
TOWN OF EXETER

FINANCIAL STATEMENTS

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2010***

Prepared by: Treasurer's Office

EXETER, RHODE ISLAND

**TOWN OF EXETER, RHODE ISLAND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

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INTRODUCTORY SECTION

This Section Contains the Following Subsections:

List of Town Officials

TOWN OF EXETER, RHODE ISLAND

**TOWN COUNCIL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Calvin A. Ellis, President
Robert E. Johnson, Jr., Vice President
Kenneth L. Fernstrom
William P. Monahan
Arlene B. Hicks

TREASURER

Maria Lawler

TOWN CLERK

Lynn Hawkins

FINANCIAL SECTION

This Section Contains the Following Subsections:

Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements
Required Supplementary Information
Supplementary Information

INDEPENDENT AUDITORS' REPORT

The Honorable President and
Members of the Town Council
Town of Exeter
Exeter, Rhode Island

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Exeter, Rhode Island (Town) as of and for the year ended June 30, 2010, which collectively comprises the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town as of June 30, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2010 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 37 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. 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 financial statements. The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.


Parmelee, Poirier & Associates, LLP
December 17, 2010

Management's Discussion and Analysis

TOWN OF EXETER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Unaudited)

As the management of the Town of Exeter, we offer readers of the Town's Financial Statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2010. Included within our discussion will be a series of comparative tables, serving to more clearly illustrate changes in the Town's financial position. These tables will reflect governmental activities for the 2009 and 2010 fiscal years.

Financial Highlights

- ❖ The assets of the Town of Exeter exceeded its liabilities at the close of the most recent fiscal year ended by \$7,072,495. Of that amount, \$1,736,908 may be used to meet the Town's ongoing obligations to citizens and creditors in accordance with the Town's fund designation and fiscal policies.
- ❖ The Town's total net assets increased by \$862,460 or 13.9% through current year activities. This increase was mainly due to favorable General Fund spending and Capital Asset additions such as infrastructure.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,870,943. Over 75.9% of this amount, \$1,420,943 is unreserved and available for use within the Town's designation and fiscal policies.
- ❖ At the end of the current fiscal year, the general fund's unreserved fund balance was \$636,546, or 4.8% of the total general fund budgeted expenditures for the fiscal year. The current fiscal year's general fund revenues and transfers exceeded expenditures and transfers by \$227,718 on a GAAP basis.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. These basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

In addition to the basic financial statements, this report also contains other supplementary information.

The Town's basic financial statements and other supplementary financial information provide information about all of the Town's activities. They provide both a short-term and a long-term view of the Town's financial health as well as information about activities for which the Town acts solely as a trustee for the benefit of those outside of the Town's government.

TOWN OF EXETER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Unaudited)

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. They are presented on the accrual basis of accounting where revenues and expenditures are recognized on the date they occurred rather than on the date they were collected or paid.

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 or 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 which shows 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. Examples are uncollected taxes and earned but unused compensated absences.

Both of the government-wide financial statements distinguish functions of the Town, which are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Town's governmental activities include general government and administration, public works, public safety, health and welfare, conservation and development, parks and recreation, and planning and zoning. The Town had no business activities as of June 30, 2010.

The government wide financial statements are reported on pages 12 and 13.

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, uses 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. For Fiscal Year 2010 the Town does not have any proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact 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.

TOWN OF EXETER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Unaudited)

The Town maintains 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 Fund, which is considered to be a major fund. Data from the other 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.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 17 and 18.

Notes to 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 are presented on pages 19 through 36.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information pertinent to the Town's operations. Required Supplementary information is presented on pages 37 through 42.

The combining statements referred to earlier in connection with non-major governmental funds, proprietary funds and internal service funds are presented on pages 43 through 58.

Government-wide Financial Analysis

Analysis of the Town of Exeter's Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Exeter, assets exceeded liabilities by \$7,072,495 as of June 30, 2010. The largest portion of the Town's net assets (75.4%) consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets which is still outstanding. The Town uses these capital assets to provide services to its 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 are unlikely to be used to liquidate these liabilities.

TOWN OF EXETER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Unaudited)

TOWN OF EXETER'S NET ASSETS

	Governmental Activities	
	2010	2009
Assets		
Current and other assets	\$ 2,561,551	\$ 1,983,540
Capital assets (net)	6,818,596	6,593,124
Total assets	9,380,147	8,576,664
Liabilities		
Other liabilities	307,152	253,749
Long-term liabilities	2,000,500	2,112,880
Total liabilities	2,307,652	2,366,629
Net assets:		
Invested in capital assets net of related debt	5,335,587	4,965,961
Unrestricted	1,736,908	1,244,074
Total net assets	\$ 7,072,495	\$ 6,210,035

A portion of the Town's net assets, \$5,335,587, represents capital assets owned net of related debt. The remaining balances of unrestricted net assets \$1,736,908, may be used to meet the government's ongoing obligations to its citizens and creditors. As of June 30, 2010, the Town of Exeter reports positive balances in all of the categories of net assets for the government as a whole.

Analysis of the Town of Exeter's Operations

The following analysis provides a summary of the Town's operations for the year ended June 30, 2010. Governmental activities increased the Town's net assets by \$862,460.

TOWN OF EXETER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Unaudited)

TOWN OF EXETER'S CHANGES IN NET ASSETS

	Governmental Activities	
	2010	2009
Revenues		
General Revenues	\$ 13,123,234	\$ 12,951,175
Charges for services	677,450	651,310
Operating grants and contributions	112,342	106,188
Capital grants and contributions	33,559	3,450,000
Total revenues	<u>13,946,585</u>	<u>17,158,673</u>
Expenses		
Public works	785,473	418,851
Public safety	2,553	5,186
Public health and welfare	13,170	9,402
Social services	311,920	321,591
General government	1,545,237	2,179,777
Education	10,345,266	10,754,046
Interest	80,506	73,458
Total expenses	<u>13,084,125</u>	<u>13,762,311</u>
Increase in net assets	862,460	3,396,362
Net assets - Beginning	<u>6,210,035</u>	<u>2,813,673</u>
Net assets - Ending	<u>\$ 7,072,495</u>	<u>\$ 6,210,035</u>

TOWN OF EXETER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Unaudited)

Financial Analysis of the Town of Exeter's Funds

Governmental Funds - The focus of the Town of Exeter'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, the unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,870,943. Approximately 75.9% of the total amount, or \$1,420,943 constituted unreserved fund balances. The remainder of the fund balances was reserved for future commitments.

Reserved Fund Balances:

Contingency appropriations	\$ 450,000
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General Fund Budgetary Highlights

The final amended budget for the Town's General Fund was total revenues and transfers from other funds of \$13,287,042 and total expenditures and transfers to other funds of \$13,287,042. Actual total revenues of \$13,511,757, transfers from other funds of \$17,573 and total expenditures of \$12,694,025 and transfers to other funds of \$607,587 resulted in a budgetary surplus of \$227,718.

Revenues:

Intergovernmental revenues - were over budget by \$142,503. The Town receives State aid for motor vehicles, which was under budget by \$161,475 due to State budget cuts, but unanticipated FEMA Flood revenues, which were not budgeted, came in at \$287,260.

Licenses and permits – Permit revenues were over budget by \$43,309. New building and improvements in the Town of Exeter has increased permit collections.

Interest and investment income – interest was under budget by \$29,698 as a result of decreases in interest rates.

Fines and interest on late payments - were over budget by \$47,894. For the current fiscal year, there was a favorable collection rate for property taxes. Additionally, the declining economy has resulted in more Town residents paying taxes subsequent to the due date.

Other Revenue - was over budget by \$50,247 due to unclaimed property revenue from the State in the approximate amount of \$30,000, with another \$12,000 coming from CDBG loans from the General Fund paid back in the current year.

TOWN OF EXETER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Unaudited)

Expenses:

General Governmental expenses – were under budget by \$42,809. Town advertising expense had a favorable variance in the amount of \$23,934, mostly due to the media selection process to reduce the cost of advertising to the Town. Blue Cross/Dental expenses were under budget by \$21,211 due to a favorable claims year. Town pension contributions were over budget by \$40,192 due to the inclusion of both 2009 and 2010 contributions. The Town reserve fund yielded a built in surplus of \$50,000, as the Budget included a \$50,000 increase to the reserve fund balance.

Public Works expenses – were over budget by \$68,042. Due to the Flood mentioned in Intergovernmental revenues above, there were excess costs in the amount of \$80,564 charged to the Public Works department. It should be noted that revenues from the Flood exceeded expenditures, and the Town ended the fiscal year with more revenues than direct costs attributable to the Flood.

The Town of Exeter's Capital Assets

The Town of Exeter's investment in capital assets for its governmental activities amounts to \$6,818,596, net of accumulated depreciation at June 30, 2010. Included are land, intangible assets, infrastructure, building and improvements, motor vehicles, machinery and equipment, and office furniture and equipment (which is fully depreciated as of June 30, 2010).

TOWN OF EXETER'S CAPITAL ASSETS AT YEAR END
NET OF ACCUMULATED DEPRECIATION

	2010	2009
Land	\$ 253,701	\$ 253,701
Intangible assets	3,450,000	3,450,000
Buildings and improvements	1,497,024	1,543,986
Motor vehicles	204,105	140,527
Machinery and equipment	521,330	592,516
Infrastructure	892,436	612,394
	\$6,818,596	\$6,593,124

Additional information on the Town of Exeter's capital assets is located in Note 6 of the notes to the financial statements. The Town intends on reporting infrastructure assets as required with a full historical disclosure in subsequent reporting periods.

TOWN OF EXETER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Unaudited)

The Town of Exeter's Debt Administration

At the end of the current fiscal year, the Town of Exeter had a total bonded debt of \$1,120,841. All bonded debt is backed by the full faith and credit of the Town.

TOWN OF EXETER'S OUTSTANDING DEBT AT YEAR END
BOND'S, NOTES AND CAPITALIZED LEASES PAYABLE

	2010	2009
Public library bond	\$ 643,950	\$ 673,477
Development rights bond	476,891	493,303
Land acquisition costs	-	25,000
Landfill post-closure care costs	450,160	452,180
Compensated absences	67,331	33,537
Capital lease obligation	362,168	435,383
	\$ 2,000,500	\$ 2,112,880

The Town's general obligation bond rating as assigned by Moody's Investors Service in August 2007 is A1, and Standard and Poor's is A+ with positive outlook due to the substantial tax base increase. Several of the Town's bonds are insured and thus hold a Triple A credit rating from both Moody's and Standard & Poor's.

The State of Rhode Island imposes a limit of 3 percent of the fair value of all taxable Town property on the general obligation debt that a municipality can issue. The Town of Exeter's limit is \$23,950,572 (based on net assessed valuation at December 31, 2008 of \$798,352,402) at year-end. The Town's outstanding general obligation debt is \$1,120,841 at year-end, which is \$22,829,731 under the State imposed limitation.

Additional information on the Town of Exeter's long-term debt can be found in Note 7 of the financial statements and on pages 60 through 62.

TOWN OF EXETER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Unaudited)

Economic Factors and Next Year's Budgets and Rates

The Town of Exeter's total general fund budget for fiscal year 2010-2011 is \$12,744,376 which is a decrease of \$542,666 under the fiscal 2009-2010 budget of \$13,287,042. Of the Town's 2010-2011 budget, \$2,441,106 or 19.2% is budgeted for the general government and \$10,303,270 or 80.8% is budgeted for education. The State of Rhode Island is budgeted to contribute \$155,389 in State aid.

The Town's tax rate for fiscal 2010-2011 is \$13.49 per thousand, with 16.08% allocated for general government and 83.92% allocated for education. For fiscal 2009-2010 the Town's tax rate was \$14.16 per thousand with 12.02% allocated for general government and 87.98% allocated for education. The decrease in tax rates from \$14.16 to \$13.49 resulted in a \$0.67 decrease or 4.7% decrease in the tax rate.

Requests for information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Town of Exeter, 675 Ten Rod Road, Exeter, RI 02822.

Maria Lawler
Treasurer

BASIC FINANCIAL STATEMENTS

Government Wide Financial Statements

TOWN OF EXETER, RHODE ISLAND
Statement of Net Assets
June 30, 2010

		Governmental Activities
ASSETS		
Cash and cash equivalents	\$	1,768,709
Receivables:		
Property taxes, net of allowance for doubtful accounts of \$80,456		439,475
Tax title property		14,469
Intergovernmental		310,370
Other		28,528
Capital assets being depreciated, net of depreciation		6,818,596
Total assets		9,380,147
 LIABILITIES		
Accounts payable and accrued items		261,835
Deferred revenue		30,848
Other		14,469
Long-term obligations:		
Due within one year		202,720
Due in more than one year		1,797,780
Total liabilities		2,307,652
 NET ASSETS		
Invested in capital assets, net of related debt		5,335,587
Unrestricted		1,736,908
Total net assets	\$	7,072,495

See auditor's report and accompanying notes to these financial statements

TOWN OF EXETER, RHODE ISLAND
Statement of Activities
June 30, 2010

				<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Program revenues</u>			<u>Primary Government</u>
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Functions/ Programs				
Primary government				
Governmental activities:				
General government	\$ 1,545,237	\$ 521,079	\$ 29,220	\$ (994,938)
Public works	785,473	-	33,559	(751,914)
Public safety	2,553	-	-	(2,553)
Social services	311,920	156,371	83,122	(72,427)
Public health and welfare	13,170	-	-	(13,170)
Education	10,345,266	-	-	(10,345,266)
Interest	80,506	-	-	(80,506)
Total governmental activities	\$ 13,084,125	\$ 677,450	\$ 112,342	\$ (12,260,774)
 General revenues:				
Taxes:				
Property taxes, levied for general purposes				11,734,478
Unrestricted investment earnings				420
Other general revenues				1,388,336
Total general revenues				<u>13,123,234</u>
				862,460
				Change in net assets
Net assets, beginning of year				6,210,035
Net assets, end of year				<u>\$ 7,072,495</u>

See auditor's report and accompanying notes to these financial statements

Fund Financial Statements

TOWN OF EXETER, RHODE ISLAND

Balance Sheet

Governmental Funds

June 30, 2010

	General Fund	Other Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,570,010	\$ 198,699	\$ 1,768,709
Receivables:			
Property taxes, net of allowance for doubtful accounts of \$80,456	439,475	-	439,475
Tax title property	14,469	-	14,469
Intergovernmental	310,370	-	310,370
Other	6,266	21,937	28,203
Internal balances	53,756	635,424	689,180
TOTAL ASSETS	\$ 2,394,346	\$ 856,060	\$ 3,250,406
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued items	\$ 109,461	\$ 15,374	\$ 124,835
Internal balances	769,566	56,289	825,855
Deferred revenue	414,304	-	414,304
Other	14,469	-	14,469
Total liabilities	1,307,800	71,663	1,379,463
 Fund balances:			
Reserved for:			
Contingency appropriations	450,000	-	450,000
Unreserved			
General fund	636,546	-	636,546
Special revenue funds	-	383,488	383,488
Capital projects funds	-	368,879	368,879
Permanent fund	-	32,030	32,030
Total fund balances	1,086,546	784,397	1,870,943
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,394,346	\$ 856,060	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Note 10)	6,818,596
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note 10)	383,456
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 10)	(2,000,500)
Net assets of governmental activities	\$ 7,072,495

See auditor's report and accompanying notes to these financial statements

TOWN OF EXETER, RHODE ISLAND
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal year Ended June 30, 2010

	General Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 11,690,500	\$ -	\$ 11,690,500
Intergovernmental revenues	1,388,336	140,291	1,528,627
Departmental revenues	159,962	-	159,962
Licenses and permits	93,309	-	93,309
Interest and investment income	302	118	420
Fines and interest on late payments	107,894	-	107,894
Other revenue	71,454	250,441	321,895
Total revenues	<u>13,511,757</u>	<u>390,850</u>	<u>13,902,607</u>
Expenditures			
Current:			
General government	1,324,224	130,415	1,454,639
Public works	643,903	2,526	646,429
Public safety	2,553	-	2,553
Social services	20,536	291,384	311,920
Public health and welfare	13,170	-	13,170
Education	10,345,266	-	10,345,266
Capital outlay	13,030	301,607	314,637
Long-term obligations:			
Principal	250,837	2,020	252,857
Interest	80,506	-	80,506
Total expenditures	<u>12,694,025</u>	<u>727,952</u>	<u>13,421,977</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>817,732</u>	<u>(337,102)</u>	<u>480,630</u>
Other financing sources (uses)			
Transfers from other funds	17,573	613,587	631,160
Transfers to other funds	(607,587)	(23,573)	(631,160)
Total other financing sources (uses)	<u>(590,014)</u>	<u>590,014</u>	<u>-</u>
Excess of revenues and other sources over(under) expenditures and other uses	<u>227,718</u>	<u>252,912</u>	<u>480,630</u>
Fund balances - beginning	<u>858,828</u>	<u>531,485</u>	<u>1,390,313</u>
Fund balances - ending	<u>\$ 1,086,546</u>	<u>\$ 784,397</u>	<u>\$ 1,870,943</u>

See auditor's report and accompanying notes to these financial statements

TOWN OF EXETER, RHODE ISLAND
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2010

Net change in fund balances-total governmental funds	\$ 480,630
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$314,637 exceed depreciation (\$195,848) in the current period. Additionally, capital assets in the amount of \$106,683 were capitalized through capital lease transactions.</p>	118,789
<p>Property taxes that are not collected in the current period and do not represent current financial resources are deferred in the fund financial statements, however they are recognized as revenues in the statement of activities.</p>	43,978
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the full accrual basis, expenses and liabilities are recorded regardless of when financial resources are available. This is the amount of increase in accrued compensated absences.</p>	(33,794)
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the full accrual basis, expenses and liabilities are recorded regardless of when financial resources are available.</p>	
Principal payments made on long-term debt	252,857
Change in net assets of governmental activities	\$ 862,460

Please see Note 11 for a more detailed explanation of the differences between the Government-Wide Financial Statements and the Fund Financial Statements

TOWN OF EXETER, RHODE ISLAND
Statement of Fiduciary Net Assets - Fiduciary Funds
June 30, 2010

	Reynolds Fund	Emily J. Anthony Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 186,422	\$ 5,435	\$ 409,763
Investments	707,810	-	-
Internal balances	-	-	137,000
Total assets	894,232	5,435	546,763
 LIABILITIES			
Liabilities			
Deposits held in custody for others	-	-	546,763
Internal balances	325	-	-
Total liabilities	325	-	\$ 546,763
 NET ASSETS			
Held in trust for specific purposes	\$ 893,907	\$ 5,435	

See auditor's report and accompanying notes to these financial statements

TOWN OF EXETER, RHODE ISLAND
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2010

	<u>Reynolds Fund</u>	<u>Emily J. Anthony Fund</u>
Additions		
Interest income	\$ 78,145	\$ 1,273
Total additions	<u>78,145</u>	<u>1,273</u>
Deductions		
Scholarship expenses	-	1,000
Operating expenses	22,059	-
Total deductions	<u>22,059</u>	<u>1,000</u>
Change in net assets	56,086	273
Net assets beginning of year	837,821	79,910
Prior period adjustment (Note 19)	-	(74,748)
Net assets beginning of year, restated	837,821	5,162
Net assets end of year	<u>\$ 893,907</u>	<u>\$ 5,435</u>

See auditor's report and accompanying notes to these financial statements

Notes to Financial Statements

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Exeter, Rhode Island, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The government's significant accounting policies are described below.

FINANCIAL REPORTING ENTITY

The Town was founded in 1742. The Town is governed largely by the Town Charter, which was adopted as of January 6, 1997 with amendments through November 4, 2008. In some matters, including the issuance of short and long-term debt, the Town is governed by the general laws of the State of Rhode Island. The Town operates under a Town Council form of government. The Town provides various services including a public library, public works, social services, and general administrative services.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No.14. Under GASB Statement No.14, the financial reporting entity includes both the primary government, which is the Town of Exeter and all of its component units. Component units are legally separate entities that meet any one of the following three tests:

TEST 1 - The primary government appoints the voting majority of the board of the potential component unit and

- * is able to impose its will on the potential component unit and/or
- * is in a relationship of financial benefit or burden with the potential component unit;

TEST 2 - The potential component unit is fiscally dependent upon the primary government; or

TEST 3 - The financial statements would be misleading if data from the potential component unit were not included.

The accompanying financial statements present the Town's primary government and certain component units which are financially dependent on the Town. The Town's component units are as follows:

Blended component units; The Exeter Public Library is governed by a board of trustees appointed by the Town Council. The library's trustees govern the library in accordance with applicable state laws. For financial statement purposes, the Exeter Public Library is reported as if it were part of the Town's operations because its purpose is to provide library services to the citizens of the Town and is dependent upon the Town for some of its financial resources.

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF PRESENTATION

Government-wide financial statements - The statement of net assets and the statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for *fiduciary funds* (the activity of these funds are reported in the statements of fiduciary net assets and changes in fiduciary net assets). The government-wide financial statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund financial statements - Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- (a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- (b) Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

GOVERNMENTAL FUND TYPES

These are the funds through which most governmental functions are typically financed. The funds included in this category are as follows:

General Fund - is used to account for resources devoted to financing the general services that the Town performs for its citizens. General tax revenues and other sources of revenues used to finance the fundamental operations of the Town are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds - are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds - are used to account for financial resources that will be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary or Trust funds).

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GOVERNMENTAL FUND TYPES (continued)

Permanent Funds – are used to account for assets held by the Town where the principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

PROPRIETARY FUND TYPES

These funds account for operations that are organized to be self-supporting through user charges. For the year ended June 30, 2010 the Town had no proprietary funds.

FIDUCIARY FUND TYPES

These funds account for assets held by the Town as a trustee or agent for individuals, private organizations, and other units of governments. *Fiduciary Fund types are not part of the reporting entity in the Government-wide financial statements.* These funds are as follows:

Pension Trust Fund - is established to provide pension benefits to Town employees. The principal revenue source for this fund is employer contributions.

Private Purpose Trust Funds and Agency Funds - are used to account for funds that are to be used for educational and welfare expenditures and for funds held in escrow for other parties.

BASIS OF ACCOUNTING

Measurement Focus – Government Wide Financial Statements

In the government wide financial statements the Statement of Net Assets and Statement of Activities (governmental and business-type activities) are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expense, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Measurement Focus – Fund Financial Statements

The accounting and financial reporting treatment applied to the *fund financial statements* is determined by its measurement focus. All Governmental Fund Types and Expendable Trust Funds are accounted for using a “current financial resources” measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All Proprietary Fund Types, Private Purpose Trust Funds and Pension Trust Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary Fund Type operating statements present increases (i.e., revenues) and decreases (i.e. expenses) in net total assets.

All governmental fund types and agency funds 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. both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Licenses and permits, charges for services, fines, forfeits, and miscellaneous revenue are recorded as revenues when received in cash. Those revenues susceptible to accrual are property taxes and investment earnings. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service and other long-term obligations, which are recognized when paid.

Non-current portions of long-term receivables of Governmental Fund Types are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate; however, that they should not be considered "available expendable resources" since they do not represent net current assets. Recognition of Governmental Fund Type revenues represented by non-current receivables is deferred until they become current receivables.

Because of their spending measurement focus, expenditure recognition for Governmental Fund Types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as Governmental Fund Type expenditures or fund liabilities. They are instead reported as Long-term Liabilities – Governmental Activities.

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus – Fund Financial Statements (continued)

In applying the "susceptible to accrual" concept to intergovernmental revenues the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of such revenues. For one type, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded.

For the other type, revenues are virtually unrestricted as to purpose of expenditure and nearly irrevocable or revocable only for failure to comply with the prescribed requirements, such as a Community Development Block Grant. These resources are reflected as revenues at the time of receipt or earlier if they meet the "available" criteria.

In accordance with Governmental Accounting Standards Board (GASB) Statement #20, the Town of Exeter has elected to apply to all Proprietary Fund Types all applicable GASB Pronouncements, as well as the following pronouncements issued on or before November 30, 1989: FASB Statements and Interpretations, APB opinions and ARB's unless these pronouncements conflict with or contradict GASB pronouncements.

CASH AND CASH EQUIVALENTS - For purposes of the Statement of Cash Flows, the Proprietary Fund Types consider all highly liquid investments with maturity of three months or less when purchased to be cash equivalents because they are available to the Proprietary Funds on demand.

INVESTMENTS – are Government Securities, Commercial Paper and various types of corporate stocks and bonds held in the Governmental and Fiduciary Fund Types, which are recorded at fair value.

RECEIVABLES - are recorded in the General, Special Revenue, and Enterprise Funds. Where appropriate an associated allowance for uncollectible accounts has been established. Property taxes, which were levied on July 1, 2008 of the current year and other delinquent balances, are recorded as receivables.

INVENTORIES – are maintained on a periodic system and are stated at cost (first in, first out method of inventory valuation). Inventories in the Governmental Fund Types are recorded as expenditures when consumed.

CAPITAL ASSETS - in Governmental Fund type, operations are accounted for using the "current financial resources" measurement focus. Capital assets, which include property, plant and equipment, and infrastructure (e.g. road, curbs and gutters, streets and sidewalks, and drainage systems) are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The Town defines capital assets as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost (for certain assets acquired prior to 1960). Pursuant to the implementation of GASB Statement No. 34, the Town has chosen to prospectively report infrastructure assets as part of the

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CAPITAL ASSETS (continued)

governmental capital assets reported in the government-wide statements. Donated assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are charged to expenditures as incurred.

The Town capitalizes certain interest costs in accordance with GASB Code Section 1400 as part of constructed assets. Interest is capitalized throughout the construction period in the Capital projects fund prior to the assets being transferred to the governmental fund and placed in service.

Property, plant and equipment for Proprietary Fund Types are valued at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (years)</u>
Buildings and improvements	40
Motor Vehicles	5
Machinery and equipment	10
Office furniture and equipment	3-10

DEFERRED REVENUES - represent funds received or billed in advance of being owed, or receivables, which will be collected and included in revenues of future fiscal years.

RESERVED FUND BALANCES - Reserved fund balances represent amounts, which the Town is contractually obligated to pay but has not as of the balance sheet date received the goods or services.

FUND EQUITY - The unreserved fund balances for Governmental Fund Types represent the amount available for use in future operations. The reserved fund balances/retained earnings for Governmental Fund Types and Proprietary Fund Types represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for Proprietary Fund Types represent the net assets available for future operations or distribution.

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUES, EXPENDITURES AND EXPENSES - Revenues for Governmental Fund Types are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for Governmental Fund Types are recorded when the related liability is incurred. The Town will make use of available restricted resources first when determining expendable funds. Revenues and expenses of Proprietary Fund Types are recognized using the full accrual basis of accounting. Revenue is recognized as earned and expenses as incurred. Operating revenues are defined as those revenues generated from fees and assessments, all others are deemed non-operating. It is the Town's policy when both restricted and unrestricted funds are available to reduce a liability to first use restricted resources.

PROGRAM REVENUES AND EXPENSES - In the statement of activities specific revenues are allocated to program expenses due to their direct relationships. Collections for licenses, fees, tickets and fines are among some of the revenue sources that are program revenues. Indirect expenses are not allocated to functions in the statement of activities.

PROPERTY TAXES - The Town is permitted by state law to levy property taxes. Current tax collections for the Town were approximately 97.63% of the total 2009 levy. The tax rate of the Town is established by the Town Council. The Town's fiscal 2010 property taxes were levied on July 1, 2009 on assessed valuation as of December 31, 2008. Failure to mail payments by due dates will result in a lien on taxpayer's property, and eventually to the sale of the same. A statistical revaluation of all property was completed December 31, 2008 as per State requirements.

VACATION, SICK LEAVE, AND OTHER COMPENSATED ABSENCES - Under the terms of various contracts and agreements, Town employees are granted vacation payouts in varying amounts based on length of service. For Governmental Fund Types accrued compensated absences are presented as a current liability for those amounts expected to be paid with current financial resources. In governmental funds compensated absence expenditures are only reported when matured. For those compensated absences not to be paid with current financial resources the liability is recorded in the Statement of Net Assets of the Government-Wide Financial Statements.

INTERFUND TRANSACTIONS - Inter-fund transactions except advances are accounted for as transfers. Nonrecurring or non-routine transfers of equity between funds are considered transfers.

ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management 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 revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and the differences could be material.

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2010

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

LEGAL DEBT MARGIN - The Town's legal debt margin as set forth by State Statute is limited to three percent of total taxable assessed value that approximates \$23,950,572. As of June 30, 2010 the Town's debt is under this limit by \$22,829,731.

NOTE 3 - FUND EQUITY

Reserved Fund Balances: As of June 30, 2010 the Town has reserved \$450,000 of General Fund balance to be designated for contingency appropriations.

Deficit Fund Equity: As of June 30, 2010 deficit fund balances consisted of the following:

Wastewater Management Grant	\$4,633
Energy Efficiency Grant	\$4,615
Public Works/Roads	\$6,844
Computer Upgrades Fund	\$2,882

The Town anticipates funding these deficits through future revenue requests and budget appropriations.

NOTE 4 – CASH AND INVESTMENTS

Deposits: The Town maintains deposits in various financial institutions that are carried at cost except for those amounts which are carried as petty cash. The carrying amount of deposits is separately displayed on the balance sheet as "Cash and Cash Equivalents".

Investments: Investment of all idle funds must be made through national banks or trust companies, providing that the financial conditions and integrity of said institution or institutions are verifiable and can be monitored. The investment of funds shall be in direct obligations of the United States Government and "money market instruments" rated "A" or better. Investments in any one institution can not exceed five (5) percent of that institutions capital and surplus as set forth in the institutions most recent audited financial statements. All investments are made as would be done by prudent men of discretion and intelligence in such matters who are seeking a reasonable income and preservation of their capital.

Interest Rate Risk: The Town limits its exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market funds, or similar investment pools.

Concentrations: The Town policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity.

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2010

NOTE 4 – CASH AND INVESTMENTS (continued)

Custodial Credit Risk

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2010, all of the Town's balance of \$2,370,329 was insured or collateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Cash and investments of the Town consist of the following at June 30, 2010

<i>Cash and Cash Equivalents</i>	
Deposits with financial institutions	\$ 2,370,329
<i>Investments</i>	
Common stock	707,810
Total Investments	<u>707,810</u>
<i>Total Cash and Investments</i>	<u><u>\$ 3,078,139</u></u>

Cash and investments are classified in the accompanying financial statements as follows:

<i>Statement of Net Assets</i>	
Cash and cash equivalents	\$ 1,768,709
<i>Fiduciary Funds</i>	
Cash and cash equivalents	601,620
Investments	707,810
	<u>1,309,430</u>
<i>Total Cash and Investments</i>	<u><u>\$ 3,078,139</u></u>

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Town did not have any debt type investments that were exposed to interest rate risk as defined by GASB 40.

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The town did not have any debt type investments that were exposed to credit risk as defined by GASB 40.

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2010

NOTE 5 - PROPERTY TAXES

The Town's property tax is levied each July 1, for its next fiscal year on the assessed valued listed as of the prior December 31, for all real property, tangible property, and motor vehicles located in the Town. Assessed values of real property and tangible personal property were established by the Town Assessor's office at 100% of appraised market value as of December 31, 2008. The Town completed a statistical revaluation of real property and tangible personal property as of December 31, 2008. The assessed values were effective for the property tax levy beginning with fiscal year 2009-2010. The assessed value of motor vehicles is determined annually at 100% of retail market value, net of State of Rhode Island credit. Taxes are due in equal quarterly installments on August 1-15, November 1-15, February 1-15, and May 1-15 during the fiscal year.

The Town entered into a contractual relationship with a law firm to act as a collection agency to pursue delinquent tangible and personal property accounts. The Town has forwarded past due accounts for collection. At June 30, 2010, a reserve of \$80,456 has been established for the property taxes considered uncollectible.

An automatic lien is placed on the taxpayer's real property if payment has not been received by the due date. Interest is charged on past due accounts at a rate of 12% per annum calculated on the unpaid portion of the total tax.

In the governmental fund financial statements unpaid property taxes at year end are recorded as property taxes receivable and those property taxes receivable which were not collected within 60 days immediately following year end are recorded as deferred revenue. Deferred revenue at June 30, 2010 consists of \$463,912 of property taxes not collected within 60 days following year end, net of allowance of \$80,456, resulting in \$383,456.

Net property taxes levied for the fiscal year 2010 were based on an assessed value of approximately \$798,352,402 at December 31, 2008 and amounted to \$11,763,351. Total property tax recognized for the current fiscal year, including \$56,019 collected within 60 days following year end, amounted to \$11,690,500, which represents 99.5% of the total 2009 tax levy. Tax abatements for the year ended June 30, 2009 totaled \$46,464.

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2010

NOTE 6 - INFORMATION ABOUT CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 253,701	\$ -	\$ -	\$ 253,701
Intangible assets	3,450,000	-	-	3,450,000
Total capital assets not being depreciated	<u>3,703,701</u>	<u>-</u>	<u>-</u>	<u>3,703,701</u>
Other capital assets:				
Buildings and improvements	1,999,082	-	-	1,999,082
Motor vehicles	699,673	106,683	-	806,356
Machinery and equipment	1,190,318	13,030	-	1,203,348
Office furniture and equipment	154,627	-	-	154,627
Infrastructure	636,410	301,607	-	938,017
Total other capital assets at historical cost	<u>4,680,110</u>	<u>421,320</u>	<u>-</u>	<u>5,101,430</u>
Less accumulated depreciation for:				
Buildings and improvements	455,096	46,962	-	502,058
Motor vehicles	559,146	43,105	-	602,251
Machinery and equipment	597,802	84,216	-	682,018
Office furniture and equipment	154,627	-	-	154,627
Infrastructure	24,016	21,565	-	45,581
Total accumulated depreciation	<u>1,790,687</u>	<u>195,848</u>	<u>-</u>	<u>1,986,535</u>
Governmental activities capital assets, net	<u>\$ 6,593,124</u>	<u>\$ 225,472</u>	<u>\$ -</u>	<u>\$ 6,818,596</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 56,804
Public works	139,044
Total governmental activities depreciation expense	<u>\$ 195,848</u>

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2010

NOTE 7 - INFORMATION ABOUT LONG-TERM LIABILITIES

Long-term liability activity for the fiscal year ended June 30, 2010 was as follows:

	Balance July 1, 2009	Additions	Retirements	Balance June 30, 2010	Amounts Due within One Year
Governmental Activities					
Exeter public library bond	\$ 673,477	\$ -	\$ 29,527	\$ 643,950	\$ 31,253
Exeter development rights bond	493,303	-	16,412	476,891	17,133
Land acquisition costs	25,000	-	25,000	-	-
Total bonds and notes payable	1,191,780	-	70,939	1,120,841	48,386
Capital lease obligation - plow truck	28,158	-	28,158	-	-
Capital lease obligation - backhoe loader	42,120	-	20,511	21,609	21,609
Capital lease obligation - pickup truck	15,229	-	7,391	7,838	7,838
Capital lease obligation - excavator/bulldozer	139,823	-	44,200	95,623	46,565
Capital lease obligation - plow truck	64,708	-	20,589	44,119	21,554
Capital lease obligation - pickup truck	20,998	-	6,541	14,457	6,989
Capital lease obligation - backhoe loader	66,955	-	15,501	51,454	16,299
Capital lease obligation - brush cutter	57,392	-	13,624	43,768	14,096
Capital lease obligation - plow truck	-	106,683	23,383	83,300	19,384
Total capital leases payable	435,383	106,683	179,898	362,168	154,334
Landfill post closure care costs (Note 13)	452,180	-	2,020	450,160	-
Compensated absences	33,537	33,794	-	67,331	-
Total other long-term debt	485,717	33,794	2,020	517,491	-
Total Governmental Activities	\$ 2,112,880	\$ 140,477	\$ 252,857	\$ 2,000,500	\$ 202,720

The following schedule summarizes the Town's bonds, notes and leases payable:

	Interest Rates	Principal	Due Dates
Exeter public library bond	5.62%	\$ 643,950	2011-2014
Exeter development rights bond	4.25%	\$ 476,891	2011-2019
Capital lease obligations	various	\$ 362,168	2011-2013

The Town is not obligated in any way for special assessment debt. Neither are any special assessment obligations outstanding.

The debt service through maturity for the above bonds are as follows:

Fiscal Year Ended June 30	Governmental Long-term Liabilities		
	Principal	Interest	Total
2011	48,386	56,104	104,490
2012	50,820	53,670	104,490
2013	53,678	50,812	104,490
2014	564,189	45,467	609,656
2015	20,347	17,001	37,348
2016	21,200	16,148	37,348
2017	22,172	15,176	37,348
2018	23,149	14,199	37,348
2019	316,900	7,854	324,754
TOTALS	\$ 1,120,841	\$ 276,431	\$ 1,397,272

Accrued Compensated Absences - Town employees receive vested rights to paid vacation and sick time at the end of their year of full-time employment with no pro rata payment if employment is terminated before the completion of a full year of service. An expenditure/expense is recognized each month as benefits are used, consistent with the standards established by GASB 16.

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2010

NOTE 8 - CAPITAL LEASE

The Town entered into lease agreements as lessee for financing the acquisition of a International Plow Truck for the Public Works Department for fiscal year 2010. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments. Property and equipment includes \$730,752 of leased equipment and accumulated depreciation of \$268,182 as of June 30, 2010; vehicles include \$315,114 of leased equipment and accumulated depreciation of \$115,834.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2010 are as follows:

Year ending June 30

2011	\$ 172,300
2012	141,225
2013	57,941
<u>2014</u>	<u>23,382</u>
Total minimum lease payments	394,847
Less: Amount representing interest	(32,679)
Present value of minimum lease payments	<u>\$ 362,168</u>

NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2010 are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 53,756	\$ 769,566
Special Revenue Funds	256,494	46,563
Capital Projects Funds	378,605	9,726
Permanent Funds	325	-
Fiduciary Funds	137,000	325
TOTALS	\$ 826,180	\$ 826,180

Transfers between funds as of June 30, 2010 are as follows:

Fund / Department	Transfers from (to) other funds
General Fund	\$ (590,014)
Special Revenue Funds	197,566
Capital Project Funds	392,448
TOTALS	\$ -

TOWN OF EXETER, RHODE ISLAND

Notes to Financial Statements

June 30, 2010

NOTE 10 - DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS

"Total fund balances" of the Towns' governmental funds \$1,870,943 differs from "net assets" of governmental activities \$7,072,495 reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. The effect of the differences is illustrated below.

Balance Sheet/Statement of Net Assets

	Total Governmental Funds	Long-term Assets/ Liabilities (1)	Reclassifications and Eliminations	Statement Net Assets Totals
Assets				
Cash and cash equivalents	\$ 1,768,709	\$ -	\$ -	\$ 1,768,709
Receivables:				
Property taxes, net of allowance for doubtful accounts of \$80.456	439,475	-	-	439,475
Tax title property	14,469	-	-	14,469
Intergovernmental	310,370	-	-	310,370
Other	28,203	-	325	28,528
Internal balances	689,180	-	(689,180)	-
Capital assets	-	6,818,596	-	6,818,596
Total assets	\$ 3,250,406	\$ 6,818,596	\$ (688,855)	\$ 9,380,147
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued items	\$ 124,835	\$ -	\$ 137,000	\$ 261,835
Internal balances	825,855	-	(825,855)	-
Deferred revenue	414,304	(383,456)	-	30,848
Other	14,469	-	-	14,469
Long-term obligations:				
Due within one year	-	202,720	-	202,720
Due in more than one year	-	1,797,780	-	1,797,780
Total liabilities	1,379,463	1,617,044	(688,855)	2,307,652
Fund Balances/Net Assets				
Total fund balances/net assets	1,870,943	5,201,552	-	7,072,495
Total liabilities and fund balances/net assets	\$ 3,250,406	\$ 6,818,596	\$ (688,855)	\$ 9,380,147

(1) When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the Town as a whole.

Cost of capital assets	\$ 8,805,131
Accumulated depreciation	(1,986,535)
	\$ 6,818,596

Because the focus of governmental funds is on short term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance. Also some expenditures in the governmental activities do not reflect current period charges.

Adjustment of deferred revenue	\$ 383,456
	\$ 383,456

Long-term liabilities applicable to the Towns' governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the statement of net assets.

Exeter bonds and notes payable	\$ 1,120,841
Capital lease obligation	362,168
Post closure care costs (Note 13)	450,160
Compensated absences	67,331
	\$ 2,000,500

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
 June 30, 2010

NOTE 11 - DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES

The "net change in the fund balances" for governmental funds of \$480,630 differs from the "change in net assets" for governmental activities of \$862,460 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities

	Total Governmental Funds	Long-term Revenues/ Expenses (1)	Capital- related Items (2)	Long-term Debt Transactions (3)	Statement of Activities Totals
Revenues					
Property taxes	\$ 11,690,500	\$ 43,978	\$ -	\$ -	\$ 11,734,478
Intergovernmental revenues	1,528,627	-	-	-	1,528,627
Departmental revenues	159,962	-	-	-	159,962
Licenses and permits	93,309	-	-	-	93,309
Interest and investment income	420	-	-	-	420
Fines and interest on late payments	107,894	-	-	-	107,894
Other revenue	321,895	-	-	-	321,895
Total revenues	<u>13,902,607</u>	<u>43,978</u>	<u>-</u>	<u>-</u>	<u>13,946,585</u>
Expenditures					
Current:					
General government	1,454,639	33,794	56,804	-	1,545,237
Public works	646,429	-	139,044	-	785,473
Public safety	2,553	-	-	-	2,553
Social services	311,920	-	-	-	311,920
Public health and welfare	13,170	-	-	-	13,170
Education	10,345,266	-	-	-	10,345,266
Capital outlay	314,637	-	(314,637)	-	-
Long-term obligations:					
Principal	252,857	-	-	(252,857)	-
Interest	80,506	-	-	-	80,506
Total expenditures	<u>13,421,977</u>	<u>33,794</u>	<u>(118,789)</u>	<u>(252,857)</u>	<u>13,084,125</u>
Net change for the year	<u>\$ 480,630</u>	<u>\$ 10,184</u>	<u>\$ 118,789</u>	<u>\$ 252,857</u>	<u>\$ 862,460</u>

- (1) Reductions in deferred revenues that provide current financial resources to governmental funds are not reported as revenues in the statement of activities.

Deferred revenue property tax	\$ 43,978
Total deferred revenue adjustment	<u>\$ 43,978</u>

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources, while certain cash flow items that represent long-term liabilities are recognized as current revenues, however in the statement of activities which is presented on the full accrual basis of accounting, expenses and liabilities are recorded regardless of when financial resources are available.

Accrued compensated absences	\$ 33,794
Total expenditure adjustment	<u>\$ 33,794</u>

- (2) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Capital outlay	\$ 314,637
Depreciation expense	(195,848)
Difference	<u>\$ 118,789</u>

- (3) Repayment of bond principal is reported as an expenditure in the governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the city as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Principal payments made	\$ 252,857
	<u>\$ 252,857</u>

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2010

NOTE 12 - EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

The Exeter-West Greenwich Regional School District (School District), a legal entity that is separate from the Town of Exeter, was formed by the Towns of Exeter and West Greenwich through an agreement dated July 1, 1965. The School District consists of grades Kindergarten through grade 12. The junior/senior high school and all other school buildings are owned by the School District. A complete financial statement of the School District may be obtained through the Superintendent's office.

In accordance with the founding agreement, three members of the six member governing board of the School District are elected by the voters of each of the Towns of Exeter and West Greenwich. The Towns are annually assessed an apportionment of operating and capital expenses based on student enrollment. The assessment to the Town of Exeter for fiscal year 2010 was \$10,345,266.

The Town of Exeter is legally obligated to fund their share of the School District's budgets as voted. The Town of Exeter is also contingently liable for their proportional share of the School District's bonded debt approved at a joint School District meeting.

Long-term debt of the Exeter-West Greenwich Regional School District which the Town is contingently liable for their proportional share is as follows at June 30, 2010:

<u>Unaudited</u>	
General obligation bonds	\$ 2,075,000
Loans payable	5,775,000
Certain accrued compensated absences	105,521
Capital leases payable	<u>28,007</u>
Total Long-Term Debt	<u>\$ 7,983,528</u>

NOTE 13 - LANDFILL POSTCLOSURE CARE COSTS

GASB 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, requires the recognition of closure and postclosure costs of landfills as long-term liabilities. State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions for 30 years after its landfill has been closed. The estimated liability as of the 2008 Fiscal Year was \$736,290, which was reported in the Town's financial statements as a long-term debt. This revised estimate is made up of capital lease costs for a bulldozer and excavator in the amount of \$233,460, and survey, site preparation and remedial work in the amount of \$502,830. The Public Works department will complete the closure plan at reduced costs, with the capital lease addition purchasing equipment to complete the plan. For Fiscal Year 2010, capital lease payments for the above mentioned equipment totaled \$44,200, leaving a capital lease balance of \$95,623; payments for survey, site preparation and remedial work totaled \$2,020, leaving a closure cost balance of \$450,160. The total estimated postclosure cost at June 30, 2010 is \$545,783.

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2010

NOTE 14 - COMMITMENTS AND CONTINGENCIES

At June 30, 2010, the Town had several lawsuits pending and had been placed on written notice of potential claims. The Town intends to vigorously pursue its claims and/or defend its position with respect to each matter. In the opinion of the Town's legal counsel, the Town's liability with respect to these cases, if any, was not determinable. It is the opinion of Town management, based in part on the advice of legal counsel, that settlement on the above lawsuits will not materially affect the Town's financial position.

NOTE 15 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance covering each of those risks of loss.

The Town is insured under a statewide municipal risk management pool. Rhode Island Inter-Local Risk Management Trust, Inc. (the Trust) requires annual premiums based on the pool's experience. The Trust offers to Rhode Island Cities and Towns general liability and workers compensation insurance which is self-sustaining through member premiums and is reinsured through commercial companies to reduce its exposure to large losses. The agreement with the Trust states that for premiums paid by members, the Trust will assume financial responsibility for members losses up to the maximum amount of insurance purchased, less deductible amounts. If a single loss is above the Trust's retention and reinsurance coverage the excess liability reverts to the member organization against which the claim was originally made.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 16 - PENSION PLAN

Plan Description and Funding: The Town maintains a defined contribution plan, the Town of Exeter Money Purchase Pension Plan, for retirement benefits for all eligible full-time employees. The plan was established by the Town Council effective January 1, 1985. The plan provides for employer only contributions with benefits beginning at normal retirement age. Contributions were at the rate of 5% of total compensation. Eligibility requirements call for employees to be 21 years of age and have completed 1 year (12 month period and 1,000 hours) of service. Contributions made by the Town on behalf of eligible employees vest in accordance with a vesting schedule documented within the retirement plan. Fiscal Year 2010 contributions relating to the 2009 year amounted to \$30,596, which is made up of an initial contribution of \$29,350 and a catch-up contribution of \$1,246, while contributions relating to the 2010 year amounted to \$33,836. Changes to the accrual period resulted in both years contributions being included for Fiscal Year 2010. For the Fiscal Year 2010, distributions to retired/terminated employees totaled \$17,510. Interest earned on the Plan amounted to \$815.

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2010

NOTE 17 - RELATED PARTIES

The Town of Exeter reviews its records on an annual basis to determine if any related party transactions exist that would represent a conflict of interest with parties related to its officers and department heads. No such transactions were noted in the fiscal year ended June 30, 2010.

NOTE 18 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 17, 2010, the date the financial statements were available to be issued. As a result of this review no material subsequent events were noted.

NOTE 19 - PRIOR PERIOD ADJUSTMENT

For the Fiscal Year ended June 30, 2010, the Emily J Anthony agency funds assets held in trust has been decreased by \$74,748. This decrease was due to the fact that the Town has been determined not to be the fiscal agent. The funds are held in the Bank of America's name and they are the fiscal agent.

REQUIRED SUPPLEMENTARY INFORMATION

The information provided herein contains schedules which the Town deems necessary to provide additional disclosures.

Required Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures, and Changes in Fund Balances
For The Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Property taxes	\$ 11,708,002	\$ 11,708,002	\$ 11,690,500	\$ (17,502)
Intergovernmental revenues	1,245,833	1,245,833	1,388,336	142,503
Departmental revenues	172,000	172,000	159,962	(12,038)
Building permits and inspection fees	50,000	50,000	93,309	43,309
Interest and investment income	30,000	30,000	302	(29,698)
Fines and interest on late payments	60,000	60,000	107,894	47,894
Other revenue	21,207	21,207	71,454	50,247
Total Revenues	<u>13,287,042</u>	<u>13,287,042</u>	<u>13,511,757</u>	<u>224,715</u>
Expenditures				
General government	1,367,033	1,367,033	1,324,224	42,809
Public works	575,861	575,861	643,903	(68,042)
Public safety	10,000	10,000	2,553	7,447
Social services	26,900	26,900	20,536	6,364
Public health and welfare	13,157	13,157	13,170	(13)
Education	10,345,266	10,345,266	10,345,266	-
Capital outlay	9,235	9,235	13,030	(3,795)
Debt service expenditures	332,003	332,003	331,343	660
Total expenditures	<u>12,679,455</u>	<u>12,679,455</u>	<u>12,694,025</u>	<u>(14,570)</u>
Excess of revenues over expenditures before other financing sources (uses)	<u>607,587</u>	<u>607,587</u>	<u>817,732</u>	<u>210,145</u>
Other financing sources (uses)				
Transfers from other funds	-	-	17,573	17,573
Transfers to other funds	(607,587)	(607,587)	(607,587)	-
Total other financing sources (uses)	<u>(607,587)</u>	<u>(607,587)</u>	<u>(590,014)</u>	<u>17,573</u>
Excess of revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,718</u>	<u>\$ 227,718</u>

Required Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Property tax revenues				
Property taxes current year	\$ 11,708,002	\$ 11,708,002	\$ 11,425,749	\$ (282,253)
Property taxes prior years	-	-	264,751	264,751
Total property tax revenues	<u>11,708,002</u>	<u>11,708,002</u>	<u>11,690,500</u>	<u>(17,502)</u>
Intergovernmental revenues				
State MV tax phase out program	1,020,562	1,020,562	859,087	(161,475)
Public service corporate tax	53,077	53,077	58,785	5,708
FEMA revenues	-	-	287,260	287,260
State meal tax	69,431	69,431	70,732	1,301
State aid to libraries	32,881	32,881	32,881	-
Library bond reimbursement	69,882	69,882	79,591	9,709
Total intergovernmental revenues	<u>1,245,833</u>	<u>1,245,833</u>	<u>1,388,336</u>	<u>142,503</u>
Departmental revenues				
Town clerk collections	160,000	160,000	137,359	(22,641)
Planning board fees	6,000	6,000	6,279	279
Zoning fees	6,000	6,000	5,800	(200)
Probate court fees	-	-	10,524	10,524
Total departmental revenues	<u>172,000</u>	<u>172,000</u>	<u>159,962</u>	<u>(12,038)</u>
Licenses and permits				
Building permits	35,000	35,000	63,741	28,741
Electrical permits	5,000	5,000	10,347	5,347
Mechanical permits	5,000	5,000	14,681	9,681
Plumbing permits	5,000	5,000	4,540	(460)
Total licenses and permits	<u>50,000</u>	<u>50,000</u>	<u>93,309</u>	<u>43,309</u>
Interest and investment income	30,000	30,000	302	(29,698)
Fines and interest on late payments	60,000	60,000	107,894	47,894
Other revenue	21,207	21,207	71,454	50,247
Other financing sources				
Transfers from other funds	-	-	17,573	17,573
Total other financing sources	<u>-</u>	<u>-</u>	<u>17,573</u>	<u>17,573</u>
Total revenues and other financing sources	<u>13,287,042</u>	<u>13,287,042</u>	<u>13,529,330</u>	<u>242,288</u>

Required Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Expenditures - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures				
Salaries and wages				
General government				
Town treasurer	18,173	18,173	16,405	1,768
Deputy town treasurer	31,000	31,000	29,808	1,192
Town moderator	426	426	-	426
Town clerk	41,605	41,605	39,347	2,258
Deputy town clerk	32,860	32,860	33,284	(424)
911 coordinator	6,017	6,017	5,952	65
Town clerical assistant	25,817	25,817	27,304	(1,487)
Town clerk overtime	1,000	1,000	758	242
Town council stipend	6,092	6,092	6,084	8
Council assistant	23,793	23,793	23,877	(84)
Tax collector	37,480	37,480	28,779	8,701
Tax collector clerk	12,896	12,896	18,637	(5,741)
Board of canvassers	8,486	8,486	8,204	282
Board of canvassers clerk	8,720	8,720	3,486	5,234
Tax assessor	36,600	36,600	39,922	(3,322)
Tax assessor assistant	27,882	27,882	22,489	5,393
Library director	52,200	52,200	54,372	(2,172)
Library staff	45,202	45,202	37,577	7,625
Planning board	12,684	12,684	13,639	(955)
Planning board clerk	12,896	12,896	9,950	2,946
Town planner	32,254	32,254	32,706	(452)
Zoning inspector	10,617	10,617	11,026	(409)
Zoning board	12,552	12,552	12,552	-
Zoning board clerk	9,027	9,027	7,866	1,161
Town sergeant	7,741	7,741	7,811	(70)
Town constable	2,544	2,544	2,751	(207)
Building inspector stipend	-	-	18,859	(18,859)
Electrical inspector stipend	-	-	12,677	(12,677)
Plumbing inspector stipend	-	-	12,818	(12,818)
Total general government	<u>516,564</u>	<u>516,564</u>	<u>538,940</u>	<u>(22,376)</u>
Public works				
Director of public works	50,704	50,704	54,389	(3,685)
Highway workers	275,412	275,412	272,215	3,197
Highway workers - OT	28,000	28,000	26,913	1,087
Total public works	<u>354,116</u>	<u>354,116</u>	<u>353,517</u>	<u>599</u>
Social services				
Welfare director	5,062	5,062	5,056	6
Total social services	<u>5,062</u>	<u>5,062</u>	<u>5,056</u>	<u>6</u>
Total salaries and wages	<u>\$ 875,742</u>	<u>\$ 875,742</u>	<u>\$ 897,513</u>	<u>\$ (21,771)</u>
Public works				
Highway department	221,745	221,745	209,822	11,923
FEMA flood expenses	-	-	80,564	(80,564)
Total public works	<u>221,745</u>	<u>221,745</u>	<u>290,386</u>	<u>(68,641)</u>
Public safety				
Exeter emergency management	10,000	10,000	2,553	7,447
Total public safety	<u>10,000</u>	<u>10,000</u>	<u>2,553</u>	<u>7,447</u>

Required Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Expenditures - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
General government				
Support services	2,496	2,496	-	2,496
Treasurer expense	7,600	7,600	13,874	(6,274)
Postage	9,405	9,405	7,840	1,565
Advertising expense	24,035	24,035	101	23,934
Legal fees	75,000	75,000	85,212	(10,212)
Life insurance premium	1,114	1,114	614	500
Town FICA expense	72,844	72,844	74,478	(1,634)
Blue cross/dental expenses	197,368	197,368	176,157	21,211
Town retirement expense	24,240	24,240	64,432	(40,192)
Pension administration fees	9,000	9,000	6,287	2,713
Insurance expense	70,447	70,447	67,361	3,086
Auditing expense	12,250	12,250	13,360	(1,110)
Economic development	500	500	-	500
Economic development commission	1,000	1,000	-	1,000
Washington county regional planning	3,000	3,000	3,000	-
Town clerk expense	100,721	100,721	93,145	7,576
Municipal fuel costs	5,000	5,000	-	5,000
Probate court expense	-	-	10,500	(10,500)
Contingency fund	30,000	30,000	27,553	2,447
RI league of cities and towns	2,407	2,407	2,407	-
Council expenses	1,500	1,500	835	665
Town council assistant expense	1,000	1,000	660	340
Computer support	29,500	29,500	44,618	(15,118)
Website	1,000	1,000	-	1,000
Tax collector expense	3,970	3,970	4,228	(258)
Board of canvassers expense	4,761	4,761	270	4,491
Tax assessor expenses	17,665	17,665	16,313	1,352
Exeter public library	64,828	64,828	60,461	4,367
Planning board expense	12,000	12,000	914	11,086
Planning office expense	700	700	517	183
Planner expense	727	727	918	(191)
Conservation commission	200	200	-	200
Zoning inspector expenses	525	525	39	486
Zoning board expense	6,166	6,166	3,955	2,211
Town sergeant expense	4,700	4,700	4,854	(154)
Building inspector expense	2,800	2,800	381	2,419
Reserve fund	50,000	50,000	-	50,000
Total general government	<u>850,469</u>	<u>850,469</u>	<u>785,284</u>	<u>65,185</u>
Education - regional school	<u>10,345,266</u>	<u>10,345,266</u>	<u>10,345,266</u>	<u>-</u>
Public health & welfare				
Public welfare expense	3,157	3,157	3,156	1
Seniors helping others	250	250	250	-
Veterans graves	250	250	264	(14)
Hospice	250	250	250	-
Samaritans of RI	500	500	500	-
Domestic Violence Resource Center	1,500	1,500	1,500	-
South County Community Action	2,000	2,000	2,000	-
VNA allocation	1,500	1,500	1,500	-
Wood River Health Center	2,000	2,000	2,000	-
South County Health Center	500	500	500	-
Exeter substance abuse	250	250	250	-
South Shore Mental Health	1,000	1,000	1,000	-
Total public health & welfare	<u>13,157</u>	<u>13,157</u>	<u>13,170</u>	<u>(13)</u>

Required Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Expenditures - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Social services				
Southern RI conservation district	263	263	-	263
Memorial day parade	2,631	2,631	2,781	(150)
Veterans memorial	1,000	1,000	-	1,000
URI cooperative extension	263	263	-	263
Summer recreation	2,000	2,000	529	1,471
EWG Girls softball league	2,590	2,590	2,590	-
EWG little league	2,590	2,590	2,590	-
Pop warner football	2,590	2,590	2,590	-
EWG youth basketball	2,221	2,221	-	2,221
EWG youth soccer	3,701	3,701	3,700	1
Washington county coalition for children	500	500	-	500
EWG tv-tel center	789	789	-	789
Wildlife rehabilitators assoc. of RI	200	200	200	-
Wood-Pawcatuck watershed	500	500	500	-
Total social services	<u>21,838</u>	<u>21,838</u>	<u>15,480</u>	<u>6,358</u>
Capital outlay	<u>9,235</u>	<u>9,235</u>	<u>13,030</u>	<u>(3,795)</u>
Debt service				
Land acquisition costs	25,000	25,000	25,000	-
Public library bond	63,684	63,684	67,142	(3,458)
Capital lease payments - Volvo Loader	22,765	22,765	22,765	-
Capital lease payments - F350	8,312	8,312	8,312	-
Capital lease payments - Dump	29,551	29,551	29,551	-
Capital lease payments - Dump	23,624	23,624	23,624	-
Capital lease payments - F350	7,979	7,979	7,979	-
Capital lease payments - Excavator/Dozer	51,682	51,682	51,682	-
Capital lease payments - Backhoe/Brush Cutter	34,557	34,557	34,557	-
Capital lease payments - Plow truck	27,500	27,500	23,383	4,117
Bald Hill Nursery/Shartner Farms	37,349	37,349	37,348	1
Total debt service	<u>332,003</u>	<u>332,003</u>	<u>331,343</u>	<u>660</u>
Total expenditures	<u>12,679,455</u>	<u>12,679,455</u>	<u>12,694,025</u>	<u>(14,570)</u>
Other financing uses				
Transfer to animal shelter	64,991	64,991	64,991	-
Transfer to transfer station	17,365	17,365	17,365	-
Transfer to town hall renovation	12,000	12,000	12,000	-
Transfer to computer system upgrade	10,000	10,000	10,000	-
Transfer to chelsea park renovations	10,000	10,000	10,000	-
Transfer to property revaluation	58,000	58,000	58,000	-
Transfer to pension liability	22,210	22,210	22,210	-
Transfer to audit - treasurer's office	35,000	35,000	35,000	-
Transfer to public works/roads	283,146	283,146	283,146	-
Transfer to landfill closure	94,875	94,875	94,875	-
Total other financing uses	<u>607,587</u>	<u>607,587</u>	<u>607,587</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 13,287,042</u>	<u>\$ 13,287,042</u>	<u>\$ 13,301,612</u>	<u>\$ (14,570)</u>

TOWN OF EXETER, RHODE ISLAND
Note to Budgetary Comparison - General Fund
June 30, 2010

Budgetary Basis of Accounting: The General Fund annual operating budget is in conformity with the legally enacted budgetary basis, which differs from accounting principles generally accepted in the United States (U.S. GAAP) in several regards. Budgets are adopted on the modified accrual basis of accounting, except that budgetary revenues include subsidies from fund balance previously recognized under U.S. GAAP and budgetary expenditures when legally binding orders (encumbrances) are placed.

Budgetary adoption: It is the responsibility of the Town Council to advise a proposed budget for the town for the following fiscal year no later than 10 days prior to the Financial Town Meeting held to adopt said budget. Public hearings are conducted on the recommended budget and the final recommended budget is legally enacted through an ordinance at the Financial Town Meeting. All budget appropriations except an appropriation for capital expenditures, lapse at the end of the fiscal year. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned; an appropriation is considered abandoned if two fiscal years following the date of appropriation pass without any disbursement from or encumbrance of the appropriation.

Budget control: The level of budgetary control for the General Fund (that is, the level at which expenditures cannot legally exceed appropriations) is fixed by resolution of the Annual Financial Town Meeting. The resolution authorizes the Town Council to spend within the total sum appropriated for municipal purposes. While this restriction prohibits spending in excess of the authorized budget, the policy enables the Town Council to use the Fund Balance within the overall appropriations budget to offset over expenditures that may arise within a specific budget account.

OTHER SUPPLEMENTARY INFORMATION

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2010

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Permanent Funds</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 166,994	\$ -	\$ 31,705	\$ 198,699
Accounts receivable	21,937	-	-	21,937
Internal balances	256,494	378,605	325	635,424
Total assets	<u>\$ 445,425</u>	<u>\$ 378,605</u>	<u>\$ 32,030</u>	<u>\$ 856,060</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenses	\$ 15,374	\$ -	\$ -	\$ 15,374
Internal balances	46,563	9,726	-	56,289
Total liabilities	<u>61,937</u>	<u>9,726</u>	<u>-</u>	<u>71,663</u>
Fund balances (deficits)				
Unreserved, reported in:				
Special revenue funds	383,488	-	-	383,488
Capital projects funds	-	368,879	-	368,879
Permanent fund	-	-	32,030	32,030
Total fund balances	<u>383,488</u>	<u>368,879</u>	<u>32,030</u>	<u>784,397</u>
Total liabilities and fund balances	<u>\$ 445,425</u>	<u>\$ 378,605</u>	<u>\$ 32,030</u>	<u>\$ 856,060</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2010

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Non-Major Governmental Funds
Revenues				
Intergovernmental revenue	\$ 106,732	\$ 33,559	\$ -	\$ 140,291
Earnings on investments	74	-	44	118
Other revenue	170,817	79,624	-	250,441
Total revenues	<u>277,623</u>	<u>113,183</u>	<u>44</u>	<u>390,850</u>
Expenditures				
Current:				
Administration	83,096	47,319	-	130,415
Public works	-	2,526	-	2,526
Social services	291,384	-	-	291,384
Capital outlay	-	301,607	-	301,607
Debt service	-	2,020	-	2,020
Total expenditures	<u>374,480</u>	<u>353,472</u>	<u>-</u>	<u>727,952</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(96,857)	(240,289)	44	(337,102)
Other financing sources (uses)				
Transfers from other funds	197,566	416,021	-	613,587
Transfers to other funds	-	(23,573)	-	(23,573)
Total other financing sources (uses)	<u>197,566</u>	<u>392,448</u>	<u>-</u>	<u>590,014</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	100,709	152,159	44	252,912
FUND BALANCE - beginning	<u>282,779</u>	<u>216,720</u>	<u>31,986</u>	<u>531,485</u>
FUND BALANCE - ending	<u>\$ 383,488</u>	<u>\$ 368,879</u>	<u>\$ 32,030</u>	<u>\$ 784,397</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
 Combining Balance Sheet - Town Special Revenue Funds
 June 30, 2010

	Transfer Station Fund	Animal Shelter Fund	Preservation and Technology Fund	Manton Library Grant	New Library Grant	Growth Management Ordinance	Historical Records
ASSETS							
Cash and cash equivalents	\$ 12,089	\$ 66,758	\$ 27,864	\$ -	\$ -	\$ -	\$ 12,232
Accounts receivable	-	-	-	-	-	-	-
Internal balances	11,946	-	-	2,337	1,656	2,500	-
Total assets	<u>\$ 24,035</u>	<u>\$ 66,758</u>	<u>\$ 27,864</u>	<u>\$ 2,337</u>	<u>\$ 1,656</u>	<u>\$ 2,500</u>	<u>\$ 12,232</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	\$ 11,385	\$ 3,989	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	2,533	18,200	-	-	-	8,815
Total liabilities	<u>11,385</u>	<u>6,522</u>	<u>18,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,815</u>
Fund balances (deficits)							
Unreserved, reported in special revenue funds	12,650	60,236	9,664	2,337	1,656	2,500	3,417
Total fund balance	<u>12,650</u>	<u>60,236</u>	<u>9,664</u>	<u>2,337</u>	<u>1,656</u>	<u>2,500</u>	<u>3,417</u>
Total liabilities and fund balances	<u>\$ 24,035</u>	<u>\$ 66,758</u>	<u>\$ 27,864</u>	<u>\$ 2,337</u>	<u>\$ 1,656</u>	<u>\$ 2,500</u>	<u>\$ 12,232</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
 Combining Balance Sheet - Town Special Revenue Funds
 June 30, 2010
 (continued)

	Manton Free Library	RIEMA FEMA Grant	Planning Board Project Review Fees	Capital Facilities Impact Fees	CDBG	Property Revaluation	Spay/ Neuter Fund
ASSETS							
Cash and cash equivalents	\$ 2,842	\$ -	\$ -	\$ 16,094	\$ 26,950	\$ -	\$ 1,761
Accounts receivable	-	-	-	-	21,937	-	-
Internal balances	-	24,312	24,416	-	-	132,117	-
Total assets	<u>\$ 2,842</u>	<u>\$ 24,312</u>	<u>\$ 24,416</u>	<u>\$ 16,094</u>	<u>\$ 48,887</u>	<u>\$ 132,117</u>	<u>\$ 1,761</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	-	-	7,767	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,767</u>	<u>-</u>	<u>-</u>
Fund balances (deficits)							
Unreserved, reported in special revenue funds	2,842	24,312	24,416	16,094	41,120	132,117	1,761
Total fund balance	<u>2,842</u>	<u>24,312</u>	<u>24,416</u>	<u>16,094</u>	<u>41,120</u>	<u>132,117</u>	<u>1,761</u>
Total liabilities and fund balances	<u>\$ 2,842</u>	<u>\$ 24,312</u>	<u>\$ 24,416</u>	<u>\$ 16,094</u>	<u>\$ 48,887</u>	<u>\$ 132,117</u>	<u>\$ 1,761</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
 Combining Balance Sheet - Town Special Revenue Funds
 June 30, 2010
 (continued)

	Memorial Day Parade	Wastewater Management Grant	Energy Efficiency Grant	Pension Liability	Treasurer's Office Audit	Total
ASSETS						
Cash and cash equivalents	\$ 404	\$ -	\$ -	\$ -	\$ -	\$ 166,994
Accounts receivable	-	-	-	-	-	21,937
Internal balances	-	-	-	22,210	35,000	256,494
Total assets	<u>\$ 404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,210</u>	<u>\$ 35,000</u>	<u>\$ 445,425</u>
 LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,374
Internal balances	-	4,633	4,615	-	-	46,563
Total liabilities	<u>-</u>	<u>4,633</u>	<u>4,615</u>	<u>-</u>	<u>-</u>	<u>61,937</u>
 Fund balances (deficits)						
Unreserved, reported in special revenue funds	404	(4,633)	(4,615)	22,210	35,000	383,488
Total fund balance	<u>404</u>	<u>(4,633)</u>	<u>(4,615)</u>	<u>22,210</u>	<u>35,000</u>	<u>383,488</u>
Total liabilities and fund balances	<u>\$ 404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,210</u>	<u>\$ 35,000</u>	<u>\$ 445,425</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Town Special Revenue Funds
For the Fiscal Year Ended June 30, 2010

	Transfer Station Fund	Animal Shelter Fund	Preservation and Technology Fund	Manton Library Grant	New Library Grant	Growth Management Ordinance	Historical Records
Revenues							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	37	-	-	-	13
Other revenue	107,882	28,871	7,471	-	-	-	1,365
Total revenues	<u>107,882</u>	<u>28,871</u>	<u>7,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,378</u>
Expenditures							
Administration	31,884	45,649	-	-	-	-	-
Social services	145,363	42,437	18,200	-	-	-	4,759
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>177,247</u>	<u>88,086</u>	<u>18,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,759</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(69,365)	(59,215)	(10,692)	-	-	-	(3,381)
Other financing sources (uses)							
Transfers from other funds	17,365	64,991	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>17,365</u>	<u>64,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures after other financing sources (uses)	(52,000)	5,776	(10,692)	-	-	-	(3,381)
FUND BALANCE - beginning	64,650	54,460	20,356	2,337	1,656	2,500	6,798
FUND BALANCE - ending	<u>\$ 12,650</u>	<u>\$ 60,236</u>	<u>\$ 9,664</u>	<u>\$ 2,337</u>	<u>\$ 1,656</u>	<u>\$ 2,500</u>	<u>\$ 3,417</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Town Special Revenue Funds
For the Fiscal Year Ended June 30, 2010
(continued)

	Manton Free Library	RIEMA FEMA Grant	Planning Board Project Review Fees	Capital Facilities Impact Fees	CDBG	Property Revaluation	Spay/ Neuter Fund
Revenues							
Intergovernmental revenue	\$ -	\$ 29,220	\$ -	\$ -	\$ 72,838	\$ -	\$ -
Earnings on investments	4	-	-	15	3	-	2
Other revenue	-	-	-	15,000	5,610	-	487
Total revenues	<u>4</u>	<u>29,220</u>	<u>-</u>	<u>15,015</u>	<u>78,451</u>	<u>-</u>	<u>489</u>
Expenditures							
Administration	-	-	-	-	-	5,563	-
Social services	-	12,604	-	-	51,898	-	450
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>12,604</u>	<u>-</u>	<u>-</u>	<u>51,898</u>	<u>5,563</u>	<u>450</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	4	16,616	-	15,015	26,553	(5,563)	39
Other financing sources (uses)							
Transfers from other funds	-	-	-	-	-	58,000	-
Transfers to other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures after other financing sources (uses)	4	16,616	-	15,015	26,553	52,437	39
FUND BALANCE - beginning	2,838	7,696	24,416	1,079	14,567	79,680	1,722
FUND BALANCE - ending	<u>\$ 2,842</u>	<u>\$ 24,312</u>	<u>\$ 24,416</u>	<u>\$ 16,094</u>	<u>\$ 41,120</u>	<u>\$ 132,117</u>	<u>\$ 1,761</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Town Special Revenue Funds
For the Fiscal Year Ended June 30, 2010
(continued)

	Memorial Day Parade	Wastewater Management Grant	Energy Efficiency Grant	Pension Liability	Treasurer's Office Audit	Total
Revenues						
Intergovernmental revenue	\$ -	\$ 4,674	\$ -	\$ -	\$ -	\$ 106,732
Earnings on investments	-	-	-	-	-	74
Other revenue	4,131	-	-	-	-	170,817
Total revenues	<u>4,131</u>	<u>4,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,623</u>
Expenditures						
Administration	-	-	-	-	-	83,096
Social services	4,921	6,137	4,615	-	-	291,384
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>4,921</u>	<u>6,137</u>	<u>4,615</u>	<u>-</u>	<u>-</u>	<u>374,480</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(790)	(1,463)	(4,615)	-	-	(96,857)
Other financing sources (uses)						
Transfers from other funds	-	-	-	22,210	35,000	197,566
Transfers to other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,210</u>	<u>35,000</u>	<u>197,566</u>
Excess (deficiency) of revenues over (under) expenditures after other financing sources (uses)	(790)	(1,463)	(4,615)	22,210	35,000	100,709
FUND BALANCE - beginning	1,194	(3,170)	-	-	-	282,779
FUND BALANCE - ending	<u>\$ 404</u>	<u>\$ (4,633)</u>	<u>\$ (4,615)</u>	<u>\$ 22,210</u>	<u>\$ 35,000</u>	<u>\$ 383,488</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Combining Balance Sheet - Capital Project Funds
June 30, 2010

	<u>Old Town Hall Renovation</u>	<u>Vehicle Replacement Fund</u>	<u>Welfare Department Computer</u>	<u>Public Works/ Roads</u>	<u>Computer Upgrades</u>	<u>Public Works/ Truck</u>
ASSETS						
Internal balances	\$ 46,548	\$ 88,854	\$ 1,200	\$ -	\$ -	\$ -
Total assets	<u>\$ 46,548</u>	<u>\$ 88,854</u>	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Internal balances	\$ -	\$ -	\$ -	\$ 6,844	\$ 2,882	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,844</u>	<u>2,882</u>	<u>-</u>
Fund balances (deficits)						
Unreserved, reported in capital project funds	46,548	88,854	1,200	(6,844)	(2,882)	-
Total fund balance	<u>46,548</u>	<u>88,854</u>	<u>1,200</u>	<u>(6,844)</u>	<u>(2,882)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 46,548</u>	<u>\$ 88,854</u>	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Combining Balance Sheet - Capital Project Funds
June 30, 2010

	Tax Collector Copier	Landfill Closure Fund	Town Hall Renovations	Chelsea Park Renovation	Totals
ASSETS					
Internal balances	\$ 2,000	\$ 212,003	\$ 18,000	\$ 10,000	\$ 378,605
Total assets	<u>\$ 2,000</u>	<u>\$ 212,003</u>	<u>\$ 18,000</u>	<u>\$ 10,000</u>	<u>\$ 378,605</u>
 LIABILITIES AND FUND BALANCES					
Liabilities					
Internal balances	\$ -	\$ -	\$ -	\$ -	\$ 9,726
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,726</u>
 Fund balances (deficits)					
Unreserved, reported in capital project funds	2,000	212,003	18,000	10,000	368,879
Total fund balance	<u>2,000</u>	<u>212,003</u>	<u>18,000</u>	<u>10,000</u>	<u>368,879</u>
Total liabilities and fund balances	<u>\$ 2,000</u>	<u>\$ 212,003</u>	<u>\$ 18,000</u>	<u>\$ 10,000</u>	<u>\$ 378,605</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Capital Project Funds
For the Fiscal Year Ended June 30, 2010

	Old Town Hall Renovation	Vehicle Replacement Fund	Welfare Department Computer	Public Works/ Roads	Computer Upgrades	Public Works/ Truck
Revenues						
Intergovernmental revenues	\$ 33,559	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenues	-	79,624	-	-	-	-
Total revenues	<u>33,559</u>	<u>79,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
Administration	-	42,599	-	-	4,720	-
Public works	2,526	-	-	-	-	-
Capital outlay	-	-	-	301,607	-	-
Debt Service	-	-	-	-	-	-
Total expenditures	<u>2,526</u>	<u>42,599</u>	<u>-</u>	<u>301,607</u>	<u>4,720</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	31,033	37,025	-	(301,607)	(4,720)	-
Other financing sources (uses)						
Transfers from other funds	-	-	-	283,146	10,000	-
Transfers to other funds	(6,000)	-	-	-	-	(17,573)
Total other financing sources (uses)	<u>(6,000)</u>	<u>-</u>	<u>-</u>	<u>283,146</u>	<u>10,000</u>	<u>(17,573)</u>
Excess (deficiency) of revenues over (under) expenditures after other financing sources (uses)	25,033	37,025	-	(18,461)	5,280	(17,573)
FUND BALANCE - beginning	21,515	51,829	1,200	11,617	(8,162)	17,573
FUND BALANCE - ending	<u>\$ 46,548</u>	<u>\$ 88,854</u>	<u>\$ 1,200</u>	<u>\$ (6,844)</u>	<u>\$ (2,882)</u>	<u>\$ -</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Capital Project Funds
For the Fiscal Year Ended June 30, 2010

	<u>Tax Collector Copier</u>	<u>Landfill Closure Fund</u>	<u>Town Hall Renovations</u>	<u>Chelsea Park Renovation</u>	<u>Totals</u>
Revenues					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ 33,559
Other revenues	-	-	-	-	79,624
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,183</u>
Expenditures					
Administration	-	-	-	-	47,319
Public works	-	-	-	-	2,526
Capital outlay	-	-	-	-	301,607
Debt Service	-	2,020	-	-	2,020
Total expenditures	<u>-</u>	<u>2,020</u>	<u>-</u>	<u>-</u>	<u>353,472</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	(2,020)	-	-	(240,289)
Other financing sources (uses)					
Transfers from other funds	-	94,875	18,000	10,000	416,021
Transfers to other funds	-	-	-	-	(23,573)
Total other financing sources (uses)	<u>-</u>	<u>94,875</u>	<u>18,000</u>	<u>10,000</u>	<u>392,448</u>
Excess (deficiency) of revenues over (under) expenditures after other financing sources (uses)	-	92,855	18,000	10,000	152,159
FUND BALANCE - beginning	2,000	119,148	-	-	216,720
FUND BALANCE - ending	<u>\$ 2,000</u>	<u>\$ 212,003</u>	<u>\$ 18,000</u>	<u>\$ 10,000</u>	<u>\$ 368,879</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Combining Balance Sheet - Non-Major Permanent Funds
June 30, 2010

	Cemetery Fund	Arnold Fund	Total Non-Major Permanent Funds
ASSETS			
Cash and cash equivalents	\$ 27,751	\$ 3,954	\$ 31,705
Internal balances	325	-	325
Total assets	\$ 28,076	\$ 3,954	\$ 32,030
 Fund balances (deficits)			
Reserved by trust agreement	\$ 28,076	\$ 3,954	\$ 32,030
Total fund balances	\$ 28,076	\$ 3,954	\$ 32,030

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Permanent Funds
For the Fiscal Year Ended June 30, 2010

	<u>Cemetery Fund</u>	<u>Arnold Fund</u>	<u>Total Non-Major Permanent Funds</u>
Revenues			
Earnings on investments	\$ 39	\$ 5	\$ 44
Total revenues	<u>39</u>	<u>5</u>	<u>44</u>
Expenditures			
Current:			
Administration	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	39	5	44
FUND BALANCE - beginning	<u>28,037</u>	<u>3,949</u>	<u>31,986</u>
FUND BALANCE - ending	<u>\$ 28,076</u>	<u>\$ 3,954</u>	<u>\$ 32,030</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Pension Money Purchase Fund				
Assets				
Cash	\$ 330,866	\$ 65,246	\$ 17,510	\$ 378,602
Total assets	<u>\$ 330,866</u>	<u>\$ 65,246</u>	<u>\$ 17,510</u>	<u>\$ 378,602</u>
Liabilities				
Deposits held in custody for others	\$ 330,866	\$ 65,246	\$ 17,510	\$ 378,602
Total liabilities	<u>\$ 330,866</u>	<u>\$ 65,246</u>	<u>\$ 17,510</u>	<u>\$ 378,602</u>
Open Space Dedication				
Assets				
Cash	\$ 16,438	\$ 40	\$ -	\$ 16,478
Total assets	<u>\$ 16,438</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 16,478</u>
Liabilities				
Deposits held in custody for others	\$ 16,438	\$ 40	\$ -	\$ 16,478
Total liabilities	<u>\$ 16,438</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 16,478</u>
Oak Harbor Village				
Assets				
Cash	\$ 1,037	\$ 1	\$ -	\$ 1,038
Total assets	<u>\$ 1,037</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1,038</u>
Liabilities				
Deposits held in custody for others	\$ 1,037	\$ 1	\$ -	\$ 1,038
Total liabilities	<u>\$ 1,037</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1,038</u>
Fisherville Project				
Assets				
Cash	\$ 1,047	\$ 1	\$ -	\$ 1,048
Total assets	<u>\$ 1,047</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1,048</u>
Liabilities				
Deposits held in custody for others	\$ 1,047	\$ 1	\$ -	\$ 1,048
Total liabilities	<u>\$ 1,047</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1,048</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2010

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
Cobblestone Hills Subdivision				
Assets				
Cash	\$ 9,291	\$ 6	\$ 9,297	\$ -
Total assets	<u>\$ 9,291</u>	<u>\$ 6</u>	<u>\$ 9,297</u>	<u>\$ -</u>
Liabilities				
Deposits held in custody for others	\$ 9,291	\$ 6	\$ 9,297	\$ -
Total liabilities	<u>\$ 9,291</u>	<u>\$ 6</u>	<u>\$ 9,297</u>	<u>\$ -</u>
Land Dedication				
Assets				
Cash	\$ 12,543	\$ 54	\$ -	\$ 12,597
Total assets	<u>\$ 12,543</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ 12,597</u>
Liabilities				
Deposits held in custody for others	\$ 12,543	\$ 54	\$ -	\$ 12,597
Total liabilities	<u>\$ 12,543</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ 12,597</u>
Surety Bonds Escrow				
Assets				
Internal balances	\$ 124,500	\$ 15,000	\$ 2,500	\$ 137,000
Total assets	<u>\$ 124,500</u>	<u>\$ 15,000</u>	<u>\$ 2,500</u>	<u>\$ 137,000</u>
Liabilities				
Deposits held in custody for others	\$ 124,500	\$ 15,000	\$ 2,500	\$ 137,000
Total liabilities	<u>\$ 124,500</u>	<u>\$ 15,000</u>	<u>\$ 2,500</u>	<u>\$ 137,000</u>
Total Agency Funds				
Assets				
Cash	\$ 371,222	\$ 65,348	\$ 26,807	\$ 409,763
Internal balances	124,500	15,000	2,500	137,000
Total assets	<u>\$ 495,722</u>	<u>\$ 80,348</u>	<u>\$ 29,307</u>	<u>\$ 546,763</u>
Liabilities				
Deposits held in custody for others	\$ 495,722	\$ 80,348	\$ 29,307	\$ 546,763
Total liabilities	<u>\$ 495,722</u>	<u>\$ 80,348</u>	<u>\$ 29,307</u>	<u>\$ 546,763</u>

STATISTICAL SECTION

The Statistical Schedules differ from other financial statement presentations because they generally disclose more than one fiscal year and may present non-accounting data such as social and economic data and financial trends of the Town.

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
 Tax Collector's Annual Report
 For the Fiscal Year Ended June 30, 2010

REAL ESTATE AND PERSONAL PROPERTY TAXES

Fiscal Year End	Balance July 1, 2009	Current Year Assessment	Additions and Adjustments	Abatements and Adjustments	Amount to be Collected	Collections	Balance June 30, 2010
2009	\$ -	\$ 11,763,351	\$ 14,083	\$ 29,507	\$ 11,747,927	\$ 11,485,704	\$ 262,223
2008	312,850	-	5,485	5,979	312,356	246,490	65,866
2007	46,297	-	2,907	1,630	47,574	15,892	31,682
2006	18,373	-	4,684	-	23,057	2,779	20,278
2005	28,270	-	3,440	-	31,710	1,850	29,860
2004	18,345	-	3,730	-	22,075	1,905	20,170
2003	19,665	-	3,482	-	23,147	1,828	21,319
2002	18,007	-	-	-	18,007	483	17,524
2001	17,036	-	-	-	17,036	128	16,908
2000	14,352	-	-	-	14,352	-	14,352
1999	10,902	-	-	9,348	1,554	-	1,554
1998	2,893	-	-	-	2,893	-	2,893
1997	4,016	-	-	-	4,016	-	4,016
1996	4,098	-	-	-	4,098	-	4,098
1995	3,960	-	-	-	3,960	-	3,960
Prior	3,228	-	-	-	3,228	-	3,228
	<u>\$ 522,292</u>	<u>\$ 11,763,351</u>	<u>\$ 37,811</u>	<u>\$ 46,464</u>	<u>\$ 12,276,990</u>	<u>\$ 11,757,059</u>	519,931
							Less: Allowance for doubtful accounts (80,456)
							Property taxes receivable, net <u>\$ 439,475</u>

SCHEDULE OF MOST RECENT NET ASSESSED PROPERTY

VALUE BY CATEGORY ASSESSED December 31, 2008, LEVIED July 1, 2009

Description of Property	Valuations	Net Levy
Real property - Residential	\$ 764,109,000	\$ 10,689,042
Real property - Frozen (Market Value)	1,392,300	4,687
Motor Vehicles	52,203,982	837,520
Tangible and Personal Property	16,391,390	232,102
<i>Total</i>	<u>834,096,672</u>	<u>11,763,351</u>
Less Exemptions	35,744,270	-
<i>Net Assessed Value</i>	<u>\$ 798,352,402</u>	<u>\$ 11,763,351</u>

RECONCILIATION OF CURRENT YEAR

PROPERTY TAX REVENUE

Current year collections	\$ 11,757,059
Adjustments and reversals:	
Add: revenue collected 60 days subsequent to fiscal year ending June 30, 2010	56,019
Less prior year revenue collected 60 days subsequent to fiscal year ended June 30, 2009	109,079
Add: adjustments	(13,499)
Property tax revenue	<u>\$ 11,690,500</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
 Schedule of Long-term Liabilities - Governmental Activities
 For the Fiscal Year Ended June 30, 2010

	<u>Date of Issuance</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Authorized and Issued</u>	<u>Outstanding July 1, 2009</u>	<u>New Issues</u>	<u>Maturities During Year</u>	<u>Outstanding June 30, 2010</u>	<u>Interest Paid</u>	<u>Amounts Due within One Year</u>
Governmental long-term liabilities										
Bonds and notes payable										
Exeter public library bond	5/18/2004	5.62%	5/18/2014	\$ 800,000	\$ 673,477	\$ -	\$ 29,527	\$ 643,950	\$ 37,615	\$ 31,253
Exeter development rights bond	1/15/2009	4.25%	1/15/2019	500,000	493,303	-	16,412	476,891	20,936	17,133
Land acquisition costs	3/12/2001	0%	3/12/2010	225,000	25,000	-	25,000	-	-	-
Total bonds and notes payable				<u>1,525,000</u>	<u>1,191,780</u>	<u>-</u>	<u>70,939</u>	<u>1,120,841</u>	<u>58,551</u>	<u>48,386</u>
Capital leases payable										
Capital lease obligation - plow truck	12/21/2005				28,158	-	28,158	-	1,393	-
Capital lease obligation - backhoe loader	7/14/2006				42,120	-	20,511	21,609	2,254	21,609
Capital lease obligation - pickup truck	10/20/2006				15,229	-	7,391	7,838	921	7,838
Capital lease obligation - excavator/bulldozer	9/25/2007				139,823	-	44,200	95,623	7,482	46,565
Capital lease obligation - plow truck	10/25/2007				64,708	-	20,589	44,119	3,035	21,554
Capital lease obligation - pickup truck	1/11/2008				20,998	-	6,541	14,457	1,438	6,989
Capital lease obligation - backhoe loader	9/8/2008				66,955	-	15,501	51,454	3,444	16,299
Capital lease obligation - brush cutter	3/18/2009				57,392	-	13,624	43,768	1,988	14,096
Capital lease obligation - plow truck	8/1/2009				-	106,683	23,383	83,300	-	19,384
Total capital leases payable					<u>435,383</u>	<u>106,683</u>	<u>179,898</u>	<u>362,168</u>	<u>21,955</u>	<u>154,334</u>
Other long-term liabilities										
Landfill postclosure care costs (Note 13)					452,180	-	2,020	450,160	-	-
Compensated absences					33,537	33,794	-	67,331	-	-
Total other long-term liabilities					<u>485,717</u>	<u>33,794</u>	<u>2,020</u>	<u>517,491</u>	<u>-</u>	<u>-</u>
Total Governmental long-term liabilities				<u>\$ 1,525,000</u>	<u>\$ 2,112,880</u>	<u>\$ 140,477</u>	<u>\$ 252,857</u>	<u>\$ 2,000,500</u>	<u>\$ 80,506</u>	<u>\$ 202,720</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Schedule of Long-term Liabilities - Governmental Activities
Debt Service Requirements to Maturity - Bonds
June 30, 2010

<u>Maturing in Fiscal year</u>	<u>General Obligation Bonds</u>	<u>Total Interest</u>	<u>Total Principal & Interest</u>
2011	48,386	56,104	104,490
2012	50,820	53,670	104,490
2013	53,678	50,812	104,490
2014	564,189	45,467	609,656
2015	20,347	17,001	37,348
2016	21,200	16,148	37,348
2017	22,172	15,176	37,348
2018	23,149	14,199	37,348
2019	316,900	7,854	324,754
	<u>\$ 1,120,841</u>	<u>\$ 276,431</u>	<u>\$ 1,397,272</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2010

Grossed assessed value	\$ 834,096,672
Less: exemptions and adjustments	(35,744,270)
Total taxable assessed value	<u><u>\$ 798,352,402</u></u>

Debt Limit - 3 percent of total assessed value	\$ 23,950,572
Amount of debt applicable to debt limit:	
Total bonded debt	1,120,841
Legal debt margin	<u><u>\$ 22,829,731</u></u>

TOWN OF EXETER, RHODE ISLAND

***AUDITOR'S REPORTS AS REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS***

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

The Honorable President and
Members of the Town Council
Town of Exeter
Exeter, Rhode Island

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Exeter, Rhode Island (Town) as of and for the year fiscal ended June 30, 2010, and have issued our report thereon dated December 17, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matter

As part of obtaining reasonable assurance about whether Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the Town in a separate letter dated December 17, 2010.

This report is intended solely for the information and use of management, the Town Council, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Parmelee Poirier & Associates, LLP
December 17, 2010

TOWN OF EXETER, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2010

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors report issued: Unqualified

Internal control over financial reporting:

Significant deficiency (ies) identified? yes X no

Significant deficiency (ies) identified that are considered material weaknesses? yes X none reported

Noncompliance material to financial statements noted? yes X no

SECTION II – FINANCIAL STATEMENT FINDINGS yes X none

TOWN OF EXETER, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2010
(Continued)

SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT
AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

A. Significant Deficiency in Internal Control Reported

None Reported.

B. Compliance

None Reported.

TOWN OF EXETER, RHODE ISLAND
Schedule of Prior Year Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2010
(Continued)

A. Prior Year Significant Deficiency in Internal Control Reported

Finding 2009-1 Financial Reporting

Criteria

Accounting systems are designed and dependent upon compliance with established policies and procedures for authorizing and recording transactions properly and consistently in accordance with generally accepted accounting principles. For the current fiscal year, all items relating to Finding 2009-1 were implemented and corrected.