

TOWN OF EXETER, RHODE ISLAND

FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2012

TOWN OF EXETER, RHODE ISLAND

ANNUAL FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2012

Maria Lawler
Treasurer

Arlene B. Hicks
President, Town Council

Prepared by: Treasurer's Office

EXETER, RHODE ISLAND

INTRODUCTORY SECTION

**THIS SECTION CONTAINS
THE FOLLOWING SUBSECTION:**

Table of Contents

List of Town Officials

TOWN OF EXETER, RHODE ISLAND
 AUDITED FINANCIAL STATEMENTS
 Fiscal Year Ended June 30, 2012

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTORY SECTION	
LIST OF TOWN OFFICIALS	i
 II. FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
<i>GOVERNMENT-WIDE FINANCIAL STATEMENTS:</i>	
Statement of Net Assets	10
Statement of Activities.....	11
<i>FUND FINANCIAL STATEMENTS:</i>	
Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	16
Statement of Fiduciary Net Assets – Fiduciary Funds	17
Statement of Changes in Fiduciary Net Assets– Fiduciary Funds	18
<i>NOTES TO FINANCIAL STATEMENTS</i>	19
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget (Budgetary Basis) and Actual - General Fund.....	36

TOWN OF EXETER, RHODE ISLAND
 AUDITED FINANCIAL STATEMENTS
 Fiscal Year Ended June 30, 2012

TABLE OF CONTENTS (Continued)

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	
Schedule of Revenues – Budget and Actual (Budgetary Basis)	38
Budgetary Comparison Schedule – General Fund	
Schedule of Expenditures – Budget and Actual (Budgetary Basis)	39
Notes to Budgetary Comparison – General Fund	43
Combining Balance Sheet – NonMajor Other Governmental Funds	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – NonMajor Other Governmental Funds	49
Combining Statement of Changes in Assets and Liabilities – Agency Funds	54
Schedule of Property Tax Receivables	55
Schedule of Long-term Liabilities – Governmental Activities	56
Schedule of Long-Term Liabilities Debt Service Requirements – Governmental Activities	57
Computation of Legal Debt Margin	58

III. REPORTS REQUIRED UNDER *GOVERNMENT 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 <i>Government Auditing Standards</i>	59
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LIST OF TOWN OFFICERS
TOWN OF EXETER, RHODE ISLAND

TOWN COUNCIL

Arlene B. Hicks, President
William Monahan, Vice-President
Raymond A. Morrissey, Jr.
Daniel W. Patterson
Calvin A. Ellis

TREASURER

Maria Lawler

TOWN CLERK

Lynn Hawkins

FINANCIAL SECTION

**THIS SECTION CONTAINS
THE FOLLOWING SUBSECTIONS:**

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Other Supplementary Information

INDEPENDENT AUDITORS' REPORT

To the Honorable President and
Members of the Town Council
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 fiscal year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Exeter, Rhode Island's management. Our responsibility is to express opinions 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 the 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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Exeter, Rhode Island as of June 30, 2012, and the respective changes in financial position thereof for the fiscal 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 our report dated November 5, 2012 on our consideration of the Town of Exeter, Rhode Island's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 comparisons on pages 3 through 9 and pages 38 and 39, 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 of Exeter, Rhode Island'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.

NADEAU WADSWICK LLP

November 5, 2012

TOWN OF EXETER, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
Unaudited
Fiscal Year Ended June 30, 2012

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, 2012. 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 2012 and 2011 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 \$7,813,714. Of that amount, \$2,744,963 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 \$406,495 or 5.5% through current year activities. This increase was mainly due to favorable General Fund spending.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,353,434. Approximately 38% of this amount, \$894,203 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 unassigned fund balance was \$947,412, or 7.1% 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 \$121,180 on a Fund Financial Statement 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

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.

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 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.

TOWN OF EXETER, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Unaudited
Fiscal Year Ended June 30, 2012

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, 2012.

The government-wide financial statements are reported on pages 10 and 11.

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 2012 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.

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

TOWN OF EXETER, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Unaudited

Fiscal Year Ended June 30, 2012

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 35.

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 36 and 37, and Other Supplementary Information is presented on pages 38 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 \$7,813,714 as of June 30, 2012. The largest portion of the Town's net assets (67%) 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.

	Governmental Activities	
	2012	2011
ASSETS		
Current Assets	\$ 3,314,631	\$ 2,953,599
Capital Assets	6,770,771	6,829,473
TOTAL ASSETS	10,085,402	9,783,072
 LIABILITIES		
Current Liabilities	743,067	662,070
Long-term Liabilities	1,528,621	1,713,783
TOTAL LIABILITIES	2,271,688	2,375,853
 NET ASSETS		
Invested in Capital Assets, Net of Related Debt	5,068,751	4,899,873
Restricted and Unrestricted	2,744,963	2,507,346
TOTAL NET ASSETS	\$ 7,813,714	\$ 7,407,219

A portion of the Town's net assets, \$5,068,751, represents capital assets owned net of related debt. The remaining balances of unrestricted net assets \$2,744,963, may be used to meet the government's ongoing obligations to its citizens and creditors. As of June 30, 2012, the Town of Exeter reports positive balances in all of the categories of net assets for the government as a whole.

TOWN OF EXETER, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Unaudited
Fiscal Year Ended June 30, 2012

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, 2012. Governmental activities increased the Town's net assets by \$406,495.

	Governmental Activities	
	2012	2011
REVENUES		
General Revenue	\$ 12,975,779	\$ 12,625,312
Charges for services	693,976	630,840
Operating grants and contributions	54,459	71,239
Capital grants and contributions	55,647	31,161
TOTAL REVENUES	13,779,861	13,358,552
EXPENSES		
General government	1,597,888	1,463,677
Public works	1,015,473	783,466
Public safety	22,969	13,352
Social services	304,880	380,348
Public health and welfare	5,995	5,645
Education	10,365,919	10,303,270
Capital Outlay	3,933	-
Interest	56,309	74,070
TOTAL EXPENSES	13,373,366	13,023,828
CHANGE IN NET ASSETS	406,495	334,724
Net Assets - July 1st	7,407,219	7,072,495
Net Assets - June 30th	\$ 7,813,714	\$ 7,407,219

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 \$2,353,434. Approximately 38% of the total amount, or \$894,203 constituted unreserved fund balances. The remainder of the fund balances was reserved for future commitments.

Reserved Fund Balances:

Contingency appropriations	\$450,000
Re-appropriated for fiscal year 2012/2013	\$ 35,000

TOWN OF EXETER, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Unaudited

Fiscal Year Ended June 30, 2012

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget for the Town's General Fund reflected total revenues and transfers from other funds of \$13,365,868 and total expenditures and transfers to other funds of \$13,365,868. Actual total revenues of \$13,367,353 and total expenditures of \$13,246,173 which included transfers to other funds of \$611,690 resulted in a budgetary surplus of \$121,180.

REVENUES

Property taxes – were over budget by \$42,222. The Town continues to collect property taxes in a timely fashion.

Licenses and permits – Permit revenues were over budget by \$12,590. New building and improvements in the Town of Exeter has increased permit collections

Fines and interest on late payments – were over budget by \$42,300. For the current fiscal year, there was a favorable collection rate for outstanding property taxes.

EXPENSES

General Governmental expenses – were under budget by \$109,520. Town advertising expense had a favorable variance in the amount of \$7,585, mostly due to the media selection process to reduce the cost of advertising to the town. Blue Cross/Dental expenses were under budget by \$22,261 due to an estimated increase in the share of expense of town employees. Legal fee expenses were under budget by \$25,692 due to a decrease in the number of legal matters. Town Clerk expenses were under budget by \$11,129 due to cost savings on the Town Clerk's billing and equipment contracts. The insurance expense was over budget by \$10,298 due to the Town being unaware of an increase in insurance premiums. The Exeter Public Library expenses were under budget due to a reduction in the number of programs run in the current year.

CAPITAL ASSETS

The Town of Exeter's investment in capital assets for its governmental activities amounts to \$6,770,771, net of accumulated depreciation at June 30, 2012. 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, 2012).

TOWN OF EXETER, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Unaudited
Fiscal Year Ended June 30, 2012

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

	2012	2011
Land	\$ 253,701	\$ 253,701
Intangible assets	3,450,000	3,450,000
Buildings and improvements	1,451,390	1,498,352
Motor vehicles	346,469	279,103
Machinery and equipment	423,676	479,332
Infrastructure	845,535	868,985
	\$ 6,770,771	\$ 6,829,473

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 full historical disclosure in subsequent reporting periods.

DEBT ADMINISTRATION

At the end of the current fiscal year, the Town of Exeter had a total bonded debt of \$1,017,374. All bonded debt is backed by the full faith and credit of the Town.

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

	2012	2011
Public library bond	\$ 575,449	\$ 612,697
Development rights bond	441,925	459,758
Landfill post-closure care costs	379,717	444,608
Compensated absences	66,883	63,613
Capital lease obligation	238,046	348,924
	\$ 1,702,020	\$ 1,929,600

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 \$25,736,555 (based on net assessed valuation at December 31, 2010 of \$857,885,153) at year-end. The town's outstanding general obligation debt is \$1,017,374 at year-end, which is \$24,719,181 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 56 through 58.

TOWN OF EXETER, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Unaudited
Fiscal Year Ended June 30, 2012

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town of Exeter's total general fund budget for fiscal year 2012-2013 is \$13,334,474 which is a decrease of \$31,394 over the fiscal 2011-2012 budget of \$13,365,868. Of the Town's 2012-2013 budget, \$3,093,879 or 23.2% is budgeted for the general government and \$10,240,645 or 76.8% is budgeted for education. The State of Rhode Island is budgeted to contribute \$182,279 in State aid.

The Town's tax rate for fiscal 2011-2012 is \$13.44 per thousand, with 17.57% allocated for general government and 82.43% allocated for education. For fiscal 2010-2011 the Town's tax rate was \$13.49 per thousand with 16.08% allocated for general government and 83.92% allocated for education. The decrease in tax rates from \$13.49 to \$13.44 resulted in a \$0.05 decrease or 0.4% decrease in the tax rate.

REQUEST 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

*The Basic Financial Statements
include all funds in order to provide an overview of the
financial position and results of operation for the Town as a whole.
They also serve as an introduction to the more detailed
statements and schedules that follow.*

TOWN OF EXETER, RHODE ISLAND
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET ASSETS
 June 30, 2012

	<u>Governmental Activities</u>
<u>ASSETS</u>	
<i>Current Assets</i>	
Cash and cash equivalents	\$ 2,699,264
Accounts receivable:	
Property Taxes, net of allowance for doubtful accounts of \$76,725	497,825
Tax title property	14,469
Other receivables	<u>103,073</u>
<i>Total Current Assets</i>	<u>3,314,631</u>
 <i>Noncurrent Assets</i>	
Capital assets not being depreciated	3,703,701
Capital assets being depreciated, net of depreciation	<u>3,067,070</u>
<i>Total Noncurrent Assets</i>	<u>6,770,771</u>
 TOTAL ASSETS	 <u>10,085,402</u>
 <u>LIABILITIES</u>	
<i>Current Liabilities</i>	
Accounts payable and accrued items	177,849
Taxes received in advance	174,025
Due to Agency Funds	126,000
Deferred Revenue	77,325
General obligations bonds	71,788
Capital Leases	101,611
Other liabilities	<u>14,469</u>
<i>Total Current Liabilities</i>	<u>743,067</u>
 <i>Noncurrent Liabilities</i>	
General obligations bonds	945,586
Capital Leases	136,435
Landfill postclosure care costs	379,717
Compensated absences payable	<u>66,883</u>
<i>Total Noncurrent Liabilities</i>	<u>1,528,621</u>
 TOTAL LIABILITIES	 <u>2,271,688</u>
 <u>NET ASSETS</u>	
Invested in capital assets, net of related debt	5,068,751
Restricted	1,442,086
Unrestricted	<u>1,302,877</u>
 TOTAL NET ASSETS	 <u>\$ 7,813,714</u>

TOWN OF EXETER, RHODE ISLAND
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2012

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
General government	\$ 1,597,888	\$ 420,411	\$ 13,764	\$ -	\$ (1,163,713)
Public works	1,015,473	-	4,633	15,606	(995,234)
Public safety	22,969	-	-	40,041	17,072
Social services	304,880	273,565	36,062	-	4,747
Public health and welfare	5,995	-	-	-	(5,995)
Education	10,365,919	-	-	-	(10,365,919)
Capital Outlay	3,933	-	-	-	(3,933)
Interest	56,309	-	-	-	(56,309)
Total Activities	\$ 13,373,366	\$ 693,976	\$ 54,459	\$ 55,647	(12,569,284)

General Revenues:

Property taxes	12,619,582
Grants and contributions not restricted to specific purposes	228,925
Investment Earnings	106
Other general revenues	127,166
Total General Revenues	12,975,779

Increase in Net Assets	406,495
Net Assets - July 1, 2011	7,407,219
Net Assets - June 30, 2012	\$ 7,813,714

TOWN OF EXETER, RHODE ISLAND
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2012

	GENERAL FUND	LANDFILL CLOSURE FUND	NONMAJOR OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,415,516	\$ -	\$ 283,748	\$ 2,699,264
Property tax receivable	497,825	-	-	497,825
Other - accounts receivable	57,457	-	45,616	103,073
Due from other funds	207,861	262,362	543,801	1,014,024
Tax title property	14,469	-	-	14,469
TOTAL ASSETS	<u>\$ 3,193,128</u>	<u>\$ 262,362</u>	<u>\$ 873,165</u>	<u>\$ 4,328,655</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable and accrued items	\$ 171,205	\$ -	\$ 6,644	\$ 177,849
Deferred revenue	468,854	-	-	468,854
Taxes received in Advance	174,025	-	-	174,025
Due to other funds	806,163	-	207,861	1,014,024
Due to Agency Funds	126,000	-	-	126,000
Other liabilities	14,469	-	-	14,469
TOTAL LIABILITIES	<u>1,760,716</u>	<u>-</u>	<u>214,505</u>	<u>1,975,221</u>
FUND BALANCES				
Restricted	-	-	89,946	89,946
Committed	-	262,362	113,089	375,451
Assigned	485,000	-	508,834	993,834
Unassigned	947,412	-	(53,209)	894,203
TOTAL FUND BALANCES	<u>1,432,412</u>	<u>262,362</u>	<u>658,660</u>	<u>2,353,434</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,193,128</u>	<u>\$ 262,362</u>	<u>\$ 873,165</u>	<u>\$ 4,328,655</u>

TOWN OF EXETER, RHODE ISLAND
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 June 30, 2012

Total Fund Balances for Governmental Funds	\$	2,353,434
Assets used in governmental activities which are not financial resources and, therefore, are not reported in the funds:		
Capital assets, net		6,770,771
Deferred revenue		391,529
		7,162,300
Liabilities not due and payable in the current period and, therefore, are not reported in the funds:		
General obligation bonds		(1,017,374)
Capital leases		(238,046)
Landfill postclosure care costs		(379,717)
Compensated absences payable		(66,883)
		(1,702,020)
Net Assets of Governmental Activities	\$	7,813,714

TOWN OF EXETER, RHODE ISLAND
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
 Fiscal Year Ended June 30, 2012

	GENERAL FUND	LANDFILL CLOSURE FUND	NONMAJOR OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Property taxes	\$ 12,568,206	\$ -	\$ -	\$ 12,568,206
Intergovernmental revenues	343,763	-	61,897	405,660
Departmental revenues	155,762	-	-	155,762
Licenses and permits	76,590	-	-	76,590
Interest and investment income	4,866	-	106	4,972
Fines and interest on late payments	122,300	-	-	122,300
Other revenues	95,866	-	299,129	394,995
TOTAL REVENUES	13,367,353	-	361,132	13,728,485
EXPENDITURES				
Current:				
General government	1,351,768	-	191,513	1,543,281
Public works	599,150	33,095	211,782	844,027
Public safety	22,969	-	-	22,969
Social services	5,625	-	299,255	304,880
Public health and welfare	5,995	-	-	5,995
Education	10,365,919	-	-	10,365,919
Capital outlay	-	24,800	88,647	113,447
Debt service:				
Principal	226,748	6,995	-	233,743
Interest	56,309	-	-	56,309
TOTAL EXPENDITURES	12,634,483	64,890	791,197	13,490,570
Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	732,870	(64,890)	(430,065)	237,915

TOWN OF EXETER, RHODE ISLAND
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
 Fiscal Year Ended June 30, 2012

	GENERAL FUND	LANDFILL CLOSURE FUND	NONMAJOR OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from other funds	-	61,657	622,437	684,094
Transfers to other funds	(611,690)	-	(72,404)	(684,094)
TOTAL OTHER FINANCING SOURCES (USES)	(611,690)	61,657	550,033	-
Net Change in Fund Balances	121,180	(3,233)	119,968	237,915
FUND BALANCE - July 1, 2011	1,311,232	265,595	538,692	2,115,519
FUND BALANCE - June 30, 2012	<u>\$ 1,432,412</u>	<u>\$ 262,362</u>	<u>\$ 658,660</u>	<u>\$ 2,353,434</u>

TOWN OF EXETER RHODE ISLAND
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
 Fiscal Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds \$ 237,915

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 the increase in depreciation of \$222,333 were less than capital outlays of \$163,631 in the current period. Additionally, capital assets in the amount of \$54,117 were capitalized through capital lease transactions. (112,819)

Property taxes that are not collected in the current period and do not represent current financial resources are deferred in the fund financial statement, however they are recognized as revenues in the statement of activities. 51,376

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. (3,720)

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 principal payments made on long-term debt 233,743

Change in Net Assets of Governmental Activities in the Statement of Activities \$ 406,495

TOWN OF EXETER, RHODE ISLAND
 FUND FINANCIAL STATEMENTS
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2012

	<u>REYNOLDS FUND</u>	<u>EMILY J. ANTHONY FUNDS</u>	<u>AGENCY FUNDS</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 184,105	\$ 4,184	\$ 43,083
Investments	863,300	-	-
Due from General Fund	-	-	126,000
	<u>1,047,405</u>	<u>4,184</u>	<u>169,083</u>
<u>LIABILITIES</u>			
Deposits held in custody for others	-	-	169,083
Due to General Fund	-	-	-
	<u>-</u>	<u>-</u>	<u>\$ 169,083</u>
<u>NET ASSETS</u>			
Held in trust for specific purpose	<u>1,047,405</u>	<u>4,184</u>	
	<u>\$ 1,047,405</u>	<u>\$ 4,184</u>	

TOWN OF EXETER, RHODE ISLAND
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 For the Fiscal Year Ended June 30, 2012

	<u>REYNOLDS FUND</u>	<u>EMILY J. ANTHONY FUNDS</u>
<u>ADDITIONS</u>		
Bequests	\$ -	\$ 985
Interest, dividends and gains	<u>23,292</u>	<u>-</u>
TOTAL ADDITIONS	<u>23,292</u>	<u>985</u>
<u>DEDUCTIONS</u>		
Scholarship expenses	-	3,750
Investment management fee	10,000	
Support services	<u>13,310</u>	<u>-</u>
TOTAL DEDUCTIONS	<u>23,310</u>	<u>3,750</u>
CHANGES IN NET ASSETS	(18)	(2,765)
NET ASSETS - July 1, 2011	<u>1,047,423</u>	<u>6,949</u>
NET ASSETS - June 30, 2012	<u>\$ 1,047,405</u>	<u>\$ 4,184</u>

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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 2, 2010. 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 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 unit.

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 (CONTINUED)
June 30, 2012

Recently Issued Accounting Standards

The Town has implemented GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions for the fiscal year ending June 30, 2012. The adoption of this Statement did not have an effect on the Town’s financial statements or results of operations.

The Town will implement GASB Statement No. 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The impact on this pronouncement on the Town’s financial statements has not been determined.

BASIS OF PRESENTATION

Government-Wide Financial Statements

The Statement of Net Assets and 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 statement 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. The Town of Exeter does not have any business-type activities.

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 the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

Governmental Funds

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

General Fund – The General Fund is used to account for resources devoted to financing the general services 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 – 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 Project Funds – Capital Project 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).

Permanent Funds – Permanent Funds 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 – Proprietary Fund Types account for operations that are organized to be self-supporting through user charges. For the year ended June 30, 2012 the Town had no proprietary funds.

Fiduciary Fund Types – Fiduciary Fund types 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.

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

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.

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 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 associates 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.

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

TOWN OF EXETER, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2012

Development Block Grant. These resources are reflected as revenues at the time of receipt or earlier if they meet the “available” criteria.

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 and Special Revenue. Where appropriate an associated allowance for uncollectible accounts has been established. Property taxes, which were levied on July 1, 2010 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 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 cost 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 are valued at historical costs. 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 useful lives:

<u>Description</u>	<u>Estimated Lives (years)</u>
Building 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.

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

Net Assets – The Town’s net assets have been segregated into the following three components in accordance with GASB Statement No. 34:

Invested in Capital Assets, Net of Related Debt – represents the net book value of all capital assets less the outstanding balances of bonds and other debt used to acquire, construct or improve these assets.

Restricted Net Assets – those that have been limited to uses specified either externally by creditors, contributors, laws or regulations of other governments or internally by enabling legislation or law.

Unrestricted Net Assets – represents the residual category of the balance of net assets.

Fund Financial Statements – Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by the government’s highest level of decision-making authority. Assigned fund balance is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund and represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

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. 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% of the total 2011 levy. The tax rate of the Town is established by the Town Council. The Town’s fiscal 2012 property taxes were levied on July 1, 2011 on assessed valuation as of December 31, 2010. 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. Also a complete revaluation of all property was completed December 31, 2011 as per State requirements.

TOWN OF EXETER, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2012

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 vested. 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 – Interfund transactions except advances are accounted for as transfers. Nonrecurring or nonroutine 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.

Unearned Revenue - In the government-wide financial statements, unearned revenue represents funds received in advance of being earned/owed or receivables which will be collected and included in revenues of future fiscal years. In the General Fund, (of the financial statements), unearned revenue includes property taxes receivable which were assessed on December 31, 2010 and prior and are not collected within 60 days following June 30, 2012. Net unearned taxes included in the fund financial statements were \$391,529.

Subsequent Events – The Town has evaluated subsequent events for recognition and disclosure through November 5, 2012, which is the date the financial statements were available to be issued.

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 \$25,736,555. As of June 30, 2012 the Town’s debt is under this limit by \$24,719,181.

NOTE 3 – NET ASSETS - RESTRICTED

As of June 30, 2012, the Town has restricted \$1,406,022 of its General, Landfill Closure, and Special Revenue funds for contingency appropriations as follows:

General Fund balance	\$	485,000
Landfill Closure Fund balance		262,362
Special Revenue Funds balance		658,660
	\$	1,406,022

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

Deficit Fund Equity – As of June 30, 2012 deficit fund balances consisted of the following:

Transfer Station Fund	\$17,842
Preservation and Technology Fund	\$25,272
Energy Efficiency Grant	\$10,095

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 cannot exceed five (5) percent of that institution’s capital and surplus as set for in the institution’s 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. This only applies to investments held by Citizens Bank on behalf of the Reynolds Fund.

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. This only applies to investments held by Citizens Bank on behalf of the Reynolds Fund.

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, 2012, all of the Town’s balance of \$2,699,264 was insured or collateralized.

Investments – This is the risk that in the event of 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.

TOWN OF EXETER, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2012

Cash and investments of the Town consist of the following at June 30, 2012

<u>Cash and Cash Equivalents</u>	
Deposits with financial institutions	\$ 2,883,369
 <u>Investments</u>	
Fixed Income	157,809
Common stock	<u>705,491</u>
<i>Total Cash and Investments</i>	<u>\$ 3,746,669</u>

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

<u>Statement of Net Assets</u>	
Cash and cash equivalents	\$ 2,699,264
 <u>Fiduciary Funds</u>	
Cash and cash equivalents	184,105
Investments	<u>863,300</u>
<i>Total Cash and Investments</i>	<u>\$ 3,746,669</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.

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, 2010. 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 levy for fiscal year 2011-2012. 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 15, November 15, February 15, and May 15 during the fiscal year. A complete revaluation of all property was performed as of December 31, 2011 as required by the State.

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

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, 2012, a reserve of \$73,583 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, 2012 consists of \$465,112 of property taxes not collected within 60 days following year end, net of allowance of \$73,583, resulting in \$391,529.

Net property taxes levied for the fiscal year 2012 were based on an assessed value of approximately \$857,885,153 at December 31, 2010 and amounted to \$12,619,379. Total property tax recognized for the current fiscal year amounted to \$12,568,206 which represents 99.6% of the total 2011 levy. Of that amount, \$109,296, collected within 60 days following year end, included tax revenue relating to current and prior years. Tax abatements for the year ended June 30, 2012 totaled \$69,961.

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

NOTE 6 – INFORMATION ABOUT CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Primary Government			Ending Balances
	Beginning Balances	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	2,047,372	-	-	2,047,372
Motor vehicles	942,642	138,831	-	1,081,473
Machinery and equipment	1,245,848	24,800	-	1,270,648
Office furniture and equipment	154,627	-	-	154,627
Infrastructure	938,017	-	-	938,017
Total other capital assets at historical cost	<u>5,328,506</u>	<u>163,631</u>	<u>-</u>	<u>5,492,137</u>
Less accumulated depreciation for:				
Buildings and improvements	549,020	46,962	-	595,982
Motor vehicles	663,539	71,465	-	735,004
Machinery and equipment	766,516	80,456	-	846,972
Office furniture and equipment	154,627	-	-	154,627
Infrastructure	69,032	23,450	-	92,482
Total accumulated depreciation	<u>2,202,734</u>	<u>222,333</u>	<u>-</u>	<u>2,425,067</u>
Governmental activities capital assets, net	<u>\$ 6,829,473</u>	<u>\$ (58,702)</u>	<u>\$ -</u>	<u>\$ 6,770,771</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 50,887
Public works	171,446
Total governmental activities depreciation expense	<u>\$ 222,333</u>

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

NOTE 7 – INFORMATION ABOUT LONG-TERM LIABILITIES

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012	Amounts Due within One Year
Governmental Activities					
Exeter public library bond	\$ 612,697	\$ 6,672	\$ 43,920	575,449	\$ 53,118
Exeter development rights bond	459,758	-	17,833	441,925	18,670
Total bonds and notes payable	1,072,455	6,672	61,753	1,017,374	71,788
Capital lease obligation - excavator/bulldozer	49,058	-	49,058	-	-
Capital lease obligation - plow truck	22,565	-	22,565	-	-
Capital lease obligation - pickup truck	7,468	-	7,468	-	-
Capital lease obligation - backhoe loader	35,155	-	17,137	18,018	18,018
Capital lease obligation - brush cutter	29,672	-	14,583	15,089	15,089
Capital lease obligation - plow truck	63,916	-	20,315	43,601	21,290
Capital lease obligation - woodchipper	33,516	-	8,029	25,487	26,530
Capital lease obligation - plow truck	107,574	-	25,840	81,734	8,258
Capital lease obligation - Ford F550 Truck	-	69,628	15,511	54,117	12,426
Total capital leases payable	348,924	69,628	180,506	238,046	101,611
Landfill post closure care costs (Note 11)	444,608	-	64,891	379,717	-
Compensated absences	63,613	3,270	-	66,883	-
Total other long-term debt	508,221	3,270	64,891	446,600	-
Total Governmental Activities	\$ 1,929,600	\$ 79,570	\$ 307,150	\$ 1,702,020	\$ 173,399

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

	Interest Rates	Principal	Due Dates
Exeter public library bond	3.67%	\$ 575,499	2013-2022
Exeter development rights bond	4.25%	\$ 441,925	2013-2019
Capital lease obligations	various	\$ 238,046	2013-2016

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

During the current fiscal year, the Town refinanced the Exeter public library bond reducing the interest rate from 5.62% to 3.67%.

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

Fiscal Year Ended June 30	Governmental Long-term Liabilities		
	Principal	Interest	Total
2013	71,788	39,193	110,981
2014	74,619	36,362	110,981
2015	77,563	33,418	110,981
2016	80,540	30,441	110,981
2017	83,800	27,181	110,981
2018	87,108	23,873	110,981
2019	383,280	15,111	398,391
2020	68,882	4,751	73,633
2021	71,501	2,132	73,633
2022	18,293	114	18,407
	\$ 1,017,374	\$ 212,576	\$ 1,229,950

TOWN OF EXETER, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2012

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.

NOTE 8 – CAPITAL LEASE

The Town entered into a lease agreement as lessee for financing the acquisition of a plow truck for the Public Works Department for fiscal year 2012. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments. Property and equipment includes \$773,252 of leased equipment and accumulated depreciation of \$413,853 as of June 30, 2012; vehicles include \$521,028 of leased equipment and accumulated depreciation of \$240,741.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2012 are as follows:

Year Ending June 30		
2013	\$	111,147
2014		76,590
2015		53,207
2016		<u>15,511</u>
Total minimum lease payments		256,455
Less: Amount representing interest		<u>(18,409)</u>
Present value of minimum lease payments	\$	<u>238,046</u>

NOTE 9 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2012 are as follows:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 207,861	\$ 806,163
Landfill Closure Fund	262,362	-
Special Revenue Funds	182,075	207,861
Capital Projects Funds	<u>361,726</u>	<u>-</u>
	<u>\$ 1,014,024</u>	<u>\$ 1,014,024</u>

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting receipts to the debt service fund as debt service payments become due, and 3) use

TOWN OF EXETER, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2012

unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary information.

Transfers between funds as of June 30, 2012 are as follows:

Fund/Department	Transfers from (to) other funds
General Fund	\$ (611,690)
Landfill Closure Fund	61,657
Special Revenue Funds	133,033
Capital Projects Funds	417,000
	\$ -

These balances resulted from the short-term advances from one fund (primarily the general fund) to another fund. These advances were provided as either operating advances or reimbursement for expenditures that were paid by one fund on behalf of another fund.

NOTE 10 – 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 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.

Presently, the agreement calls for four members of the seven-member governing board of the School District be elected by the voters of the Town of Exeter. Starting with the 2020 election, four members of the seven-member school committee shall be from the town with the highest population. The remaining three members shall be elected from the other town.

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 contingently liable for their proportional share is as follows at June 30, 2012:

<u>Unaudited</u>	
General obligation bonds	\$ 1,225,000
Loans payable	5,270,000
Certain accrued compensated absences	134,325
Capital leases payable	170,773
Net post-employment benefit obligation	780,590
Total Long-Term Debt	\$ 7,580,688

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

NOTE 11 – 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 2012, capital lease payments for the above mentioned equipment totaled \$49,058, leaving no capital lease balance remaining; payments for survey, site preparation and remedial work totaled \$64,891, leaving a closure cost balance of \$379,717. The total estimated postclosure cost at June 30, 2012 is \$379,717.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

At June 30, 2012, 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 13 – 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.

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

NOTE 14 – 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 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 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. During the fiscal year ended June 30, 2011, the Town retained the services of the International City County Management Association (ICMA) to administer the plan on an ongoing basis. Upon obtaining their services, all assets were transferred to ICMA who handles distributions, plan administration, etc. Fiscal Year 2012 contributions amounted to \$43,973.

NOTE 15 – DEFERRED COMPENSATION PLAN

The Town offers its municipal employees a deferred compensation plan established in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to certain municipal employees, permits the deferral of a portion of their salary until future years. The deferred compensation is payable to employees upon termination, retirement, death or unforeseen emergency.

The Town placed the deferred compensation plan assets into trust for the exclusive benefit of plan participants and beneficiaries in accordance with Governmental Accounting Standards Board (GASB) Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*,

The Town has little administrative involvement and does not perform the investing function for the plan, The Town does not hold the assets in a trustee capacity and does not perform fiduciary accountability for the plan. Therefore, the Town employees' deferred compensation plan created in accordance with IRC 457 is not reported in the financial statements of the Town.

NOTE 16 – 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, 2012.

NOTE 17 – NET ASSETS/FUND BALANCES

The difference between assets and liabilities is “Net Assets” on the government-wide and fiduciary funds financial statements and “Fund Balance” on the governmental fund financial statements.

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

only be used for specific purposes pursuant to constraints imposed by formal action of the Town Council, such as appropriation or legislation. Assigned fund balance is constrained by the Town Council's intent to be used for specific purposes.

The Town's fund balances represent: (1) Restricted Purposes, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (2) Committed Purposes, which include balances that can be used for specific purposes pursuant to constraints imposed by formal action of the Town Council; (3) Assigned Purposes, which included balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

	Restricted Purposes	Committed Purposes	Assigned Purposes
<u>General Fund</u>			
Contingency Appropriation	\$ -	\$ -	\$ 450,000
Re-appropriated Fiscal Year 2012/2013	-	-	35,000
<u>Major Fund</u>			
Landfill Closure	-	262,362	-
<u>Nonmajor Funds</u>			
Animal Shelter	-	11,308	-
RIEMA FEMA Grant	25,927	-	-
Planning Board Project Review Fee	-	10,565	-
Capital Facilities Impact Fees	-	91,216	-
CDBG	36,823	-	-
Property Revaluation Fund	-	-	81,117
Spay/Neuter Fund	-	-	1,525
Memorial Day Parade	-	-	2,295
Pension Liability Fund	-	-	22,210
Historic Preservation Fund	-	-	35,000
Borderland Project	-	-	4,961
Vehicle Replacement Fund	-	-	112,225
Public Works/Road	-	-	166,783
Computer Upgrade Fund	-	-	20,318
Public Works/Equipment	-	-	2,908
Town Hall Renovations Fund	-	-	26,012
Chelsea Park Fund	-	-	15,574
Video Equipment	-	-	3,503
Office Equipment	-	-	14,403
Cemetery Fund	27,196	-	-
	<u>\$ 89,946</u>	<u>\$ 375,451</u>	<u>\$ 993,834</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

This section also presents budgetary comparison schedules for the Town's major funds. These schedules are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board.

TOWN OF EXETER, RHODE ISLAND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET (BUDGETARY BASIS) AND ACTUAL
 Fiscal Year Ended June 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>REVENUES</u>				
Property taxes	\$ 12,525,984	\$ 12,525,984	\$ 12,568,206	\$ 42,222
Intergovernmental revenues	331,884	331,884	343,763	11,879
Departmental revenues	149,000	149,000	155,762	6,762
Building permits and inspection fees	64,000	64,000	76,590	12,590
Interest and investment income	10,000	10,000	4,866	(5,134)
Fines and interest on late payments	80,000	80,000	122,300	42,300
Other revenue	30,000	30,000	95,866	65,866
TOTAL REVENUES	<u>13,190,868</u>	<u>13,190,868</u>	<u>13,367,353</u>	<u>176,485</u>
<u>EXPENDITURES</u>				
General government	1,451,824	1,451,824	1,351,768	100,056
Public works	607,210	607,210	599,150	8,060
Public safety	24,000	24,000	22,969	1,031
Social services	7,414	7,414	5,625	1,789
Public health and welfare	6,200	6,200	5,995	205
Education	10,365,920	10,365,920	10,365,919	1
Capital outlay	-	-	-	-
Debt service expenditures	292,610	292,610	283,057	9,553
TOTAL EXPENDITURES	<u>12,755,178</u>	<u>12,755,178</u>	<u>12,634,483</u>	<u>120,695</u>

TOWN OF EXETER, RHODE ISLAND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET (BUDGETARY BASIS) AND ACTUAL
 Fiscal Year Ended June 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING USES	435,690	435,690	732,870	297,180
OTHER FINANCING SOURCES				
Re-appropriation of Fund Balance	175,000	175,000	-	(175,000)
Transfer to other funds	(611,690)	(611,690)	(611,690)	-
TOTAL OTHER FINANCING SOURCES	(436,690)	(436,690)	(611,690)	(175,000)
			-	
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	\$ (1,000)	\$ (1,000)	\$ 121,180	\$ 120,180

OTHER SUPPLEMENTARY INFORMATION

Detailed financial statements for each fund are presented in a combining or individual fund statement under the dividers labeled accordingly.

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Fiscal Year Ended June 30, 2012

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
<u>PROPERTY TAX REVENUES</u>				
Property taxes	\$ 12,525,984	\$ 12,525,984	\$ 12,568,206	\$ 42,222
TOTAL PROPERTY TAX REVENUES	<u>12,525,984</u>	<u>12,525,984</u>	<u>12,568,206</u>	<u>42,222</u>
<u>INTERGOVERNMENTAL</u>				
State MV tax phase-out program	82,437	82,437	83,465	1,028
Public service corporate tax	65,451	65,451	72,315	6,864
State meal tax	72,429	72,429	73,145	716
State aid to libraries	32,685	32,685	40,392	7,707
Library bond reimbursement	<u>78,882</u>	<u>78,882</u>	<u>74,446</u>	<u>(4,436)</u>
TOTAL INTERGOVERNMENTAL REVENUES	<u>331,884</u>	<u>331,884</u>	<u>343,763</u>	<u>11,879</u>
<u>DEPARTMENTAL REVENUES</u>				
Town clerk collections	140,000	140,000	147,242	7,242
Planning board fees	4,000	4,000	4,320	320
Zoning Fees	<u>5,000</u>	<u>5,000</u>	<u>4,200</u>	<u>(800)</u>
TOTAL DEPARTMENTAL REVENUES	<u>149,000</u>	<u>149,000</u>	<u>155,762</u>	<u>6,762</u>
<u>LICENSES AND PERMITS</u>	64,000	64,000	76,590	12,590
<u>INTEREST AND INVESTMENT INCOME</u>	10,000	10,000	4,866	(5,134)
<u>FINES AND INTEREST ON LATE PAYMENTS</u>	80,000	80,000	122,300	42,300
<u>OTHER REVENUE</u>	30,000	30,000	95,866	65,866
<u>OTHER FUNDING SOURCES</u>				
Re-appropriation of Fund Balance	<u>175,000</u>	<u>175,000</u>	<u>-</u>	<u>(175,000)</u>
TOTAL OTHER FINANCING SOURCES	<u>175,000</u>	<u>175,000</u>	<u>-</u>	<u>(175,000)</u>
TOTAL REVENUE AND OTHER FINANCING SOURCES	<u>\$ 13,365,868</u>	<u>\$ 13,365,868</u>	<u>\$ 13,367,353</u>	<u>\$ 1,485</u>

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Fiscal Year Ended June 30, 2012

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>EXPENDITURES</u>				
<u>GENERAL GOVERNMENT</u>				
<u>SALARIES AND WAGES</u>				
Town Treasurer	\$ 18,719	\$ 32,399	\$ 32,838	\$ (439)
Deputy Town Treasurer	31,930	31,930	32,053	(123)
Town Moderator	439	439	878	(439)
Town Clerk	42,853	42,853	43,018	(165)
Deputy Town Clerk	34,678	34,678	35,435	(757)
911 Coordinator	3,108	3,108	3,120	(12)
Town Clerical Assistant	27,566	27,566	30,094	(2,528)
Town Council Stipend	6,092	6,092	6,070	22
Council Assistant	24,507	24,507	25,526	(1,019)
Tax Collector	38,604	38,604	38,752	(148)
Tax Collector Clerk	13,680	-	-	-
Board of Canvassers	8,740	8,740	8,168	572
Board of Canvassers Clerk	8,982	8,982	519	8,463
Tax Assessor	37,698	37,698	37,843	(145)
Tax Assessor Clerical	29,577	29,577	30,209	(632)
Library Director	53,766	53,766	52,401	1,365
Library Staff	46,557	46,557	45,476	1,081
Planning Board	13,065	13,065	13,040	25
Planning Board Clerk	13,680	13,680	14,531	(851)
Town Planner	33,222	33,222	33,850	(628)
Zoning Inspector	10,936	10,936	10,978	(42)
Zoning Board	12,928	12,928	13,053	(125)
Zoning Board Clerk	9,577	9,577	10,538	(961)
Town Sergeant	7,973	7,973	8,186	(213)
Town Constable	2,620	2,620	2,651	(31)
Building Inspector	32,000	32,000	43,734	(11,734)
TOTAL SALARIES AND WAGES	<u>563,497</u>	<u>563,497</u>	<u>572,961</u>	<u>(9,464)</u>
<u>GENERAL EXPENSES</u>				
Support Services	2,500	2,500	205	2,295
Treasurer Expense	12,000	12,000	11,967	33
Postage	13,000	13,000	12,148	852
Advertising Expense	10,000	10,000	2,415	7,585
Legal Fees	75,000	75,000	49,308	25,692
Life Insurance Premium	1,170	1,170	933	237
Town FICA Expense	75,115	75,115	78,993	(3,878)
Blue Cross/Dental Expenses	239,136	239,136	216,875	22,261
Town Retirement Expense	39,185	39,185	36,148	3,037
Pension Administration Fees	3,000	3,000	-	3,000
Longevity	6,500	6,500	5,250	1,250
Insurance Expense	68,452	68,452	78,750	(10,298)
Auditing Expense	14,750	14,750	15,680	(930)
Washington County Regional Planning	3,000	3,000	3,000	-
Town Clerk Expense	105,002	105,002	93,873	11,129
Municipal Fuel Costs	6,000	6,000	-	6,000

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Fiscal Year Ended June 30, 2012

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Contingency Fund	30,000	30,000	11,555	18,445
RI League of Cities and Towns	2,407	2,407	2,407	-
Veterans Memorial Committee	1,000	1,000	1,000	-
Council Expenses	1,500	1,500	838	662
Town Council Assistant Expense	1,000	1,000	843	157
Computer Support	46,260	46,260	43,611	2,649
Website	1,000	1,000	399	601
Tax Collector Expense	10,188	10,188	14,746	(4,558)
Board of Canvassers Expense	4,066	4,066	2,392	1,674
Tax Assessor Expenses	12,265	12,265	6,575	5,690
Exeter Public Library	67,498	67,498	55,714	11,784
Planning Board Expense	9,000	9,000	3,961	5,039
Planning Office Expense	1,427	1,427	904	523
Zoning Inspector Expenses	525	525	236	289
Zoning Board Expense	5,807	5,807	4,644	1,163
Town Sergeant Expense	4,700	4,700	8,150	(3,450)
Building Inspector Expense	2,180	2,180	1,593	587
Animal Control Officer	13,694	13,694	13,694	-
TOTAL GENERAL EXPENSE	888,327	888,327	778,807	109,520
TOTAL GENERAL GOVERNMENT	1,451,824	1,451,824	1,351,768	100,056
<u>PUBLIC WORKS</u>				
<u>SALARIES AND WAGES</u>				
Director of Public Works	53,787	53,787	53,993	(206)
Highway Workers	292,159	292,159	294,557	(2,398)
Highway Workers - OT	29,540	29,540	16,500	13,040
TOTAL SALARIES AND WAGES	375,486	375,486	365,050	10,436
<u>PUBLIC WORKS EXPENSES</u>				
Highway Department	231,724	231,724	234,100	(2,376)
TOTAL PUBLIC WORKS EXPENSES	231,724	231,724	234,100	(2,376)
TOTAL PUBLIC WORKS	607,210	607,210	599,150	8,060
<u>PUBLIC SAFETY</u>				
<u>SALARIES AND WAGES</u>				
Exeter Emergency Director	10,000	10,000	10,039	(39)
Exeter Emergency Assistant Director	5,000	5,000	4,815	185
TOTAL SALARIES AND WAGES	15,000	15,000	14,854	146
<u>PUBLIC SAFETY EXPENSES</u>				
Exeter Emergency Management	9,000	9,000	8,115	885
TOTAL PUBLIC SAFETY EXPENSES	9,000	9,000	8,115	885

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Fiscal Year Ended June 30, 2012

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
TOTAL PUBLIC SAFETY	24,000	24,000	22,969	1,031
<u>SOCIAL SERVICES</u>				
<u>SALARIES AND WAGES</u>				
Welfare Director	5,214	5,214	5,234	(20)
TOTAL SALARIES AND WAGES	5,214	5,214	5,234	(20)
<u>SOCIAL SERVICES EXPENSES</u>				
Juvenile Hearing Board	500	500	391	109
Public Access Television	700	700	-	700
TOTAL SOCIAL SERVICES EXPENSES	1,200	1,200	391	809
TOTAL SOCIAL SERVICES	6,414	6,414	5,625	789
<u>PUBLIC HEALTH AND WELFARE</u>				
Public Welfare Expense	5,950	5,950	5,731	219
Veterans Graves	250	250	264	(14)
TOTAL PUBLIC HEALTH & WELFARE EXPENSES	6,200	6,200	5,995	205
<u>TOTAL EDUCATION - REGIONAL SCHOOL DISTRICT</u>	10,365,920	10,365,920	10,365,919	1
<u>TOTAL CAPITAL OUTLAY</u>	-	-	-	-
<u>DEBT SERVICE</u>				
Public Library Bond	76,342	76,342	66,788	9,554
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	23,382	23,382	23,383	(1)
Capital Lease Payments - Wood Chipper	8,984	8,984	8,984	-
Capital Lease Payments - Dump Truck	28,712	28,712	28,712	-
Bald Hill Nursery/Shartner Farms	37,348	37,348	37,348	-
TOTAL DEBT SERVICE	292,610	292,610	283,057	9,553
TOTAL EXPENDITURES	12,754,178	12,754,178	12,634,483	119,695

TOWN OF EXETER, RHODE ISLAND
 OTHER SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 Fiscal Year Ended June 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>OTHER FINANCING USES</u>				
Transfer to Landfill closure	61,657	61,657	61,657	-
Transfer to Transfer Station	58,423	58,423	58,423	-
Transfer to Animal Shelter	43,610	43,610	43,610	-
Transfer to Property Revaluation	30,000	30,000	30,000	-
Transfer to Public Works/Roads	285,000	285,000	285,000	-
Transfer to Computer System Upgrade	10,000	10,000	10,000	-
Transfer to Public Works/Equipment	90,000	90,000	90,000	-
Transfer to Library/Chelsea Park Renovation	5,000	5,000	5,000	-
Transfer to Video Equipment	4,000	4,000	4,000	-
Transfer to Office Equipment	15,000	15,000	15,000	-
Transfer to Town Hall Renovation	8,000	8,000	8,000	-
Transfer to Memorial Day Parade	1,000	1,000	1,000	-
TOTAL OTHER FINANCING USES	<u>611,690</u>	<u>611,690</u>	<u>611,690</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 13,365,868</u>	<u>\$ 13,365,868</u>	<u>\$ 13,246,173</u>	<u>\$ 119,695</u>

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON – GENERAL FUND
June 30, 2012

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 prepare 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 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.

NONMAJOR OTHER GOVERNMENTAL FUNDS

Special Revenue Funds:

Special Revenue Funds are used to account for revenues from specific taxes or other earmarked revenue sources which by law are designated to finance particular functions or activities of government, and which therefore cannot be diverted to other uses.

Transfer Station Fund – This fund accounts for all appropriations, revenues, fees, donations, receipts, and operating costs of premises designated by the Town for purposes of citizens' disposal of solid waste.

Animal Shelter Fund – This fund accounts for all appropriations, revenues, fees, donations, receipts and operating costs of premises designated by the Town for purposes of impounding and caring for all animal running at large in violation of laws and regulations.

Preservation and Technology Fund – This fund accounts for amounts allocated from fees collected for filing of deeds and other instruments and to use such amounts for document preservation and technological upgrades.

RIEMA FEMA Grant – This fund accounts for the restriction of money received from Rhode Island Emergency Management Agency and Federal Emergency Management Agency to assist the Town with various storm emergencies.

Planning Board Project Review Fees – This fund accounts for the amounts received from developers to be held for disbursement for consultants and other expenses related to the Town's review of development plans.

Capital Facilities Impact Fees – This fund accounts for the amounts received for impact fees assessed for new residential building permits, which shall be maintained by the Town until such time as to be expended for construction of public facilities capital improvements of reasonable benefit to the development paying the fee.

Community Development Block Grant (CDBG) – This fund accounts for the amounts received from the Federal Housing and Urban Development grant monies from the State of Rhode Island for distribution to area grant applicants for the benefit of low to moderate income recipients.

Property Revaluation Fund – This fund accounts for the amounts received from annual appropriations from approved General Fund budgets to be set aside for costs of state-mandated revaluations.

Spay/Neuter Fund – This fund accounts for amounts received from dog license fees to be expended for the spay/neuter program. In addition, the fund holds deposits from citizens adopting dogs and/or cats that have not been neutered until such time as those individuals submit evidence of the animals neutering. Amounts that may be forfeited shall be used for approved spay/neuter program.

Memorial Day Parade – This fund accounts for amounts received from the parade committee that they collected from public donations and to disburse those funds at direction of the committee. In the years that the Town makes an appropriation for the parade, that amount would also become part of the fund.

Wastewater Management Grant – This fund accounts for amounts received for the Town's expenditures related to the Exeter, Hopkinton, and Richmond Onsite Wastewater Management Plan, pending receipt of reimbursement from the Rhode Island Department of Environmental Management.

Energy Efficiency Grant – This fund accounts for the amounts received for the Town's expenditures related to the Washington County Regional Planning Council's application for regional grant under the American Recovery and Reinvestment Act of 2009 to study the feasibility of the Town expending money to make municipal buildings more energy efficient, and which expenditures would pay for themselves through reduced energy costs.

Pension Liability Fund – This fund accounts for the amounts appropriated for contingency related to possible amounts that may be required in bringing the pension plan up to requirement of various changes in pension laws and regulations.

Treasurer's Office Audit – This fund accounts for the amounts appropriated should the Town deem it necessary to have an independent evaluation of the Town's accounting procedures, practices and office operations. This fund was closed as of June 30, 2012 and funds were transferred to the Historic Preservation Fund.

Borderland Project – (a/k/a "A Vision for Exeter") Using federal and local grant monies, this project allows Exeter to study ways of using land for economic development while still maintaining open space and the rural character of the Town.

The Learning Zone Grant – The purpose of this grant from the State of Rhode Island is to create a collection of educational materials within the Library in traditional and non-traditional formats so as to enhance and supplement students' traditional learning methods.

Historic Preservation Fund – This fund accounts for the amounts appropriated for the preservation and restoration of historic buildings in Town.

Capital Projects Funds:

The Capital Projects Funds account for all resources used for the acquisition and/or construction of capital facilities by the Town.

Vehicle Replacement Fund – This fund is designated to receive amounts billed to others for Town vehicles used for traffic control. Such amounts are expended to purchase replacement vehicles as needed.

Public Works/Roads – This fund accounts for the amounts appropriated for road resurfacing projects.

Computer Upgrades Fund – This fund accounts for the amounts appropriated to be expended to improve computer equipment for the Town.

Public Works/Equipment – This fund accounts for the amounts appropriated for the initial payments for new equipment for the Public Works Department.

Town Hall Renovations Fund – This fund accounts for the amounts appropriated to be expended for upgrades, improvements and retrofitting of offices at Town Hall.

Chelsea Park (Renovations and Playground) Fund – This fund accounts for the amounts appropriated to be expended for preventive maintenance and renovations for the Library and Chelsea Park Playground.

Video Equipment Fund – This fund accounts for the amounts appropriated to be expended for video equipment and broadcasting fees for Council meetings.

Office Equipment Fund – This fund accounts for the amounts appropriated to be expended for purchasing new office equipment.

Permanent Fund:

The Permanent funds are resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry.

Cemetery Fund – This fund was established to account for the assets received by the Town from the families of Exeter residents with the understanding that the Town would provide grounds care for certain cemetery plots in the Town.

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET
NONMAJOR OTHER GOVERNMENTAL FUNDS
June 30, 2012

	SPECIAL REVENUE FUNDS					
	Transfer Station Fund	Animal Shelter Fund	Preservation and Technology Fund	RIEMA FEMA Grant	Planning Board Project Review Fees	Capital Facilities Impact Fees
<u>ASSETS</u>						
Cash and cash equivalents	\$ 69,946	\$ 75,712	\$ 12,132	\$ -	\$ -	\$ 91,216
Accounts receivable	-	-	-	-	-	-
Due from other funds	-	-	-	25,927	10,565	-
 TOTAL ASSETS	 <u>\$ 69,946</u>	 <u>\$ 75,712</u>	 <u>\$ 12,132</u>	 <u>\$ 25,927</u>	 <u>\$ 10,565</u>	 <u>\$ 91,216</u>
<u>LIABILITIES AND FUND BALANCE</u>						
<u>LIABILITIES</u>						
Accounts payable and accrued expenses	\$ 6,644	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	81,144	64,404	37,404	-	-	-
 TOTAL LIABILITIES	 <u>87,788</u>	 <u>64,404</u>	 <u>37,404</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE (DEFICIT)						
Restricted	-	-	-	25,927	-	-
Committed	-	11,308	-	-	10,565	91,216
Assigned	-	-	-	-	-	-
Unassigned	(17,842)	-	(25,272)	-	-	-
 TOTAL FUND BALANCE (DEFICIT)	 <u>(17,842)</u>	 <u>11,308</u>	 <u>(25,272)</u>	 <u>25,927</u>	 <u>10,565</u>	 <u>91,216</u>
 TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	 <u>\$ 69,946</u>	 <u>\$ 75,712</u>	 <u>\$ 12,132</u>	 <u>\$ 25,927</u>	 <u>\$ 10,565</u>	 <u>\$ 91,216</u>

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET
NONMAJOR OTHER GOVERNMENTAL FUNDS
June 30, 2012

	SPECIAL REVENUE FUNDS					
	CDBG	Property Revaluation Fund	Spay/Neuter Fund	Memorial Day Parade	Wastewater Management Grant	Energy Efficiency Grant
<u>ASSETS</u>						
Cash and cash equivalents	\$ 5,207	\$ -	\$ 2,194	\$ -	\$ -	\$ -
Accounts receivable	45,616	-	-	-	-	-
Due from other funds	-	81,117	-	2,295	-	-
TOTAL ASSETS	<u>\$ 50,823</u>	<u>\$ 81,117</u>	<u>\$ 2,194</u>	<u>\$ 2,295</u>	<u>\$ -</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCE</u>						
<u>LIABILITIES</u>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	14,000	-	669	-	-	10,095
TOTAL LIABILITIES	<u>14,000</u>	<u>-</u>	<u>669</u>	<u>-</u>	<u>-</u>	<u>10,095</u>
<u>FUND BALANCE (DEFICIT)</u>						
Restricted	36,823	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	81,117	1,525	2,295	-	-
Unassigned	-	-	-	-	-	(10,095)
TOTAL FUND BALANCE (DEFICIT)	<u>36,823</u>	<u>81,117</u>	<u>1,525</u>	<u>2,295</u>	<u>-</u>	<u>(10,095)</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 50,823</u>	<u>\$ 81,117</u>	<u>\$ 2,194</u>	<u>\$ 2,295</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF EXETER, RHODE ISLAND
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING BALANCE SHEET
 NONMAJOR OTHER GOVERNMENTAL FUNDS
 June 30, 2012

SPECIAL REVENUE FUNDS

	Pension Liability Fund	Treasurer's Office Audit	Borderland Project	The Learning Zone Grant	Historic Preservation Fund	Vehicle Replacement Fund
<u>ASSETS</u>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Due from other funds	22,210	-	4,961	-	35,000	112,225
TOTAL ASSETS	\$ 22,210	\$ -	\$ 4,961	\$ -	\$ 35,000	\$ 112,225
<u>LIABILITIES AND FUND BALANCE</u>						
<u>LIABILITIES</u>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-
<u>FUND BALANCE (DEFICIT)</u>						
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	22,210	-	4,961	-	35,000	112,225
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCE (DEFICIT)	22,210	-	4,961	-	35,000	112,225
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 22,210	\$ -	\$ 4,961	\$ -	\$ 35,000	\$ 112,225

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET
NONMAJOR OTHER GOVERNMENTAL FUNDS
June 30, 2012

	CAPITAL PROJECTS FUNDS					
	Public Works/ Road	Computer Upgrades Fund	Public Works/ Equipment	Town Hall Renovations Fund	Chelsea Park Fund	Video Equipment
<u>ASSETS</u>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Due from other funds	<u>166,783</u>	<u>20,318</u>	<u>2,908</u>	<u>26,012</u>	<u>15,574</u>	<u>3,503</u>
 TOTAL ASSETS	 <u>\$ 166,783</u>	 <u>\$ 20,318</u>	 <u>\$ 2,908</u>	 <u>\$ 26,012</u>	 <u>\$ 15,574</u>	 <u>\$ 3,503</u>
<u>LIABILITIES AND FUND BALANCE</u>						
<u>LIABILITIES</u>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
 TOTAL LIABILITIES	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 <u>FUND BALANCE (DEFICIT)</u>						
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	166,783	20,318	2,908	26,012	15,574	3,503
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL FUND BALANCE (DEFICIT)	 <u>166,783</u>	 <u>20,318</u>	 <u>2,908</u>	 <u>26,012</u>	 <u>15,574</u>	 <u>3,503</u>
 TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	 <u>\$ 166,783</u>	 <u>\$ 20,318</u>	 <u>\$ 2,908</u>	 <u>\$ 26,012</u>	 <u>\$ 15,574</u>	 <u>\$ 3,503</u>

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET
NONMAJOR OTHER GOVERNMENTAL FUNDS
June 30, 2012

	<u>Office Equipment</u>	<u>PERMANENT FUND Cemetery Fund</u>	<u>Total NonMajor Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ 27,341	\$ 283,748
Accounts receivable	-	-	45,616
Due from other funds	<u>14,403</u>	<u>-</u>	<u>543,801</u>
 TOTAL ASSETS	 <u>\$ 14,403</u>	 <u>\$ 27,341</u>	 <u>\$ 873,165</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	\$ -	\$ -	\$ 6,644
Due to other funds	<u>-</u>	<u>145</u>	<u>207,861</u>
 TOTAL LIABILITIES	 <u>-</u>	 <u>145</u>	 <u>214,505</u>
 <u>FUND BALANCE (DEFICIT)</u>			
Restricted	-	27,196	89,946
Committed	-	-	113,089
Assigned	14,403	-	508,834
Unassigned	<u>-</u>	<u>-</u>	<u>(53,209)</u>
 TOTAL FUND BALANCE (DEFICIT)	 <u>14,403</u>	 <u>27,196</u>	 <u>658,660</u>
 TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	 <u>\$ 14,403</u>	 <u>\$ 27,341</u>	 <u>\$ 873,165</u>

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR OTHER GOVERNMENTAL FUNDS
Fiscal Year Ended June 30, 2012

	SPECIAL REVENUE FUNDS					
	Transfer Station Fund	Animal Shelter Fund	Preservation and Technology Fund	RIEMA FEMA Grant	Planning Board Project Review Fees	Capital Facilities Impact Fees
REVENUES						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	-	75
Other revenues	<u>116,288</u>	<u>37,309</u>	<u>8,693</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
TOTAL REVENUES	<u>116,288</u>	<u>37,309</u>	<u>8,693</u>	<u>-</u>	<u>-</u>	<u>40,075</u>
EXPENDITURES						
Administration	36,761	57,121	-	-	1,417	-
Public works	-	-	-	-	-	-
Social Services	137,343	52,589	5,774	385	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>174,104</u>	<u>109,710</u>	<u>5,774</u>	<u>385</u>	<u>1,417</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under)						
Expenditures Before Other Financing Sources (Uses)	<u>(57,816)</u>	<u>(72,401)</u>	<u>2,919</u>	<u>(385)</u>	<u>(1,417)</u>	<u>40,075</u>
OTHER FINANCING SOURCES (USES)						
Transfer from other funds	58,423	43,610	37,404	-	-	-
Transfer to other funds	-	-	<u>(37,404)</u>	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>58,423</u>	<u>43,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under)						
Expenditures After Other Financing Sources (Uses)	<u>607</u>	<u>(28,791)</u>	<u>2,919</u>	<u>(385)</u>	<u>(1,417)</u>	<u>40,075</u>
FUND BALANCE (DEFICIT) - July 1, 2011	<u>(18,449)</u>	<u>40,099</u>	<u>(28,191)</u>	<u>26,312</u>	<u>11,982</u>	<u>51,141</u>
FUND BALANCE (DEFICIT) - June 30, 2012	<u>\$ (17,842)</u>	<u>\$ 11,308</u>	<u>\$ (25,272)</u>	<u>\$ 25,927</u>	<u>\$ 10,565</u>	<u>\$ 91,216</u>

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR OTHER GOVERNMENTAL FUNDS
Fiscal Year Ended June 30, 2012

	SPECIAL REVENUE FUNDS					
	CDBG	Property Revaluation Fund	Spay/Neuter Fund	Memorial Day Parade	Wastewater Management Grant	Energy Efficiency Grant
REVENUES						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ 4,633	\$ 13,764
Earnings on investments	2	-	-	-	-	-
Other revenues	36,062	-	914	4,216	-	-
TOTAL REVENUES	36,064	-	914	4,216	4,633	13,764
EXPENDITURES						
Administration	-	95,589	-	-	-	-
Public works	-	-	-	-	-	-
Social Services	22,195	-	825	4,988	-	19,510
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	22,195	95,589	825	4,988	-	19,510
Excess (Deficiency) of Revenues Over (Under)						
Expenditures Before Other Financing Sources (Uses)	13,869	(95,589)	89	(772)	4,633	(5,746)
OTHER FINANCING SOURCES (USES)						
Transfer from other funds	-	30,000	-	1,000	-	-
Transfer to other funds	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	30,000	-	1,000	-	-
Excess (Deficiency) of Revenues Over (Under)						
Expenditures After Other Financing Sources (Uses)	13,869	(65,589)	89	228	4,633	(5,746)
FUND BALANCE (DEFICIT) - July 1, 2011	22,954	146,706	1,436	2,067	(4,633)	(4,349)
FUND BALANCE (DEFICIT) - June 30, 2012	\$ 36,823	\$ 81,117	\$ 1,525	\$ 2,295	\$ -	\$ (10,095)

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR OTHER GOVERNMENTAL FUNDS
Fiscal Year Ended June 30, 2012

SPECIAL REVENUE FUNDS

	Pension Liability Fund	Treasurer's Office Audit	Borderland Project	The Learning Zone Grant	Historic Preservation Fund	Vehicle Replacement Fund
REVENUES						
Intergovernmental revenues	\$ -	\$ -	\$ 43,500	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	-	-
Other revenues	-	-	-	-	-	40,041
TOTAL REVENUES	-	-	43,500	-	-	40,041
EXPENDITURES						
Administration	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Social Services	-	-	49,921	5,725	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	49,921	5,725	-	-
Excess (Deficiency) of Revenues Over (Under)						
Expenditures Before Other Financing Sources (Uses)	-	-	(6,421)	(5,725)	-	40,041
OTHER FINANCING SOURCES (USES)						
Transfer from other funds	-	-	-	-	35,000	-
Transfer to other funds	-	(35,000)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(35,000)	-	-	35,000	-
Excess (Deficiency) of Revenues Over (Under)						
Expenditures After Other Financing Sources (Uses)	-	(35,000)	(6,421)	(5,725)	35,000	40,041
FUND BALANCE (DEFICIT) - July 1, 2011	22,210	35,000	11,382	5,725	-	72,184
FUND BALANCE (DEFICIT) - June 30, 2012	<u>\$ 22,210</u>	<u>\$ -</u>	<u>\$ 4,961</u>	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 112,225</u>

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR OTHER GOVERNMENTAL FUNDS
Fiscal Year Ended June 30, 2012

	CAPITAL PROJECTS FUNDS					
	Public Works/ Road	Computer Upgrades Fund	Public Works/ Equipment	Town Hall Renovations Fund	Chelsea Park Fund	Video Equipment
REVENUES						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	-	-
Other revenues	15,606	-	-	-	-	-
TOTAL REVENUES	<u>15,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Administration	-	-	-	-	-	-
Public works	203,256	-	-	7,328	1,198	-
Social Services	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	87,553	-	-	497
TOTAL EXPENDITURES	<u>203,256</u>	<u>-</u>	<u>87,553</u>	<u>7,328</u>	<u>1,198</u>	<u>497</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	<u>(187,650)</u>	<u>-</u>	<u>(87,553)</u>	<u>(7,328)</u>	<u>(1,198)</u>	<u>(497)</u>
OTHER FINANCING SOURCES (USES)						
Transfer from other funds	285,000	10,000	90,000	8,000	5,000	4,000
Transfer to other funds	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>285,000</u>	<u>10,000</u>	<u>90,000</u>	<u>8,000</u>	<u>5,000</u>	<u>4,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures After Other Financing Sources (Uses)	<u>97,350</u>	<u>10,000</u>	<u>2,447</u>	<u>672</u>	<u>3,802</u>	<u>3,503</u>
FUND BALANCE (DEFICIT) - July 1, 2011	69,433	10,318	461	25,340	11,772	-
FUND BALANCE (DEFICIT) - June 30, 2012	<u>\$ 166,783</u>	<u>\$ 20,318</u>	<u>\$ 2,908</u>	<u>\$ 26,012</u>	<u>\$ 15,574</u>	<u>\$ 3,503</u>

TOWN OF EXETER, RHODE ISLAND
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR OTHER GOVERNMENTAL FUNDS
 Fiscal Year Ended June 30, 2012

	<u>Office Equipment</u>	<u>PERMANENT FUND Cemetery Fund</u>	<u>Total NonMajor Governmental Funds</u>
<u>REVENUES</u>			
Intergovernmental revenues	\$ -	\$ -	\$ 61,897
Earnings on investments	-	29	106
Other revenues	-	-	299,129
TOTAL REVENUES	<u>-</u>	<u>29</u>	<u>361,132</u>
<u>EXPENDITURES</u>			
Administration	-	625	191,513
Public works	-	-	211,782
Social Services	-	-	299,255
Debt service	-	-	-
Capital outlay	597	-	88,647
TOTAL EXPENDITURES	<u>597</u>	<u>625</u>	<u>791,197</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	<u>(597)</u>	<u>(596)</u>	<u>(430,065)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer from other funds	15,000	-	622,437
Transfer to other funds	-	-	(72,404)
TOTAL OTHER FINANCING SOURCES (USES)	<u>15,000</u>	<u>-</u>	<u>550,033</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures After Other Financing Sources (Uses)	<u>14,403</u>	<u>(596)</u>	<u>119,968</u>
FUND BALANCE (DEFICIT) - July 1, 2011	<u>-</u>	<u>27,792</u>	<u>538,692</u>
FUND BALANCE (DEFICIT) - June 30, 2012	<u>\$ 14,403</u>	<u>\$ 27,196</u>	<u>\$ 658,660</u>

AGENCY FUNDS

Agency Funds were established to function as clearing mechanisms for cash resources which are collected and disbursed to authorized recipients. The following is a list of Agency funds included in this section:

Pension Money Purchase Fund – This account was set up to consolidate all the different pension fund accounts until a single investment vehicle could be determined by the Town Council.

Open Space Dedication – This account was set up to hold monies paid to the Town by land developers in lieu of actually dedicating specific land for open space purposes. The amount of money required is based on the fair market value of the land which would otherwise be required to be dedicated.

Oak Harbor Village – This account was opened to hold developer's Planning Board review fee. Bank account is now closed and funds combined with ledger account holding similar amounts.

Fisherville Project – This account was set up ten years ago to hold developer's Planning Board review fee. Project completed several years ago and account closed.

Land Dedication – This was a time deposit account and has now been merged into open space dedication account.

Surety Bonds Escrow – This account was set up to maintain amounts held by the Town as surety for developers to complete construction projects that may affect the well being of Town residents.

Brayman Escrow – This account was set up to hold amounts held by the bank until restorations are performed and the land fully restored at Ten Rod Road property

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
Fiscal Year Ended June 30, 2012

	BALANCE July 1, 2011	ADDITIONS	DEDUCTIONS	BALANCE June 30, 2012
<u>PENSION MONEY PURCHASE FUND</u>				
<u>ASSETS</u>				
Cash	\$ 6,398	\$ 6	\$ 6,404	\$ -
TOTAL ASSETS	<u>\$ 6,398</u>	<u>\$ 6</u>	<u>\$ 6,404</u>	<u>\$ -</u>
<u>LIABILITIES</u>				
Deposits held in custody for others	\$ 6,398	\$ 6	\$ 6,404	\$ -
TOTAL LIABILITIES	<u>\$ 6,398</u>	<u>\$ 6</u>	<u>\$ 6,404</u>	<u>\$ -</u>
<u>OPEN SPACE DEDICATION</u>				
<u>ASSETS</u>				
Cash	\$ 29,133	\$ 7,237	\$ -	\$ 36,370
TOTAL ASSETS	<u>\$ 29,133</u>	<u>\$ 7,237</u>	<u>\$ -</u>	<u>\$ 36,370</u>
<u>LIABILITIES</u>				
Deposits held in custody for others	\$ 29,133	\$ 7,237	\$ -	\$ 36,370
TOTAL LIABILITIES	<u>\$ 29,133</u>	<u>\$ 7,237</u>	<u>\$ -</u>	<u>\$ 36,370</u>
<u>SURETY BONDS ESCROW</u>				
<u>ASSETS</u>				
Due from other funds	\$ 135,500	\$ 500	\$ 10,000	\$ 126,000
TOTAL ASSETS	<u>\$ 135,500</u>	<u>\$ 500</u>	<u>\$ 10,000</u>	<u>\$ 126,000</u>
<u>LIABILITIES</u>				
Deposits held in custody for others	\$ 135,500	\$ 500	\$ 10,000	\$ 126,000
TOTAL LIABILITIES	<u>\$ 135,500</u>	<u>\$ 500</u>	<u>\$ 10,000</u>	<u>\$ 126,000</u>
<u>BRAYMAN ESCROW</u>				
<u>ASSETS</u>				
Due from other funds	\$ -	\$ 6,713	\$ -	\$ 6,713
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 6,713</u>	<u>\$ -</u>	<u>\$ 6,713</u>
<u>LIABILITIES</u>				
Deposits held in custody for others	\$ -	\$ 6,713	\$ -	\$ 6,713
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 6,713</u>	<u>\$ -</u>	<u>\$ 6,713</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash	\$ 35,531	\$ 13,956	\$ 6,404	\$ 43,083
Due from other funds	\$ 135,500	\$ 500	\$ 10,000	\$ 126,000
TOTAL ASSETS	<u>\$ 171,031</u>	<u>\$ 14,456</u>	<u>\$ 16,404</u>	<u>\$ 169,083</u>
<u>LIABILITIES</u>				
Deposits held in custody for others	\$ 171,031	\$ 14,456	\$ 16,404	\$ 169,083
TOTAL LIABILITIES	<u>\$ 171,031</u>	<u>\$ 14,456</u>	<u>\$ 16,404</u>	<u>\$ 169,083</u>

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPERTY TAX RECEIVABLES
Fiscal Year Ended June 30, 2012

TAX ROLL YEAR	BALANCE July 1, 2011	CURRENT YEAR ASSESSMENT	ADDITIONS AND ADJUSTMENTS	ABATEMENTS AND ADJUSTMENTS	AMOUNT TO BE COLLECTED	CURRENT YEAR COLLECTIONS	BALANCE June 30, 2012
2011	\$ -	\$ 12,619,379	\$ 9,992	\$ 27,233	12,602,138	\$ 12,262,034	340,104
2010	318,508	-	1,772	6,098	314,182	265,246	48,936
2009	41,254	-	-	2,226	39,028	17,511	21,517
2008	32,485	-	-	4,561	27,924	3,630	24,294
2007	26,931	-	2	1,133	25,800	1,812	23,988
2006	16,315	-	-	189	16,126	1,785	14,341
2005	26,582	-	-	193	26,389	625	25,764
2004	17,446	-	-	382	17,064	1	17,063
2003	18,996	-	-	595	18,401	291	18,110
2002	16,921	-	-	1,183	15,738	477	15,261
2001	16,223	-	-	13,612	2,611	231	2,380
2000	13,567	-	-	12,556	1,011	-	1,011
1999	1,328	-	-	-	1,328	-	1,328
1998	2,009	-	-	-	2,009	-	2,009
1997	4,016	-	-	-	4,016	-	4,016
1996	4,098	-	-	-	4,098	-	4,098
1995 and prior	7,188	-	-	-	7,188	-	7,188
	<u>\$ 563,867</u>	<u>\$ 12,619,379</u>	<u>\$ 11,766</u>	<u>\$ 69,961</u>	<u>\$ 13,125,051</u>	<u>\$ 12,553,643</u>	<u>\$ 571,408</u>
						Less: Allowance for Uncollectible Taxes	73,583
							<u>\$ 497,825</u>

**SCHEDULE OF MOST RECENT NET ASSESSED PROPERTY
VALUE BY CATEGORY - DECEMBER 31 2010, LEVIED July 1, 2011**

DESCRIPTION OF PROPERTY	VALUATIONS	LEVY
Real property - Residential	\$ 715,828,000	\$ 9,464,055
Real property - Commercial	74,113,100	996,080
Real property - Frozen (Market Value)	1,195,800	4,306
Motor vehicles	66,027,836	1,873,562
Tangible personal property	20,935,700	281,376
TOTAL	878,100,436	12,619,379
Less: Exemptions	20,215,283	-
NET ASSESSED VALUE	<u>\$ 857,885,153</u>	<u>\$ 12,619,379</u>

**RECONCILIATION OF CURRENT YEAR
PROPERTY TAX REVENUE**

Current year collections	\$ 12,553,643
Add: Reserve collected within 60 days subsequent fiscal year ending June 30, 2012	106,296
Less: Prior year revenue received in current year	(91,733)
CURRENT YEAR PROPERTY TAX REVENUE	<u>\$ 12,568,206</u>

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES
Fiscal Year Ended June 30, 2012

	<u>Date of Issuance</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Authorized and Issued</u>	<u>Outstanding July 1, 2011</u>	<u>Additions</u>	<u>Reductions During Year</u>	<u>Outstanding June 30, 2012</u>	<u>Interest Paid During Year</u>	<u>Amounts Due Within One Year</u>
GOVERNMENTAL LONG-TERM LIABILITIES										
<u>BONDS AND NOTES PAYABLE</u>										
Exeter public library bond	5/18/2004	3.67%	9/16/2021	\$ 800,000	\$ 612,697	\$ 6,672	\$ 43,920	\$ 575,449	\$ 22,868	\$ 53,118
Exeter development rights bond	1/15/2009	4.25%	1/15/2019	<u>500,000</u>	<u>459,758</u>	<u>-</u>	<u>17,833</u>	<u>\$ 441,925</u>	<u>19,515</u>	<u>18,670</u>
TOTAL BONDS AND NOTES PAYABLE				1,300,000	1,072,455	6,672	61,753	1,017,374	42,383	71,788
<u>CAPITAL LEASES PAYABLE</u>										
Capital lease obligation - excavator/bulldozer	9/25/2007				49,058	-	49,058	-	2,625	-
Capital lease obligation - plow truck	10/25/2007				22,565	-	22,565	-	1,058	-
Capital lease obligation - pickup truck	1/11/2008				7,468	-	7,468	-	512	-
Capital lease obligation - backhoe loader	9/8/2008				35,155	-	17,137	18,018	1,808	18,018
Capital lease obligation - brush cutter	3/18/2009				29,672	-	14,583	15,089	1,028	15,089
Capital lease obligation - plow truck	8/1/2009				63,916	-	20,315	43,601	3,068	21,290
Capital lease obligation - plow truck	11/1/2010				107,574	-	25,840	81,734	2,872	26,530
Capital lease obligation - wood chipper	2/11/2011				33,516	-	8,029	25,487	955	8,258
Capital lease obligation - plow truck	12/28/2011				<u>-</u>	<u>69,628</u>	<u>15,511</u>	<u>54,117</u>	<u>-</u>	<u>12,426</u>
TOTAL CAPITAL LEASES PAYABLE					348,924	69,628	180,506	238,046	13,926	101,611
<u>OTHER LONG-TERM LIABILITIES</u>										
Landfill post closure care costs (Note 13)					444,608	-	64,891	379,717	-	-
Compensated absences					<u>63,613</u>	<u>3,270</u>	<u>-</u>	<u>66,883</u>	<u>-</u>	<u>-</u>
TOTAL OTHER LONG-TERM LIABILITIES				-	508,221	3,270	64,891	446,600	-	-
TOTAL GOVERNMENTAL LONG-TERM LIABILITIES				\$ 1,300,000	\$ 1,929,600	\$ 79,570	\$ 307,150	\$ 1,702,020	\$ 56,309	\$ 173,399

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM LIABILITIES - DEBT SERVICE REQUIREMENTS
GOVERNMENTAL ACTIVITIES
June 30, 2012

Maturing in Fiscal Year	General Obligation Bonds	Total Interest	Total Principal & Interest
2013	\$ 71,788	\$ 39,193	\$ 110,981
2014	74,619	36,362	110,981
2015	77,563	33,418	110,981
2016	80,540	30,441	110,981
2017	83,800	27,181	110,981
2018	87,108	23,873	110,981
2019	383,280	15,111	398,391
2020	68,882	4,751	73,633
2021	71,501	2,132	73,633
2022	18,293	114	18,407
	<u>\$ 1,017,374</u>	<u>\$ 212,576</u>	<u>\$ 1,229,950</u>

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2012

TAXABLE ASSESSED VALUE

Gross assessed value	\$ 878,100,436
Less exemptions	<u>(20,215,283)</u>
 TOTAL TAXABLE ASSESSED VALUE	 <u>\$ 857,885,153</u>

TOTAL DEBT MARGIN

Debt Limit - 3 percent of total assessed value	25,736,555
Total bonded debt	<u>(1,017,374)</u>
 TOTAL DEBT MARGIN	 <u>\$ 24,719,181</u>

***REPORTS REQUIRED UNDER
GOVERNMENT 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*

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

To the Honorable President and
Members of the Town Council
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 fiscal year ended June 30, 2012, which collectively comprise the Town of Exeter, Rhode Island basic financial statements and have issued our report thereon dated November 5, 2012. 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

Management of the Town of Exeter, Rhode Island, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Exeter, Rhode Island's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Exeter, Rhode Island's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Exeter, Rhode Island'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected in 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 Matters

As part of obtaining reasonable assurance about whether the Town of Exeter, Rhode Island'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*.

This report is intended solely for the information and use of management, the Town Council, and 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.

NADEAN WADSWICK LLP

November 5, 2012