	-
Transportation	-	-	-	2,075	-
	-	-	-	2,075	-
<u>Total SWAT</u>	\$ -	\$ -	\$ -	12,309	\$ -
<u>Youth Soccer:</u>					
Supplies	\$ -	\$ -	\$ -	\$ -	928
	-	-	-	-	928
<u>Total Expenditures</u>	\$ 53,831	\$ 5,838	\$ 2,494	\$ 12,309	\$ 928
<u>Excess Of Revenues Over (Under) Expenditures</u>	\$ 38,720	\$ -	\$ -	\$ 3,111	\$ (928)
<u>Operating Transfers In (Out)</u>	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Excess Of Revenues Over (Under) Expenditures And Operating Transfers In (Out)</u>	\$ 38,720	\$ -	\$ -	\$ 3,111	\$ (928)
<u>Fund Balance - October 1st</u>	63,862	-	-	3,170	928
<u>Prior Period Adjustment</u>	(3,605)				
<u>Fund Balance - September 30th</u>	\$ 98,977	\$ -	\$ -	\$ 6,281	\$ -

See accompanying notes to financial statements.

Totals				
SLEAF	2005	2004	2003	2002
\$ -	\$ -	\$ -	\$ 4,954	\$ -
-	-	-	932	-
-	-	-	170	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,356</u>	<u>\$ -</u>
\$ -	\$ 1,556	\$ 2,050	\$ 3,162	\$ -
-	5,884	11,920	7,000	-
-	2,794	7,288	2,808	-
-	2,075	5,005	1,890	-
<u>\$ -</u>	<u>\$ 12,309</u>	<u>\$ 26,263</u>	<u>\$ 14,860</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 6,496</u>	<u>\$ 81,896</u>	<u>\$ 123,380</u>	<u>\$ 108,072</u>	<u>\$ 51,640</u>
<u>\$ -</u>	<u>\$ 40,903</u>	<u>\$ (21,246)</u>	<u>\$ 27,448</u>	<u>\$ 17,554</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,881)</u>	<u>\$ 31,744</u>	<u>\$ (11,949)</u>
<u>\$ -</u>	<u>\$ 40,903</u>	<u>\$ (72,127)</u>	<u>\$ 59,192</u>	<u>\$ 5,605</u>
<u>-</u>	<u>67,960</u>	<u>140,087</u>	<u>80,895</u>	<u>75,290</u>
<u>-</u>	<u>(3,605)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u><u>\$ -</u></u>	<u><u>\$ 105,258</u></u>	<u><u>\$ 67,960</u></u>	<u><u>\$ 140,087</u></u>	<u><u>\$ 80,895</u></u>

TOWN OF MILTON, DELAWARE
COMBINING BALANCE SHEET - ALL PROPRIETARY FUND TYPES
AS OF SEPTEMBER 30, 2005

(With Comparative Amounts As Of September 30, 2004, 2003, 2002)

<u>ASSETS</u>	<u>Water</u>	<u>Sewer</u>	<u>2005</u>
Cash - restricted	\$ 131,629	\$ 1,926,141	\$ 2,057,770
Accounts receivable	97,609	104,267	201,876
Inventories	21,577	2,319	23,896
Unexpired insurance premiums	744	3,128	3,872
Prepaid maintenance	5,250	-	5,250
Interest receivable	641	641	1,282
Buildings	2,993	2,736,201	2,739,194
Improvements other than buildings	2,283,855	1,158,242	3,442,097
Machinery and equipment	121,980	524,127	646,107
Vehicles	-	151,423	151,423
Accumulated depreciation	(794,972)	(2,171,727)	(2,966,699)
Construction in process	-	-	-
	<u>\$ 1,871,306</u>	<u>\$ 4,434,762</u>	<u>\$ 6,306,068</u>
<u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 14,979	\$ 33,196	\$ 48,175
Accrued payroll tax	-	-	-
Accrued wages and vacation pay	12,779	13,273	26,052
Accrued interest	6,388	4,406	10,794
Notes payable	635,621	460,733	1,096,354
	<u>\$ 669,767</u>	<u>\$ 511,608</u>	<u>\$ 1,181,375</u>
<u>Fund Equity:</u>			
Contributions from other governments	\$ 106,737	\$ 162,944	\$ 269,681
Contributions in aid of construction	813,351	1,973,077	2,786,428
Retained earnings - restricted	4,288	119,366	123,654
Retained earnings - unrestricted	277,163	1,667,767	1,944,930
	<u>\$ 1,201,539</u>	<u>\$ 3,923,154</u>	<u>\$ 5,124,693</u>
	<u>\$ 1,871,306</u>	<u>\$ 4,434,762</u>	<u>\$ 6,306,068</u>

See accompany notes to financial statements.

Totals (Memorandum Only)		
2004	2003	2002
\$ 1,617,384	\$ 143,255	\$ 231,543
128,052	129,534	210,778
19,297	19,297	18,568
8,422	4,456	3,033
7,250	9,250	37,000
-	-	-
2,739,194	2,739,194	2,738,464
1,865,441	1,528,926	1,528,926
646,107	640,602	636,591
151,423	120,123	120,123
(2,807,802)	(2,673,189)	(2,536,115)
<u>919,652</u>	<u>666,380</u>	<u>351,888</u>
<u>\$ 5,294,420</u>	<u>\$ 3,327,828</u>	<u>\$ 3,340,799</u>
\$ 124,069	\$ 40,688	\$ 35,501
-	208	51
10,492	5,376	3,989
8,518	-	-
<u>919,652</u>	<u>440,189</u>	<u>387,071</u>
<u>\$ 1,062,731</u>	<u>\$ 486,461</u>	<u>\$ 426,612</u>
\$ 269,681	\$ 269,681	\$ 269,681
2,786,428	2,786,428	2,786,428
123,654	123,654	123,654
<u>1,051,926</u>	<u>(338,396)</u>	<u>(265,576)</u>
<u>\$ 4,231,689</u>	<u>\$ 2,841,367</u>	<u>\$ 2,914,187</u>
<u>\$ 5,294,420</u>	<u>\$ 3,327,828</u>	<u>\$ 3,340,799</u>

TOWN OF MILTON, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2005

(With Comparative Amounts For The Years Ended September 30, 2004, 2003, 2002)

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u> 2005
<u>Operating Revenue:</u>			
Other income	\$ 3,417	\$ 2,730	\$ 6,147
Penalties	-	328	328
Reconnection fees	-	-	-
Sale of meters	43,200	-	43,200
Service charges	337,587	381,308	718,895
Tapping fees	24,615	46,200	70,815
Tower rent	-	-	-
Wasterwater dumping fees	-	-	-
	<hr/>	<hr/>	<hr/>
<u>Total Operating Revenue</u>	<u>\$ 408,819</u>	<u>\$ 430,566</u>	<u>\$ 839,385</u>
 <u>Operating Expenses:</u>			
Advertising	\$ 177	\$ 1,888	\$ 2,065
Bond issuance	-	23,130	23,130
Capital expenditure	-	-	-
Depreciation	61,381	97,515	158,896
Employee benefits	28,714	20,293	49,007
Engineering	21,107	19,501	40,608
Equipment rental	100	4,994	5,094
Gas and oil	1,411	6,813	8,224
Insurance	-	3,676	3,676
Interest expense	27,627	14,167	41,794
Landfill fees	-	14,362	14,362
Miscellaneous	-	2,158	2,158
Payroll taxes	3,893	7,941	11,834
Pension	3,718	4,197	7,915
Postage	-	1,492	1,492
Repairs and maintenance	40,679	86,783	127,462
Salaries and labor	50,778	103,801	154,579
Supplies	44,133	32,197	76,330
Telephone	1,422	3,392	4,814
Tests	400	12,774	13,174
Training	175	100	275
Uniforms	-	4,586	4,586
Utilities	9,864	23,633	33,497
	<hr/>	<hr/>	<hr/>
<u>Total Operating Expenses</u>	<u>\$ 295,579</u>	<u>\$ 489,393</u>	<u>\$ 784,972</u>

See accompanying notes to financial statements.

Totals		
2004	2003	2002
\$ 59,726	\$ 801,845	\$ 46,934
707	5,324	3,078
-	-	325
18,800	27,650	28,072
504,021	451,975	385,757
56,500	91,000	66,000
-	4,000	-
-	-	6,408
<u>\$ 639,754</u>	<u>\$ 1,381,794</u>	<u>\$ 536,574</u>
\$ 1,187	\$ 147	\$ 2,786
-	-	-
68,000	852,530	35,017
134,614	137,073	137,835
44,783	30,134	26,851
30,499	34,869	31,515
1,085	1,575	5,233
1,151	2,053	1,988
25,285	25,370	18,634
21,691	14,820	1,456
7,083	-	-
3,694	26,127	30,819
8,041	6,925	6,393
4,824	899	184
-	-	-
70,573	38,405	15,681
110,799	93,318	82,968
70,615	72,203	58,388
3,641	3,301	3,369
14,202	11,410	5,317
2,215	310	368
4,771	3,937	3,478
<u>28,880</u>	<u>28,213</u>	<u>32,520</u>
<u>\$ 657,633</u>	<u>\$ 1,383,619</u>	<u>\$ 500,800</u>

TOWN OF MILTON, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2005

(With Comparative Amounts For The Years Ended September 30, 2004, 2003, 2002)

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u> <u>2005</u>
<u>Operating Income (Loss)</u>	\$ 113,240	\$ (58,827)	\$ 54,413
<u>Non-Operating Revenue (Expenses):</u>			
Grant revenue	\$ 8,550	\$ -	\$ 8,550
Impact fees	52,320	402,126	454,446
Interest income	3,269	21,292	24,561
<u>Total Non-Operating Revenue (Expenses)</u>	<u>\$ 64,139</u>	<u>\$ 423,418</u>	<u>\$ 487,557</u>
<u>Income (Loss) Before Operating Transfers</u>	<u>\$ 177,379</u>	<u>\$ 364,591</u>	<u>\$ 541,970</u>
<u>Operating Transfers In (Out)</u>	<u>\$ 184,080</u>	<u>\$ 166,883</u>	<u>\$ 350,963</u>
<u>Net Income (Loss)</u>	\$ 361,459	\$ 531,474	\$ 892,933
<u>Retained Earnings (Deficit) -</u> <u>October 1st</u>	<u>(80,008)</u>	<u>1,255,588</u>	<u>1,175,580</u>
<u>Prior Period Adjustment</u>	-	71	71
<u>Retained Earnings (Deficit) -</u> <u>September 30th</u>	<u>\$ 281,451</u>	<u>\$ 1,787,133</u>	<u>\$ 2,068,584</u>

See accompanying notes to financial statements.

Totals		
<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ <u>(17,879)</u>	\$ <u>(1,825)</u>	\$ <u>35,774</u>
\$ -	\$ 14,665	\$ -
1,451,000	236,250	222,198
<u>11,388</u>	<u>1,732</u>	<u>3,927</u>
\$ <u>1,462,388</u>	\$ <u>252,647</u>	\$ <u>226,125</u>
\$ <u>1,444,509</u>	\$ <u>250,822</u>	\$ <u>261,899</u>
\$ <u>(54,187)</u>	\$ <u>(356,125)</u>	\$ <u>(205,152)</u>
\$ 1,390,322	\$ (105,303)	\$ 56,747
<u>(214,742)</u>	<u>(141,922)</u>	<u>(198,669)</u>
-	32,483	-
\$ <u><u>1,175,580</u></u>	\$ <u><u>(214,742)</u></u>	\$ <u><u>(141,922)</u></u>

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