
TOWN OF EXETER

FINANCIAL STATEMENTS

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2009***

Prepared by: Treasurer's Office

EXETER, RHODE ISLAND

**TOWN OF EXETER, RHODE ISLAND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

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INTRODUCTORY SECTION

This Section Contains the Following Subsections:

List of Town Officials

TOWN OF EXETER, RHODE ISLAND

**TOWN COUNCIL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

TREASURER

Vacant

TOWN CLERK

Cheryl A. Fernstrom

FINANCIAL SECTION

This Section Contains the Following Subsections:

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Exeter, Rhode Island (Town) as of and for the year ended June 30, 2009, 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's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Exeter, Rhode Island as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 23, 2010 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 11 and 37 through 42 respectively, are not a required part of the financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual non-major fund statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major funds statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Parmelee, Poirier & Associates, LLP
January 23, 2010

Management's Discussion and Analysis

TOWN OF EXETER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Unaudited)

As the management of the Town of Exeter, we offer readers of the Town's Financial Statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2009. 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 2008 and 2009 fiscal years.

Financial Highlights

- ❖ The assets of the Town of Exeter exceeded its liabilities at the close of the most recent fiscal year by \$6,210,035. Of the amount, \$1,244,074 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 \$3,396,362 through current year activities.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,390,313. Over 56.8% of this amount, \$790,313 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 unreserved fund balance was \$458,828, or 3.4% of the total general fund budgeted expenditures for the fiscal year. The current fiscal year's revenues and transfers exceeded expenditures and transfers by \$288,472 on a GAAP basis.

Overview of the Financial Statements

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

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

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

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

Government-wide financial statements - are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. They are presented on the accrual basis of accounting where revenues and expenditures are recognized on the date they occurred rather than on the date they were collected or paid.

TOWN OF EXETER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Unaudited)

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

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

Both of the government-wide financial statements distinguish functions of the Town, which are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Town's governmental activities include general government and administration, public works, public safety, health and welfare, conservation and development, parks and recreation, and planning and zoning. The Town had no business activities as of June 30, 2009.

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

Fund financial statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds. For Fiscal Year 2009 the Town does not have any proprietary funds.

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

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

TOWN OF EXETER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Unaudited)

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

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

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

Notes to Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are presented on pages 19 through 36.

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

The combining statements referred to earlier in connection with non-major governmental funds, proprietary funds and internal service funds are presented on pages 43 through 56.

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 \$6,210,035 as of June 30, 2009. The largest portion of the Town's net assets (80.0%) consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are unlikely to be used to liquidate these liabilities.

TOWN OF EXETER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Unaudited)

TOWN OF EXETER'S NET ASSETS

	Governmental Activities	
	2009	2008
Current and other assets	\$ 1,983,540	\$ 2,080,402
Capital assets (net)	6,593,124	2,873,665
Total assets	8,576,664	4,954,067
Other liabilities	253,749	459,447
Long-term liabilities	2,112,880	1,680,947
Total liabilities	2,366,629	2,140,394
Net assets:		
Invested in capital assets net of related debt	4,965,961	1,690,247
Restricted	-	550,000
Unrestricted	1,244,074	573,426
Total net assets	\$ 6,210,035	\$ 2,813,673

A portion of the Town's net assets, \$4,695,961, represents capital assets owned net of related debt. The remaining balances of unrestricted net assets \$1,244,074, may be used to meet the government's ongoing obligations to its citizens and creditors. As of June 30, 2009, the Town of Exeter reports positive balances in all of the categories of net assets for the government as a whole.

Analysis of the Town of Exeter's Operations

The following analysis provides a summary of the Town's operations for the year ended June 30, 2009. Governmental activities increased the Town's net assets by \$3,396,362.

TOWN OF EXETER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Unaudited)

TOWN OF EXETER'S CHANGES IN NET ASSETS

	Governmental Activities	
	2009	2008
Revenues		
General Revenues	\$ 12,951,175	\$ 12,421,028
Charges for services	651,310	645,854
Operating grants and contributions	106,188	35,400
Capital grants and contributions	3,450,000	2,000
Total revenues	17,158,673	13,104,282
Expenses		
Public works	418,851	366,226
Public safety	5,186	4,098
Public health and welfare	9,402	10,842
Social services	321,591	405,347
General government	2,179,777	1,568,421
Education	10,754,046	10,474,278
Interest	73,458	50,907
Total expenses	13,762,311	12,880,119
Increase in net assets	3,396,362	224,163
Net assets - Beginning	2,813,673	2,192,340
Prior period adjustment	-	397,170
Net assets - Ending	\$ 6,210,035	\$ 2,813,673

TOWN OF EXETER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Unaudited)

Financial Analysis of the Town of Exeter's Funds

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,390,313. Approximately 56.8% of the total amount, or \$790,313 constituted unreserved fund balances. The remainder of the fund balances was reserved for future commitments.

Reserved Fund Balances:

Contingency appropriations	\$ 400,000
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General Fund Budgetary Highlights

The final amended budget for the Town's General Fund was total revenues, transfers from other funds and appropriation of fund balance of \$13,536,294 and total expenditures and transfers to other funds of \$13,536,294. Actual total revenues of \$13,310,326, transfers from other funds of \$400,507, use of fund balance of \$150,000 and total expenditures of \$12,843,951 and transfers to other funds of \$578,410 resulted in a budgetary surplus of \$438,472.

Revenues:

General Property Taxes - were over budget by \$3,079. The Town budgeted current property tax collections at a 100.0% collection rate while the actual collection rate was at approximately 97.3%. Prior years Property Taxes are not budgeted for in subsequent years.

Intergovernmental Revenues - were under budget by \$29,487. The Town budgeted the Motor Vehicle tax phase out program based on an estimate received from the State in May. The Town received actual redistributed Motor Vehicle tax phase out of \$21,970 less than the original State estimates.

Licenses and Permits - were under budget by \$39,942 relating to lower than anticipated collections of permits received, offset by lower than anticipated stipends paid to inspectors for permits.

Interest and investment income - was under budget by \$54,406 as a result of decrease in interest rates.

Operating transfers - were over budget due to a \$400,507 one time transfer from Capital impact fees.

TOWN OF EXETER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Unaudited)

Expenses:

General governmental expenditures - were under budget by \$36,355. General governmental salaries and wages were under budget by \$46,863. This favorable variance is correlated with the above mentioned license and permits fees stipend expenses being lower than anticipated, and lower than anticipated collective bargaining expenses. General governmental expenses were over budget by \$10,508. This unfavorable variance was due mainly to Town health costs being over budget by \$21,339.

Debt service expenditures - were under budget by \$73,440. The Town of Exeter budgeted \$40,264 for Bald Hill Nursery/Shartner Farms Bond expenditures in Fiscal Year 2009, but only expended \$24,702 due to the late issuance of the Bond. Additionally, capital lease payments were budgeted for in the Landfill Closure Fund and in the General Fund, which amounted to \$51,682 of unexpended budgeted items.

The Town of Exeter's Capital Assets

The Town of Exeter's investment in capital assets for its governmental activities amounts to \$6,593,124, net of accumulated depreciation at June 30, 2009. 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, 2009).

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

	Governmental Activities	
	<u>2009</u>	<u>2008</u>
Land	\$ 253,701	\$ 253,701
Intangible assets	3,450,000	-
Infrastructure	612,394	345,834
Buildings and improvements	1,543,986	1,575,950
Motor Vehicles	140,527	180,553
Machinery and equipment	<u>592,516</u>	<u>517,627</u>
Total	<u>\$ 6,593,124</u>	<u>\$ 2,873,665</u>

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

TOWN OF EXETER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Unaudited)

The Town of Exeter's Debt Administration

At the end of the current fiscal year, the Town of Exeter had a total bonded debt of \$1,166,780. 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

	Governmental Activities	
	<u>2009</u>	<u>2008</u>
Public library bond	\$ 673,477	\$ 701,372
Development rights bond	493,303	-
Land acquisition costs	25,000	50,000
Landfill post-closure care costs	452,180	464,583
Compensated absences	33,537	32,946
Capital lease obligation	<u>435,383</u>	<u>432,046</u>
 Total	 <u>\$ 2,112,880</u>	 <u>\$ 1,680,947</u>

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

The State of Rhode Island imposes a limit of 3 percent of the fair value of all taxable Town property on the general obligation debt that a municipality can issue. The Town of Exeter's limit is \$26,878,486 (based on net assessed valuation at December 31, 2007 of \$895,949,524) at year-end. The Town's outstanding general obligation debt is \$1,166,780 at year-end, which is \$25,711,706 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 58 through 60.

TOWN OF EXETER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Unaudited)

Economic Factors and Next Year's Budgets and Rates

The Town of Exeter's total general fund budget for fiscal year 2009-2010 is \$13,337,043 which is an decrease of \$169,251 under the fiscal 2008-2009 budget of \$13,506,294. Of the Town's 2009-2010 budget, \$2,991,777 or 22.4% is budgeted for the general government and \$10,345,266 or 77.6% is budgeted for education. The State of Rhode Island is budgeted to contribute \$102,763 in State aid.

The Town's tax rate for fiscal 2009-2010 is \$14.16 per thousand, with 12.02% allocated for general government and 87.98% allocated for education. For fiscal 2008-2009 the Town's tax rate was \$12.33 per thousand with 10.64% allocated for general government and 89.36% allocated for education. The increase in tax rates from \$12.33 to \$14.16 resulted in a \$1.83 increase or 14.8% increase in the tax rate.

Requests for information

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

Maria Lawler
Treasurer

BASIC FINANCIAL STATEMENTS

Government Wide Financial Statements

TOWN OF EXETER, RHODE ISLAND
Statement of Net Assets
June 30, 2009

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,468,822
Receivables:	
Property taxes, net of allowance for doubtful accounts of \$73,735	448,557
Tax title property	14,469
Other	51,692
Capital assets being depreciated, net of depreciation	6,593,124
Total assets	8,576,664
 LIABILITIES	
Accounts payable and accrued items	239,280
Other	14,469
Long-term obligations:	
Due within one year	227,454
Due in more than one year	1,885,426
Total liabilities	2,366,629
 NET ASSETS	
Invested in capital assets, net of related debt	4,965,961
Unrestricted	1,244,074
Total net assets	\$ 6,210,035

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

TOWN OF EXETER, RHODE ISLAND
Statement of Activities
June 30, 2009

	Net (Expense) Revenue and Changes in Net Assets			
	Program revenues			Primary Government
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
General government	\$ 2,179,777	\$ 437,374	\$ -	\$ 1,707,597
Public works	418,851	-	-	(418,851)
Public safety	5,186	-	-	(5,186)
Social services	320,391	213,936	92,614	(13,841)
Public health and welfare	10,602	-	-	2,972
Education	10,754,046	-	-	(10,754,046)
Interest	73,458	-	-	(73,458)
Total governmental activities	\$ 13,762,311	\$ 651,310	\$ 106,188	\$ 3,450,000

General revenues:

Taxes:

Property taxes, levied for general purposes	11,660,030
Unrestricted investment earnings	17,528
Other general revenues	1,273,617
Total general revenues	12,951,175

Change in net assets

Net assets, beginning of year	3,396,362
Net assets, end of year	2,813,673
	\$ 6,210,035

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

Fund Financial Statements

TOWN OF EXETER, RHODE ISLAND
Balance Sheet
Governmental Funds
June 30, 2009

	<u>General Fund</u>	<u>Development Rights Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,327,631	\$ -	\$ 141,191	\$ 1,468,822
Receivables:				
Property taxes, net of allowance for doubtful accounts of \$73,735	448,557	-	-	448,557
Tax title property	14,469	-	-	14,469
Other	51,367	-	-	51,367
Internal balances	35,384	-	440,977	476,361
TOTAL ASSETS	<u>\$ 1,877,408</u>	<u>\$ -</u>	<u>\$ 582,168</u>	<u>\$ 2,459,576</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued items	\$ 99,481	\$ -	\$ 15,299	\$ 114,780
Internal balances	565,152	-	35,384	600,536
Deferred revenue	339,478	-	-	339,478
Other	14,469	-	-	14,469
Total liabilities	<u>1,018,580</u>	<u>-</u>	<u>50,683</u>	<u>1,069,263</u>
Fund balances:				
Reserved for:				
Contingency appropriations	400,000	-	-	400,000
Unreserved				
General fund	458,828	-	-	458,828
Special revenue funds	-	-	282,779	282,779
Capital projects funds	-	-	216,720	216,720
Permanent fund	-	-	31,986	31,986
Total fund balances	<u>858,828</u>	<u>-</u>	<u>531,485</u>	<u>1,390,313</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,877,408</u>	<u>\$ -</u>	<u>\$ 582,168</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Note 10)	6,593,124
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note 10)	339,478
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 10)	(2,112,880)
Net assets of governmental activities	<u>\$ 6,210,035</u>

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

TOWN OF EXETER, RHODE ISLAND
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal year Ended June 30, 2009

	<u>General Fund</u>	<u>Development Rights Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$11,617,269	\$ -	\$ -	\$ 11,617,269
Intergovernmental revenues	1,273,617	-	106,188	1,379,805
Departmental revenues	200,570	-	-	200,570
Licenses and permits	80,058	-	-	80,058
Interest and investment income	10,594	-	6,934	17,528
Fines and interest on late payments	108,499	-	-	108,499
Other revenue	19,719	3,450,000	242,464	3,712,183
Total revenues	<u>13,310,326</u>	<u>3,450,000</u>	<u>355,586</u>	<u>17,115,912</u>
Expenditures				
Current:				
General government	1,530,557	500,000	87,430	2,117,987
Public works	285,878	-	10,289	296,167
Public safety	5,186	-	-	5,186
Social services	23,191	-	297,200	320,391
Public health and welfare	10,602	-	-	10,602
Education	10,754,046	-	-	10,754,046
Capital outlay	-	3,450,000	296,882	3,746,882
Long-term obligations:				
Principal	170,760	-	54,358	225,118
Interest	63,731	-	9,727	73,458
Total expenditures	<u>12,843,951</u>	<u>3,950,000</u>	<u>755,886</u>	<u>17,549,837</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>466,375</u>	<u>(500,000)</u>	<u>(400,300)</u>	<u>(433,925)</u>
Other financing sources (uses)				
Proceeds from bond issuance	-	500,000	-	500,000
Transfers from other funds	400,507	-	585,910	986,417
Transfers to other funds	(578,410)	-	(408,007)	(986,417)
Total other financing sources (uses)	<u>(177,903)</u>	<u>500,000</u>	<u>177,903</u>	<u>500,000</u>
Excess of revenues and other sources over(under) expenditures and other uses	<u>288,472</u>	<u>-</u>	<u>(222,397)</u>	<u>66,075</u>
Fund balances - beginning	<u>570,356</u>	<u>-</u>	<u>753,882</u>	<u>1,324,238</u>
Fund balances - ending	<u>\$ 858,828</u>	<u>\$ -</u>	<u>\$ 531,485</u>	<u>\$ 1,390,313</u>

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

TOWN OF EXETER, RHODE ISLAND
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2009

Net change in fund balances-total governmental funds		\$ 66,075
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$3,746,882) exceed depreciation (\$183,883) in the current period. Additionally, capital assets in the amount of (\$156,460) were capitalized through capital lease transactions.</p>		
		3,562,999
<p>Property taxes that are not collected in the current period and do not represent current financial resources are deferred in the fund financial statements, however they are recognized as revenues in the statement of activities.</p>		
		42,761
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the full accrual basis, expenses and liabilities are recorded regardless of when financial resources are available. This is the amount of increase in accrued compensated absences.</p>		
		(591)
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the full accrual basis, expenses and liabilities are recorded regardless of when financial resources are available.</p>		
Proceeds from bond issuance	\$ (500,000)	
Principal payments made on long-term debt	<u>225,118</u>	<u>(274,882)</u>
Change in net assets of governmental activities		<u><u>\$ 3,396,362</u></u>

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

TOWN OF EXETER, RHODE ISLAND
Statement of Fiduciary Net Assets - Fiduciary Funds
June 30, 2009

	<u>Reynolds'</u> <u>Fund</u>	<u>Emily J.</u> <u>Anthony</u> <u>Funds</u>	<u>Unclaimed</u> <u>Estate</u> <u>Property</u>	<u>Agency</u> <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 191,327	\$ 5,162	\$ -	\$ 371,222
Investments	646,819	74,748	-	-
Internal balances	-	-	-	124,500
Total assets	<u>838,146</u>	<u>79,910</u>	<u>-</u>	<u>495,722</u>
LIABILITIES				
Liabilities				
Deposits held in custody for others	-	-	-	495,722
Internal balances	325	-	-	-
Total liabilities	<u>325</u>	<u>-</u>	<u>-</u>	<u>\$ 495,722</u>
NET ASSETS				
Held in trust for specific purposes	<u>\$ 837,821</u>	<u>\$ 79,910</u>	<u>\$ -</u>	

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

TOWN OF EXETER, RHODE ISLAND
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2009

	<u>Reynolds'</u> <u>Fund</u>	<u>Emily J.</u> <u>Anthony</u> <u>Funds</u>	<u>Unclaimed</u> <u>Estate</u> <u>Property</u>
Additions			
Interest income	\$ 22,082	\$ 4,342	\$ 120
Total additions	<u>22,082</u>	<u>4,342</u>	<u>120</u>
Deductions			
Scholarship expenses	-	1,500	-
Operating expenses	222,730	27,343	20,967
Total deductions	<u>222,730</u>	<u>28,843</u>	<u>20,967</u>
Change in net assets	(200,648)	(24,501)	(20,847)
Net assets beginning of year	1,038,469	104,411	20,847
Net assets end of year	<u>\$ 837,821</u>	<u>\$ 79,910</u>	<u>\$ -</u>

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

Notes to Financial Statements

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

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. 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 public libraries, public works, social services, and general administrative services.

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

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

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

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

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

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

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

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF PRESENTATION

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

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

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

GOVERNMENTAL FUND TYPES

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

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

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

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

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GOVERNMENTAL FUND TYPES (continued)

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

PROPRIETARY FUND TYPES

These funds account for operations that are organized to be self-supporting through user charges. For the year ended June 30, 2009 the Town had no proprietary funds.

FIDUCIARY FUND TYPES

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

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

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

BASIS OF ACCOUNTING

Measurement Focus – Government Wide Financial Statements

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

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

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Measurement Focus – Fund Financial Statements

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

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

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

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

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

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus – Fund Financial Statements (continued)

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

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

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

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

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

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

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

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

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CAPITAL ASSETS (continued)

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

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

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

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

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

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

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

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

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

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

PROPERTY TAXES - The Town is permitted by state law to levy property taxes. Current tax collections for the Town were approximately 97.32% of the total 2008 levy. The tax rate of the Town is established by the Town Council. The Town's fiscal 2009 property taxes were levied on July 1, 2008 on assessed valuation as of December 31, 2007. 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, 2005 as per State requirements.

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

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

ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and the differences could be material.

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

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 \$26,878,486. As of June 30, 2009 the Town's debt is under this limit by \$25,711,706.

NOTE 3 - FUND EQUITY

Reserved Fund Balances: As of June 30, 2009 the Town has reserved \$400,000 of General Fund balance to be designated for contingency appropriations.

Deficit Fund Equity: As of June 30, 2009 deficit fund balances consisted of the following:

Wastewater Management Grant	\$3,170
Computer Upgrades Fund	\$8,162

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

NOTE 4 – CASH AND INVESTMENTS

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

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

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

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

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

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

NOTE 4 – CASH AND INVESTMENTS (continued)

Custodial Credit Risk (continued)

possession of an outside party. As of June 30, 2009, all of the Town's balance of \$2,036,532 was insured or collateralized.

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

Cash and investments of the Town consist of the following at June 30, 2009

<i>Cash and Cash Equivalents</i>	
Deposits with financial institutions	\$ 2,036,533
 <i>Investments</i>	
Common stock	721,567
Total Investments	<u>721,567</u>
<i>Total Cash and Investments</i>	<u><u>\$ 2,758,100</u></u>

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

<i>Statement of Net Assets</i>	
Cash and cash equivalents	\$ 1,468,822
 <i>Fiduciary Funds</i>	
Cash and cash equivalents	567,711
Investments	<u>721,567</u>
<i>Total Cash and Investments</i>	<u><u>1,289,278</u></u>
	<u><u>\$ 2,758,100</u></u>

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

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

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

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, 2007. The Town completed a statistical revaluation of real property and tangible personal property as of December 31, 2005. The assessed values were effective for the property tax levy beginning with fiscal year 2006-2007. The assessed value of motor vehicles is determined annually at 100% of retail market value, net of State of Rhode Island credit. Taxes are due in equal quarterly installments on August 1-15, November 1-15, February 1-15, and May 1-15 during the fiscal year.

The Town entered into a contractual relationship with a law firm to act as a collection agency to pursue delinquent tangible and personal property accounts. The Town has forwarded past due accounts for collection. At June 30, 2009, a reserve of \$73,735 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, 2009 consists of \$339,478 of property taxes not collected within 60 days following year end, net of allowance of \$73,735.

Net property taxes levied for the fiscal year 2009 were based on an assessed value of approximately \$895,949,514 at December 31, 2007 and amounted to \$11,672,749. Total property tax recognized for the current fiscal year, including \$109,079 collected within 60 days following year end, amounted to \$11,617,269, which represents 99.5% of the total 2008 tax levy. Tax abatements for the year ended June 30, 2009 totaled \$61,998.

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

NOTE 6 - INFORMATION ABOUT CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 253,701	\$ -	\$ -	\$ 253,701
Intangible assets	-	3,450,000	-	3,450,000
Total capital assets not being depreciated	<u>253,701</u>	<u>3,450,000</u>	<u>-</u>	<u>3,703,701</u>
Other capital assets:				
Buildings and improvements	1,984,083	14,999	-	1,999,082
Motor vehicles	699,673	-	-	699,673
Machinery and equipment	1,076,155	156,460	42,297	1,190,318
Office furniture and equipment	154,627	-	-	154,627
Infrastructure	354,527	281,883	-	636,410
Total other capital assets at historical cost	<u>4,269,065</u>	<u>453,342</u>	<u>42,297</u>	<u>4,680,110</u>
Less accumulated depreciation for:				
Buildings and improvements	408,133	46,963	-	455,096
Motor vehicles	519,120	40,026	-	559,146
Machinery and equipment	558,528	81,571	42,297	597,802
Office furniture and equipment	154,627	-	-	154,627
Infrastructure	8,693	15,323	-	24,016
Total accumulated depreciation	<u>1,649,101</u>	<u>183,883</u>	<u>42,297</u>	<u>1,790,687</u>
Governmental activities capital assets, net	<u>\$ 2,873,665</u>	<u>\$ 3,719,459</u>	<u>\$ -</u>	<u>\$ 6,593,124</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 61,199
Public works	122,684
Total governmental activities depreciation expense	<u>\$ 183,883</u>

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

NOTE 7 - INFORMATION ABOUT LONG-TERM LIABILITIES

Long-term liability activity for the fiscal year ended June 30, 2009 was as follows:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009	Amounts Due within One Year
Governmental Activities					
Exeter public library bond	\$ 701,372	\$ -	\$ 27,895	\$ 673,477	\$ 29,527
Exeter development rights bond	-	500,000	6,697	493,303	16,412
Land acquisition costs	50,000	-	25,000	25,000	25,000
Total bonds and notes payable	<u>751,372</u>	<u>500,000</u>	<u>59,592</u>	<u>1,191,780</u>	<u>70,939</u>
Capital lease obligation - plow truck	54,987	-	26,829	28,158	28,158
Capital lease obligation - backhoe loader	61,589	-	19,469	42,120	20,511
Capital lease obligation - pickup truck	22,198	-	6,969	15,229	7,391
Capital lease obligation - excavator/bulldoz	181,778	-	41,955	139,823	44,200
Capital lease obligation - plow truck	84,374	-	19,666	64,708	20,589
Capital lease obligation - pickup truck	27,120	-	6,122	20,998	6,541
Capital lease obligation - backhoe loader	-	85,900	18,945	66,955	15,501
Capital lease obligation - brush cutter	-	70,560	13,168	57,392	13,624
Total capital leases payable	<u>432,046</u>	<u>156,460</u>	<u>153,123</u>	<u>435,383</u>	<u>156,515</u>
Landfill post closure care costs (Note 13)	464,583	-	12,403	452,180	-
Compensated absences	32,946	591	-	33,537	-
Total other long-term debt	<u>497,529</u>	<u>591</u>	<u>12,403</u>	<u>485,717</u>	<u>-</u>
Total Governmental Activities	<u>\$ 1,680,947</u>	<u>\$ 657,051</u>	<u>\$ 225,118</u>	<u>\$ 2,112,880</u>	<u>\$ 227,454</u>

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

	Interest Rates	Principal	Due Dates
Exeter public library bond	5.62%	\$ 673,477	2010-2014
Exeter development rights bond	4.25%	\$ 493,303	2010-2019
Land acquisition costs	0.00%	\$ 25,000	2010
Capital lease obligations	various	\$ 435,383	2010-2013

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

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

Fiscal Year Ended June 30	Governmental Long-term Liabilities		
	Principal	Interest	Total
2010	45,939	58,551	104,490
2011	48,386	56,104	104,490
2012	50,820	53,670	104,490
2013	53,678	50,812	104,490
2014	564,189	45,467	609,656
2015	20,347	17,001	37,348
2016	21,200	16,148	37,348
2017	22,172	15,176	37,348
2018	23,149	14,199	37,348
2019	316,900	7,854	324,754
TOTALS	<u>\$ 1,166,780</u>	<u>\$ 334,982</u>	<u>\$ 1,501,762</u>

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

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

NOTE 8 - CAPITAL LEASE

The Town entered into lease agreements as lessee for financing the acquisition of a Volvo Loader and a Holland Brush Cutter for the Public Works Department for fiscal year 2009. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments. Property and equipment includes \$730,842 of leased equipment and accumulated depreciation of \$195,111 as of June 30, 2009; vehicles include \$208,431 of leased equipment and accumulated depreciation of \$77,995.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2009 are as follows:

<u>Year ending June 30</u>	
2010	\$ 178,471
2011	148,918
2012	117,842
<u>2013</u>	<u>34,557</u>
Total minimum lease payments	479,788
Less: Amount representing interest	(44,405)
Present value of minimum lease payments	<u>\$ 435,383</u>

NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2009 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 35,384	\$ 565,152
Special Revenue Funds	215,770	27,222
Capital Project Funds	224,882	8,162
Permanent Funds	325	-
Fiduciary Funds	<u>124,500</u>	<u>325</u>
Totals	<u>\$ 600,861</u>	<u>\$ 600,861</u>

Operating transfers between funds for the year ended June 30, 2009 are as follows:

	<u>Transfer from Other Funds</u>	<u>Transfer to Other Funds</u>
General Fund	\$ 400,507	\$ 578,410
Special Revenue Funds	162,491	408,007
Fiduciary Funds	<u>423,419</u>	<u>-</u>
Totals	<u>\$ 986,417</u>	<u>\$ 986,417</u>

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

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

"Total fund balances" of the Towns' governmental funds \$1,390,313 differs from "net assets" of governmental activities \$6,210,035 reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. The effect of the differences is illustrated below.

Balance Sheet/Statement of Net Assets				
	<u>Total Governmental Funds</u>	<u>Long-term Assets/ Liabilities (1)</u>	<u>Reclassifications and Eliminations</u>	<u>Statement Net Assets Totals</u>
Assets				
Cash and cash equivalents	\$ 1,468,822	\$ -	\$ -	\$ 1,468,822
Receivables:				
Property taxes, net of allowance for doubtful accounts of \$73,735	448,557	-	-	448,557
Tax title property	14,469	-	-	14,469
Other	51,367	-	325	51,692
Internal balances	476,361	-	(476,361)	-
Capital assets	-	6,593,124	-	6,593,124
Total assets	<u>\$ 2,459,576</u>	<u>\$ 6,593,124</u>	<u>\$ (476,036)</u>	<u>\$ 8,576,664</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued items	\$ 114,780	\$ -	\$ 124,500	\$ 239,280
Internal balances	600,536	-	(600,536)	-
Deferred revenue	339,478	(339,478)	-	-
Other	14,469	-	-	14,469
Long-term obligations:				
Due within one year	-	227,454	-	227,454
Due in more than one year	-	1,885,426	-	1,885,426
Total liabilities	<u>1,069,263</u>	<u>1,773,402</u>	<u>(476,036)</u>	<u>2,366,629</u>
Fund Balances/Net Assets				
Total fund balances/net assets	1,390,313	4,819,722	-	6,210,035
Total liabilities and fund balances/net assets	<u>\$ 2,459,576</u>	<u>\$ 6,593,124</u>	<u>\$ (476,036)</u>	<u>\$ 8,576,664</u>

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

Cost of capital assets	\$ 8,383,811
Accumulated depreciation	(1,790,687)
	<u>\$ 6,593,124</u>

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

Adjustment of deferred revenue	\$ 339,478
	<u>\$ 339,478</u>

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

Exeter bonds and notes payable	\$ 1,191,780
Capital lease obligation	435,383
Post closure care costs (Note 13)	452,180
Compensated absences	33,537
	<u>\$ 2,112,880</u>

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
 June 30, 2009

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

The "net change in the fund balances" for governmental funds of \$66,075 differs from the "change in net assets" for governmental activities of \$3,396,362 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

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

	Total Governmental Funds	Long-term Revenues/ Expenses (1)	Capital- related Items (2)	Long-term Debt Transactions (3)	Statement of Activities Totals
Revenues					
Property taxes	\$ 11,617,269	\$ 42,761	\$ -	\$ -	\$ 11,660,030
Intergovernmental revenues	1,379,805	-	-	-	1,379,805
Departmental revenues	200,570	-	-	-	200,570
Licenses and permits	80,058	-	-	-	80,058
Interest and investment income	17,528	-	-	-	17,528
Fines and interest on late payments	108,499	-	-	-	108,499
Other revenue	3,712,183	-	-	-	3,712,183
Total revenues	17,115,912	42,761	-	-	17,158,673
Expenditures					
Current:					
General government	2,117,987	591	61,199	-	2,179,777
Public works	296,167	-	122,684	-	418,851
Public safety	5,186	-	-	-	5,186
Social services	320,391	-	-	-	320,391
Public health and welfare	10,602	-	-	-	10,602
Education	10,754,046	-	-	-	10,754,046
Capital outlay	3,746,882	-	(3,746,882)	-	-
Long-term obligations:					
Principal	225,118	-	-	(225,118)	-
Interest	73,458	-	-	-	73,458
Total expenditures	17,549,837	591	(3,562,999)	(225,118)	13,762,311
Other financing sources (uses)					
Proceeds from bond issuance	500,000	-	-	(500,000)	-
Total other financing sources (uses)	500,000	-	-	(500,000)	-
Net change for the year	\$ 66,075	\$ 42,170	\$ 3,562,999	\$ (274,882)	\$ 3,396,362

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

Deferred revenue property tax	\$ 42,761
Total deferred revenue adjustment	\$ 42,761

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

Accrued compensated absences	\$ 591
Total expenditure adjustment	\$ 591

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

Capital outlay	\$ 3,746,882
Depreciation expense	(183,883)
Difference	\$ 3,562,999

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

Proceeds from bond issuance	\$ (500,000)
Principal payments made	225,118
	\$ (274,882)

TOWN OF EXETER, RHODE ISLAND

Notes to Financial Statements

June 30, 2009

NOTE 12 - EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

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

In accordance with the founding agreement, three members of the six member governing board of the School District are elected by the voters of each of the Towns of Exeter and West Greenwich. The Towns are annually assessed an apportionment of operating and capital expenses based on student enrollment. The assessment to the Town of Exeter for fiscal year 2009 was \$10,754,046.

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

Long-term debt of the Exeter-West Greenwich Regional School District which the Town is contingently liable for their proportional share is as follows at June 30, 2009:

Unaudited

General obligation bonds	\$ 3,210,000
Loans payable	5,875,000
Certain accrued compensated absences	1,638,077
Capital leases payable	<u>77,256</u>
Total Long-Term Debt	<u>\$ 10,800,333</u>

NOTE 13 - LANDFILL POSTCLOSURE CARE COSTS

GASB 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, requires the recognition of closure and postclosure costs of landfills as long-term liabilities. State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions for 30 years after its landfill has been closed. The estimated liability as of the 2008 Fiscal Year was \$736,290, which is 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 2009, capital lease payments for the above mentioned equipment totaled \$41,955, leaving a capital lease balance of \$139,823; payments for survey, site preparation and remedial work totaled \$12,403, leaving a closure cost balance of \$452,180.

TOWN OF EXETER, RHODE ISLAND

Notes to Financial Statements

June 30, 2009

NOTE 14 - COMMITMENTS AND CONTINGENCIES

At June 30, 2009, the Town had several lawsuits pending and had been placed on written notice of potential claims. The Town intends to vigorously pursue its claims and/or defend its position with respect to each matter. In the opinion of the Town's legal counsel, the Town's liability with respect to these cases, if any, was not determinable. It is the opinion of Town management, based in part on the advice of legal counsel, that settlement on the above lawsuits will not materially affect the Town's financial position.

NOTE 15 - RISK MANAGEMENT

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

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

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

NOTE 16 - PENSION PLAN

Plan Description and Funding: The Town maintains a defined contribution plan, the Town of Exeter Money Purchase Pension Plan, for retirement benefits for all eligible full-time employees. The plan was established by the Town Council effective January 1, 1985. The plan provides for employer only contributions with benefits beginning at normal retirement age. Contributions were at the rate of 5% of total compensation. Eligibility requirements call for employees to be 21 years of age and have completed 1 year (12 month period and 1,000 hours) of service. Contributions made by the Town on behalf of eligible employees vest in accordance with a vesting schedule documented within the retirement plan. Fiscal Year 2009 contributions amounted to \$24,223, which is made up of an initial contribution of \$22,977 and a catch-up contribution of \$1,246.

TOWN OF EXETER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

NOTE 17 - BUDGETARY -GAAP REPORTING RECONCILIATION

The accompanying Statements of Revenues, Expenditures/Expenses (GAAP or Budgetary Basis Non-GAAP) presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis, entity and timing differences in the excess (deficiency) of revenues and other financial resources over expenditures/expenses and other uses of financial resources for the year ended June 30, 2009 is presented below:

	General Fund
Excess (deficiency) of revenues and other sources Over (under) expenditures/expenses and other uses (budgetary basis)	\$ 438,472
Adjustments:	
To adjust for appropriated surplus	<u>(150,000)</u>
Excess (deficiency) of revenues and other sources Over (under) expenditures/expenses and other uses (GAAP basis)	<u>\$ 288,472</u>

NOTE 18 - 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, 2009.

NOTE 19 - SUBSEQUENT EVENTS

On August 7, 2009 the Town of Exeter entered into a new capital lease agreement with Key Government Finance, Inc. for the purchase of a 40,000 GVW 2010 International Truck with Dump and Plow. The principal lease agreement is for \$106,683 with an interest rate of 4.80%. There are five annual lease payments at a cost of \$23,383.

NOTE 20 - INTANGIBLE ASSETS

The Town of Exeter was partial party to the purchase of Development Rights for the Schartner Farm/Bald Hill Nursery. The purchase price consisted of a total of \$5,250,000. Exeter's portion of this purchase was \$3,450,000, with the State of Rhode Island, the Town of North Kingstown, and Southland Communications funding the balance of the transaction. Exeter's ownership portion of the Development Rights is 65.71%. This asset is included in current year capital asset additions. See Note 6 for additional information.

REQUIRED SUPPLEMENTARY INFORMATION

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

Required Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures, and Changes in Fund Balances
For The Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Property taxes	\$ 11,614,190	\$ 11,614,190	\$ 11,617,269	\$ 3,079
Intergovernmental revenues	1,303,104	1,303,104	1,273,617	(29,487)
Departmental revenues	204,000	204,000	200,570	(3,430)
Building permits and inspection fees	120,000	120,000	80,058	(39,942)
Interest and investment income	65,000	65,000	10,594	(54,406)
Fines and interest on late payments	60,000	60,000	108,499	48,499
Other revenue	20,000	20,000	19,719	(281)
Total Revenues	<u>13,386,294</u>	<u>13,386,294</u>	<u>13,310,326</u>	<u>(75,968)</u>
Expenditures				
General government	1,566,912	1,566,912	1,530,557	36,355
Public works	281,751	281,751	285,878	(4,127)
Public safety	10,000	10,000	5,186	4,814
Social services	27,087	27,087	24,391	2,696
Public health and welfare	10,157	10,157	9,402	755
Education	10,754,046	10,754,046	10,754,046	-
Debt service expenditures	307,931	307,931	234,491	73,440
Total expenditures	<u>12,957,884</u>	<u>12,957,884</u>	<u>12,843,951</u>	<u>113,933</u>
Excess of revenues over expenditures before other financing sources (uses)	<u>428,410</u>	<u>428,410</u>	<u>466,375</u>	<u>37,965</u>
Other financing sources (uses)				
Operating transfers from other funds	-	-	400,507	400,507
Operating transfers to other funds	(578,410)	(578,410)	(578,410)	-
Appropriated fund balance	150,000	150,000	150,000	-
Total other financing sources (uses)	<u>(428,410)</u>	<u>(428,410)</u>	<u>(27,903)</u>	<u>400,507</u>
Excess of revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 438,472</u>	<u>\$ 438,472</u>

Required Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Property tax revenues				
Property taxes current year	\$11,614,190	\$11,614,190	\$11,407,235	\$ (206,955)
Property taxes prior years	-	-	210,034	210,034
Total property tax revenues	<u>11,614,190</u>	<u>11,614,190</u>	<u>11,617,269</u>	<u>3,079</u>
Intergovernmental revenues				
State MV tax phase out program	1,042,533	1,042,533	1,020,563	(21,970)
Public service corporate tax	58,845	58,845	53,077	(5,768)
General state aid	39,429	39,429	34,801	(4,628)
State meal tax	60,000	60,000	62,879	2,879
State aid to libraries	32,415	32,415	32,415	-
Library bond reimbursement	69,882	69,882	69,882	-
Total intergovernmental revenues	<u>1,303,104</u>	<u>1,303,104</u>	<u>1,273,617</u>	<u>(29,487)</u>
Departmental revenues				
Town clerk collections	180,000	180,000	190,824	10,824
Planning board fees	14,000	14,000	1,300	(12,700)
Zoning fees	10,000	10,000	3,600	(6,400)
Probate court fees	-	-	4,846	4,846
Total departmental revenues	<u>204,000</u>	<u>204,000</u>	<u>200,570</u>	<u>(3,430)</u>
Licenses and permits				
Building permits	48,000	48,000	57,445	9,445
Electrical permits	18,000	18,000	7,772	(10,228)
Mechanical permits	36,000	36,000	11,961	(24,039)
Plumbing permits	18,000	18,000	2,880	(15,120)
Total licenses and permits	<u>120,000</u>	<u>120,000</u>	<u>80,058</u>	<u>(39,942)</u>
Interest and investment income	65,000	65,000	10,594	(54,406)
Fines and interest on late payments	60,000	60,000	108,499	48,499
Other revenue	20,000	20,000	19,719	(281)
Appropriated fund balance	150,000	150,000	150,000	-
Other financing sources				
Operating transfer from impact fees	-	-	400,507	400,507
Total other financing sources	<u>-</u>	<u>-</u>	<u>400,507</u>	<u>400,507</u>
Total revenues and other financing sources	<u>13,536,294</u>	<u>13,536,294</u>	<u>13,860,833</u>	<u>324,539</u>

Required Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Expenditures - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures				
Salaries and wages				
General government				
Town council assistant	22,878	22,878	21,741	1,137
Town council stipend	6,092	6,092	7,073	(981)
Board of canvassers	8,159	8,159	8,025	134
Board of canvassers clerk	8,384	8,384	6,274	2,110
Town clerk	39,436	39,436	38,999	437
Town clerk overtime	1,000	1,000	-	1,000
Town treasurer	18,173	18,173	19,128	(955)
Tax assessor	27,450	27,450	31,325	(3,875)
Tax board of assessment review	1,890	1,890	3,780	(1,890)
Tax collector	35,526	35,526	35,132	394
Library director	49,479	49,479	48,930	549
Library staff	43,463	43,463	42,707	756
Planner	30,573	30,573	30,573	-
Planning board	12,196	12,196	13,938	(1,742)
Zoning board	12,069	12,069	10,345	1,724
Zoning inspector	10,209	10,209	10,209	-
Town sergeant	7,337	7,337	7,337	-
Town constable	2,446	2,446	2,446	-
Town moderator	410	410	410	-
911 coordinator	5,786	5,786	5,786	-
Collective bargaining unit	379,647	379,647	347,933	31,714
Building inspector fees	24,000	24,000	17,288	6,712
Electrical inspector fees	18,000	18,000	13,832	4,168
Mecancial and plumbing inspector fees	18,000	18,000	12,529	5,471
Total general government	<u>782,603</u>	<u>782,603</u>	<u>735,740</u>	<u>46,863</u>
Public works				
Director of public works	48,061	48,061	50,856	(2,795)
Highway workers - OT	22,000	22,000	23,810	(1,810)
Total public works	<u>70,061</u>	<u>70,061</u>	<u>74,666</u>	<u>(4,605)</u>
Social services				
Welfare director	4,799	4,799	4,799	-
Total social services	<u>4,799</u>	<u>4,799</u>	<u>4,799</u>	<u>-</u>
Total salaries and wages	<u>\$ 857,463</u>	<u>\$ 857,463</u>	<u>\$ 815,205</u>	<u>\$ 42,258</u>
Public works				
Highway department	211,690	211,690	211,212	478
Total public works	<u>211,690</u>	<u>211,690</u>	<u>211,212</u>	<u>478</u>
Public safety				
Exeter emergency management	10,000	10,000	5,186	4,814
Total public safety	<u>10,000</u>	<u>10,000</u>	<u>5,186</u>	<u>4,814</u>

Required Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Expenditures - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
General government				
Assessor expenses	13,460	13,460	10,029	3,431
Board of canvassers expense	12,720	12,720	9,624	3,096
Exeter economic development	500	500	-	500
Exeter public library	63,490	63,490	63,404	86
Inspectors/building department	2,800	2,800	637	2,163
Planning board expense	12,000	12,000	7,373	4,627
Planning office expense	700	700	924	(224)
Planner expense	727	727	563	164
Tax collection expense	3,970	3,970	1,986	1,984
Town clerk expense	40,540	40,540	32,446	8,094
Town public building maintenance	58,741	58,741	51,945	6,796
Municipal fuel costs	5,000	5,000	4,134	866
Town council expense	1,500	1,500	942	558
Town council assistant expense	1,000	1,000	933	67
Town sergeant expense	4,700	4,700	4,374	326
Treasurer expense	6,783	6,783	12,102	(5,319)
Support services	7,400	7,400	6,279	1,121
Zoning board expense	6,166	6,166	3,130	3,036
Computer support	26,040	26,040	27,432	(1,392)
Website	1,000	1,000	432	568
Postage	9,000	9,000	7,868	1,132
Advertising expense	23,000	23,000	19,814	3,186
Legal fees	80,000	80,000	88,055	(8,055)
FICA & medicare expense	66,387	66,387	73,278	(6,891)
Blue cross expenses	185,631	185,631	206,970	(21,339)
Town retirement expense	22,977	22,977	22,977	-
Insurance expense	75,506	75,506	79,586	(4,080)
Audit Town's books	11,500	11,500	11,500	-
Contingency fund	25,000	25,000	32,016	(7,016)
RI league of cities and towns	2,407	2,407	2,407	-
Washington county regional planning	3,000	3,000	3,000	-
Economic development	1,000	1,000	-	1,000
Pension administration fees	6,825	6,825	3,448	3,377
Zoning inspector	525	525	237	288
Exeter veteran's memorial committee	1,000	1,000	-	1,000
Life insurance premium	1,114	1,114	-	1,114
Probate court expense	-	-	4,972	(4,972)
Conservation commission	200	200	-	200
Total general government	<u>784,309</u>	<u>784,309</u>	<u>794,817</u>	<u>(10,508)</u>
Education - regional school	<u>10,754,046</u>	<u>10,754,046</u>	<u>10,754,046</u>	<u>-</u>

Required Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Expenditures - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Public health & welfare				
Exeter substance abuse	250	250	250	-
Health center of south county	500	500	500	-
Hospice	250	250	250	-
Seniors helping others	250	250	250	-
South county community action	1,000	1,000	1,000	-
South shore mental health center	1,000	1,000	1,000	-
Visiting nurses	1,500	1,500	1,500	-
Welfare services	3,157	3,157	2,402	755
Domestic violence resource center	1,000	1,000	1,000	-
Wood river health center	1,250	1,250	1,250	-
Total public health & welfare	<u>10,157</u>	<u>10,157</u>	<u>9,402</u>	<u>755</u>
Social services				
EWG little league	2,590	2,590	2,590	-
EWG youth basketball	2,221	2,221	2,221	-
EWG youth soccer	3,701	3,701	3,701	-
Girls softball league	2,590	2,590	2,590	-
Pop warner football	2,590	2,590	2,590	-
Summer recreation	3,200	3,200	983	2,217
Communications	789	789	309	480
Memorial day parade	2,631	2,631	2,631	-
Veterans graves	250	250	251	(1)
URI cooperative extension	263	263	263	-
Southern RI conservation district	263	263	263	-
Wildlife rehabilitators assoc. of RI	200	200	200	-
Wood-Pawcatuck watershed	500	500	500	-
Washington county coalition for children	500	500	500	-
Total social services	<u>22,288</u>	<u>22,288</u>	<u>19,592</u>	<u>2,696</u>
Debt service				
Land acquisition costs	25,000	25,000	25,000	-
Public library bond	63,684	63,684	67,142	(3,458)
Capital lease payments - Volvo Loader	22,765	22,765	22,765	-
Capital lease payments - F350	8,312	8,312	8,312	-
Capital lease payments - Dump	29,551	29,551	29,551	-
Capital lease payments - Dump	23,624	23,624	23,623	1
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	35,070	35,070	34,557	513
Bald Hill Nursery/Shartner Farms	40,264	40,264	15,562	24,702
Total debt service	<u>307,931</u>	<u>307,931</u>	<u>234,491</u>	<u>73,440</u>
Total expenditures	<u>12,957,884</u>	<u>12,957,884</u>	<u>12,843,951</u>	<u>113,933</u>
Other financing uses				
Operating transfer to animal shelter	64,991	64,991	64,991	-
Operating transfer to transfer station	20,000	20,000	20,000	-
Operating transfer to property revaluation	70,000	70,000	70,000	-
Operating transfer to old town hall renovation	12,000	12,000	12,000	-
Operating transfer to welfare department comp	1,200	1,200	1,200	-
Operating transfer to public works/roads	270,307	270,307	270,307	-
Operating transfer to landfill closure	139,912	139,912	139,912	-
Total other financing uses	<u>578,410</u>	<u>578,410</u>	<u>578,410</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$13,536,294</u>	<u>\$13,536,294</u>	<u>\$13,422,361</u>	<u>\$ 113,933</u>

TOWN OF EXETER, RHODE ISLAND
Note to Budgetary Comparison - General Fund
June 30, 2009

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

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

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

OTHER SUPPLEMENTARY INFORMATION

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
 Combining Balance Sheet - Non-Major Governmental Funds
 June 30, 2009

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Permanent Funds</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 109,530	\$ -	\$ 31,661	\$ 141,191
Internal balances	215,770	224,882	325	440,977
Total assets	<u>\$ 325,300</u>	<u>\$ 224,882</u>	<u>\$ 31,986</u>	<u>\$ 582,168</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenses	\$ 15,299	\$ -	\$ -	\$ 15,299
Internal balances	27,222	8,162	-	35,384
Total liabilities	<u>42,521</u>	<u>8,162</u>	<u>-</u>	<u>50,683</u>
Fund balances (deficits)				
Unreserved, reported in:				
Special revenue funds	282,779	-	-	282,779
Capital projects funds	-	216,720	-	216,720
Permanent fund	-	-	31,986	31,986
Total fund balances	<u>282,779</u>	<u>216,720</u>	<u>31,986</u>	<u>531,485</u>
Total liabilities and fund balances	<u>\$ 325,300</u>	<u>\$ 224,882</u>	<u>\$ 31,986</u>	<u>\$ 582,168</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2009

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Permanent Funds</u>	<u>Total Non-Major Governmental Funds</u>
Revenues				
Intergovernmental revenue	\$ 106,188	\$ -	-	\$ 106,188
Earnings on investments	6,778	-	156	6,934
Other revenue	213,936	28,528	-	242,464
Total revenues	<u>326,902</u>	<u>28,528</u>	<u>156</u>	<u>355,586</u>
Expenditures				
Current:				
Administration	72,718	14,712	-	87,430
Public works	-	10,289	-	10,289
Social services	297,200	-	-	297,200
Capital outlay	14,999	281,883	-	296,882
Debt service	-	64,085	-	64,085
Total expenditures	<u>384,917</u>	<u>370,969</u>	<u>-</u>	<u>755,886</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(58,015)	(342,441)	156	(400,300)
Other financing sources (uses)				
Proceeds from bond issuance	-	-	-	-
Operating transfers from other funds	162,491	423,419	-	585,910
Operating transfers to other funds	(408,007)	-	-	(408,007)
Total other financing sources (uses)	<u>(245,516)</u>	<u>423,419</u>	<u>-</u>	<u>177,903</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(303,531)	80,978	156	(222,397)
FUND BALANCE - beginning	586,310	135,742	31,830	753,882
FUND BALANCE - ending	<u>\$ 282,779</u>	<u>\$ 216,720</u>	<u>\$ 31,986</u>	<u>\$ 531,485</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
 Combining Balance Sheet - Town Special Revenue Funds
 June 30, 2009

	Transfer Station Fund	Animal Shelter Fund	Preservation and Technology Fund	Manton Library Grant	New Library Grant	Growth Management Ordinance
ASSETS						
Cash and cash equivalents	\$ 31,466	\$ 15,458	\$ 40,352	\$ -	\$ -	\$ -
Internal balances	43,997	43,488	-	2,337	1,656	2,500
Total assets	\$ 75,463	\$ 58,946	\$ 40,352	\$ 2,337	\$ 1,656	\$ 2,500
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ 10,813	\$ 4,486	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	19,996	-	-	-
Total liabilities	10,813	4,486	19,996	-	-	-
Fund balances (deficits)						
Unreserved, reported in special revenue funds	64,650	54,460	20,356	2,337	1,656	2,500
Total fund balance	64,650	54,460	20,356	2,337	1,656	2,500
Total liabilities and fund balances	\$ 75,463	\$ 58,946	\$ 40,352	\$ 2,337	\$ 1,656	\$ 2,500

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
 Combining Balance Sheet - Town Special Revenue Funds
 June 30, 2009
 (continued)

	Historical Records	Manton Free Library	RIEMA FEMA Grant	Planning Board Project Review Fees	Capital Facilities Impact Fees	CDBG
ASSETS						
Cash and cash equivalents	\$ 10,854	\$ 2,838	\$ -	\$ -	\$ 1,079	\$ 4,567
Internal balances	-	-	7,696	24,416	-	10,000
Total assets	<u>\$ 10,854</u>	<u>\$ 2,838</u>	<u>\$ 7,696</u>	<u>\$ 24,416</u>	<u>\$ 1,079</u>	<u>\$ 14,567</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	4,056	-	-	-	-	-
Total liabilities	<u>\$ 4,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances (deficits)						
Unreserved, reported in special revenue funds	6,798	2,838	7,696	24,416	1,079	14,567
Total fund balance	<u>\$ 6,798</u>	<u>\$ 2,838</u>	<u>\$ 7,696</u>	<u>\$ 24,416</u>	<u>\$ 1,079</u>	<u>\$ 14,567</u>
Total liabilities and fund balances	<u>\$ 10,854</u>	<u>\$ 2,838</u>	<u>\$ 7,696</u>	<u>\$ 24,416</u>	<u>\$ 1,079</u>	<u>\$ 14,567</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
 Combining Balance Sheet - Town Special Revenue Funds
 June 30, 2009
 (continued)

	Property Revaluation	Library Funds	Spay/ Neuter Fund	Memorial Day Parade	Wastewater Management Grant	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	1,722	\$ 1,194	\$ -	\$ 109,530
Internal balances	79,680	-	-	-	-	215,770
Total assets	<u>\$ 79,680</u>	<u>\$ -</u>	<u>\$ 1,722</u>	<u>\$ 1,194</u>	<u>\$ -</u>	<u>\$ 325,300</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	-	\$ -	\$ -	\$ 15,299
Internal balances	-	-	-	-	3,170	27,222
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,170</u>	<u>\$ 42,521</u>
Fund balances (deficits)						
Unreserved, reported in special revenue funds	79,680	-	1,722	1,194	(3,170)	282,779
Total fund balance	<u>79,680</u>	<u>-</u>	<u>1,722</u>	<u>1,194</u>	<u>(3,170)</u>	<u>282,779</u>
Total liabilities and fund balances	<u>\$ 79,680</u>	<u>\$ -</u>	<u>\$ 1,722</u>	<u>\$ 1,194</u>	<u>\$ -</u>	<u>\$ 325,300</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance - Town Special Revenue Funds
 For the Fiscal Year Ended June 30, 2009

	Transfer Station Fund	Animal Shelter Fund	Preservation and Technology Fund	Manton Library Grant	New Library Grant	Growth Management Ordinance
Revenues						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	59	-	-	-
Other revenue	120,452	28,753	8,944	-	-	-
Total revenues	<u>120,452</u>	<u>28,753</u>	<u>9,003</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
Administration	30,593	42,125	-	-	-	-
Social services	123,133	37,669	19,996	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>153,726</u>	<u>79,794</u>	<u>19,996</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(33,274)</u>	<u>(51,041)</u>	<u>(10,993)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)						
Operating transfers from other funds	20,000	64,991	-	-	-	-
Operating transfers to other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>20,000</u>	<u>64,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures after other financing sources (uses)	<u>(13,274)</u>	<u>13,950</u>	<u>(10,993)</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - beginning	77,924	40,510	31,349	2,337	1,656	2,500
FUND BALANCE - ending	<u>\$ 64,650</u>	<u>\$ 54,460</u>	<u>\$ 20,356</u>	<u>\$ 2,337</u>	<u>\$ 1,656</u>	<u>\$ 2,500</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance - Town Special Revenue Funds
 For the Fiscal Year Ended June 30, 2009
 (continued)

	Historical Records	Manton Free Library	RIEMA FEMA Grant	Planning Board Project Review Fees	Capital Facilities Impact Fees	CDBG
Revenues						
Intergovernmental revenue	\$ -	\$ -	\$ 13,574	\$ -	\$ -	\$ 42,673
Earnings on investments	12	8	-	-	6,692	3
Other revenue	4,450	-	-	4,438	35,000	1,680
Total revenues	<u>4,462</u>	<u>8</u>	<u>13,574</u>	<u>4,438</u>	<u>41,692</u>	<u>44,356</u>
Expenditures						
Administration	-	-	-	-	-	-
Social services	4,056	-	3,000	5,484	-	39,056
Capital outlay	-	-	14,999	-	-	-
Total expenditures	<u>4,056</u>	<u>-</u>	<u>17,999</u>	<u>5,484</u>	<u>-</u>	<u>39,056</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	406	8	(4,425)	(1,046)	41,692	5,300
Other financing sources (uses)						
Operating transfers from other funds	-	-	7,500	-	-	-
Operating transfers to other funds	-	-	-	-	(408,007)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>7,500</u>	<u>-</u>	<u>(408,007)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures after other financing sources (uses)	406	8	3,075	(1,046)	(366,315)	5,300
FUND BALANCE - beginning	6,392	2,830	4,621	25,462	367,394	9,267
FUND BALANCE - ending	<u>\$ 6,798</u>	<u>\$ 2,838</u>	<u>\$ 7,696</u>	<u>\$ 24,416</u>	<u>\$ 1,079</u>	<u>\$ 14,567</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance - Town Special Revenue Funds
 For the Fiscal Year Ended June 30, 2009
 (continued)

	Property Revaluation	Library Funds	Spay/ Neuter Fund	Memorial Day Parade	Wastewater Management Grant	Total
Revenues						
Intergovernmental revenue	\$ 49,941	\$ -	\$ -	\$ -	\$ -	\$ 49,941
Earnings on investments	-	-	2	2	-	4
Other revenue	-	-	3,645	6,574	-	10,219
Total revenues	<u>49,941</u>	<u>-</u>	<u>3,647</u>	<u>6,576</u>	<u>-</u>	<u>60,164</u>
Expenditures						
Administration	-	-	-	-	-	-
Social services	44,437	9,167	2,650	5,382	3,170	64,806
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>44,437</u>	<u>9,167</u>	<u>2,650</u>	<u>5,382</u>	<u>3,170</u>	<u>64,806</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	5,504	(9,167)	997	1,194	(3,170)	(58,015)
Other financing sources (uses)						
Operating transfers from other funds	70,000	-	-	-	-	70,000
Operating transfers to other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,000</u>
Excess (deficiency) of revenues over (under) expenditures after other financing sources (uses)	75,504	(9,167)	997	1,194	(3,170)	(303,531)
FUND BALANCE - beginning	4,176	9,167	725	-	-	14,068
FUND BALANCE - ending	<u>\$ 79,680</u>	<u>\$ -</u>	<u>\$ 1,722</u>	<u>\$ 1,194</u>	<u>\$ (3,170)</u>	<u>\$ 80,436</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
 Combining Balance Sheet - Capital Project Funds
 June 30, 2009

	Old Town Hall Renovation	Vehicle Replacement Fund	Welfare Department Computer	Public Works/ Roads	Computer Upgrades	Public Works/ Truck	Tax Collector Copier	Landfill Closure Fund	Totals
ASSETS									
Internal balances	\$ 21,515	\$ 51,829	\$ 1,200	\$ 11,617	\$ -	\$ 17,573	\$ 2,000	\$ 119,148	\$ 224,882
Total assets	<u>\$ 21,515</u>	<u>\$ 51,829</u>	<u>\$ 1,200</u>	<u>\$ 11,617</u>	<u>\$ -</u>	<u>\$ 17,573</u>	<u>\$ 2,000</u>	<u>\$ 119,148</u>	<u>\$ 224,882</u>
	\$ -	\$ -	\$ -	\$ -	\$ 8,162	\$ -	\$ -	\$ -	\$ 8,162
LIABILITIES AND FUND BALANCES									
Liabilities									
Internal balances	\$ -	\$ -	\$ -	\$ -	\$ 8,162	\$ -	\$ -	\$ -	\$ 8,162
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,162</u>
Fund balances (deficits)									
Unreserved, reported in capital project funds	21,515	51,829	1,200	11,617	(8,162)	17,573	2,000	119,148	216,720
Total fund balance	<u>21,515</u>	<u>51,829</u>	<u>1,200</u>	<u>11,617</u>	<u>(8,162)</u>	<u>17,573</u>	<u>2,000</u>	<u>119,148</u>	<u>216,720</u>
Total liabilities and fund balances	<u>\$ 21,515</u>	<u>\$ 51,829</u>	<u>\$ 1,200</u>	<u>\$ 11,617</u>	<u>\$ -</u>	<u>\$ 17,573</u>	<u>\$ 2,000</u>	<u>\$ 119,148</u>	<u>\$ 224,882</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance - Capital Project Funds
 For the Fiscal Year Ended June 30, 2009

	Old Town Hall Renovation	Vehicle Replacement Fund	Welfare Department Computer	Public Works/ Roads	Computer Upgrades	Public Works/ Truck	Tax Collector Copier	Landfill Closure Fund	Totals
Revenues									
Other revenues	-	\$ 28,528	-	\$ -	-	\$ -	-	\$ -	\$ 28,528
Total revenues	-	28,528	-	-	-	-	-	-	28,528
Expenditures									
Administration	-	14,712	-	-	-	-	-	-	14,712
Public works	5,800	-	-	4,489	-	-	-	-	10,289
Capital outlay	-	-	-	281,883	-	-	-	-	281,883
Debt Service	-	-	-	-	-	-	-	64,085	64,085
Total expenditures	5,800	14,712	-	286,372	-	-	-	64,085	370,969
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(5,800)	13,816	-	(286,372)	-	-	-	(64,085)	(342,441)
Other financing sources (uses)									
Proceeds from bond issuance	-	-	-	-	-	-	-	-	-
Operating transfers from other funds	12,000	-	1,200	270,307	-	-	-	139,912	423,419
Total other financing sources (uses)	12,000	-	1,200	270,307	-	-	-	139,912	423,419
Excess (deficiency) of revenues over (under) expenditures after other financing sources (uses)	6,200	13,816	1,200	(16,065)	-	-	-	75,827	80,978
FUND BALANCE - beginning	15,315	38,013	-	27,682	(8,162)	17,573	2,000	43,321	135,742
FUND BALANCE - ending	21,515	51,829	1,200	11,617	(8,162)	17,573	2,000	119,148	216,720

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Combining Balance Sheet - Non-Major Permanent Funds
June 30, 2009

	Cemetery Fund	Arnold Fund	Total Non-Major Permanent Funds
ASSETS			
Cash and cash equivalents	\$ 27,712	\$ 3,949	\$ 31,661
Internal balances	325	-	325
Total assets	\$ 28,037	\$ 3,949	\$ 31,986
Fund balances (deficits)			
Reserved by trust agreement	\$ 28,037	\$ 3,949	\$ 31,986
Total fund balances	\$ 28,037	\$ 3,949	\$ 31,986

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Permanent Funds
For the Fiscal Year Ended June 30, 2009

	Cemetery Fund	Arnold Fund	Total Non-Major Permanent Funds
Revenues			
Earnings on investments	\$ 145	\$ 11	\$ 156
Total revenues	145	11	156
Expenditures			
Current:			
Administration	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	145	11	156
FUND BALANCE - beginning	27,892	3,938	31,830
FUND BALANCE - ending	\$ 28,037	\$ 3,949	\$ 31,986

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Pension Money Purchase Fund				
Assets				
Cash	\$ 298,297	\$ 32,569	\$ -	\$ 330,866
Total assets	<u>\$ 298,297</u>	<u>\$ 32,569</u>	<u>\$ -</u>	<u>\$ 330,866</u>
Liabilities				
Deposits held in custody for others	\$ 298,297	\$ 32,569	\$ -	\$ 330,866
Total liabilities	<u>\$ 298,297</u>	<u>\$ 32,569</u>	<u>\$ -</u>	<u>\$ 330,866</u>
Open Space Dedication				
Assets				
Cash	\$ 57,725	\$ 5,230	\$ 46,517	\$ 16,438
Total assets	<u>\$ 57,725</u>	<u>\$ 5,230</u>	<u>\$ 46,517</u>	<u>\$ 16,438</u>
Liabilities				
Deposits held in custody for others	\$ 57,725	\$ 5,230	\$ 46,517	\$ 16,438
Total liabilities	<u>\$ 57,725</u>	<u>\$ 5,230</u>	<u>\$ 46,517</u>	<u>\$ 16,438</u>
Oak Harbor Village				
Assets				
Cash	\$ 1,035	\$ 2	\$ -	\$ 1,037
Total assets	<u>\$ 1,035</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 1,037</u>
Liabilities				
Deposits held in custody for others	\$ 1,035	\$ 2	\$ -	\$ 1,037
Total liabilities	<u>\$ 1,035</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 1,037</u>
Fisherville Project				
Assets				
Cash	\$ 1,045	\$ 2	\$ -	\$ 1,047
Total assets	<u>\$ 1,045</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 1,047</u>
Liabilities				
Deposits held in custody for others	\$ 1,045	\$ 2	\$ -	\$ 1,047
Total liabilities	<u>\$ 1,045</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 1,047</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
Cobblestone Hills Subdivision				
Assets				
Cash	\$ 9,275	\$ 16	\$ -	\$ 9,291
Total assets	<u>\$ 9,275</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ 9,291</u>
Liabilities				
Deposits held in custody for others	\$ 9,275	\$ 16	\$ -	\$ 9,291
Total liabilities	<u>\$ 9,275</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ 9,291</u>
Land Dedication				
Assets				
Cash	\$ 12,340	\$ 203	\$ -	\$ 12,543
Total assets	<u>\$ 12,340</u>	<u>\$ 203</u>	<u>\$ -</u>	<u>\$ 12,543</u>
Liabilities				
Deposits held in custody for others	\$ 12,340	\$ 203	\$ -	\$ 12,543
Total liabilities	<u>\$ 12,340</u>	<u>\$ 203</u>	<u>\$ -</u>	<u>\$ 12,543</u>
Surety Bonds Escrow				
Assets				
Internal balances	\$ 146,500	\$ -	\$ 22,000	\$ 124,500
Total assets	<u>\$ 146,500</u>	<u>\$ -</u>	<u>\$ 22,000</u>	<u>\$ 124,500</u>
Liabilities				
Deposits held in custody for others	\$ 146,500	\$ -	\$ 22,000	\$ 124,500
Total liabilities	<u>\$ 146,500</u>	<u>\$ -</u>	<u>\$ 22,000</u>	<u>\$ 124,500</u>
Total Agency Funds				
Assets				
Cash	\$ 379,717	\$ 38,022	\$ 46,517	\$ 371,222
Internal balances	146,500	-	22,000	124,500
Total assets	<u>\$ 526,217</u>	<u>\$ 38,022</u>	<u>\$ 68,517</u>	<u>\$ 495,722</u>
Liabilities				
Deposits held in custody for others	\$ 526,217	\$ 38,022	\$ 68,517	\$ 495,722
Total liabilities	<u>\$ 526,217</u>	<u>\$ 38,022</u>	<u>\$ 68,517</u>	<u>\$ 495,722</u>

STATISTICAL SECTION

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

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
 Tax Collector's Annual Report
 For the Fiscal Year Ended June 30, 2009

REAL ESTATE AND PERSONAL PROPERTY TAXES

Fiscal Year End	Balance July 1, 2008	Current Year Assessment	Additions and Adjustments	Abatements and Adjustments	Amount to be Collected	Collections	Balance June 30, 2009
2008	\$ -	\$ 11,672,749	\$ 37,233	\$ 36,541	\$ 11,673,441	\$ 11,360,591	\$ 312,850
2007	235,994	-	12,457	1,418	247,033	200,736	46,297
2006	25,848	-	4	471	25,381	7,008	18,373
2005	29,274	-	-	222	29,052	782	28,270
2004	19,307	-	-	-	19,307	962	18,345
2003	20,660	-	-	-	20,660	995	19,665
2002	18,827	-	-	2	18,825	818	18,007
2001	17,268	-	-	2	17,266	230	17,036
2000	14,598	-	-	-	14,598	246	14,352
1999	11,324	-	-	-	11,324	422	10,902
1998	12,418	-	-	9,444	2,974	81	2,893
1997	17,554	-	-	13,538	4,016	-	4,016
1996	4,098	-	-	-	4,098	-	4,098
1995	4,238	-	-	278	3,960	-	3,960
Prior	3,309	-	-	81	3,228	-	3,228
	\$ 434,717	\$ 11,672,749	\$ 49,694	\$ 61,997	\$ 12,095,163	\$ 11,572,871	\$ 522,292

SCHEDULE OF MOST RECENT NET ASSESSED PROPERTY

Description of Property	Net	
	Valuations	Levy
Real property - Residential	\$ 860,231,800	\$ 10,476,293
Real property - Frozen (Market Value)	1,664,900	4,767
Motor Vehicles	58,852,980	1,031,822
Tangible and Personal Property	12,963,930	159,867
<i>Total</i>	<u>933,713,610</u>	<u>11,672,749</u>
Less Exemptions	37,764,086	-
<i>Net Assessed Value</i>	<u>\$ 895,949,524</u>	<u>\$ 11,672,749</u>

RECONCILIATION OF CURRENT YEAR

	PROPERTY TAX REVENUE
Current year collections	\$ 11,572,871
Adjustments and reversals:	
Add revenue collected 60 days subsequent to fiscal year ending June 30, 2009	109,079
Less prior year revenue collected 60 days subsequent to fiscal year ended June 30, 2008	64,136
Add: adjustments	(545)
Property tax revenue	<u>\$ 11,617,269</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
 Schedule of Long-term Liabilities - Governmental Activities
 For the Fiscal Year Ended June 30, 2009

	Date of Issuance	Interest Rate	Date of Maturity	Authorized and Issued	Outstanding July 1, 2008	New Issues	Maturities During Year	Outstanding June 30, 2009	Interest Paid	Amounts Due within One Year
Governmental long-term liabilities										
Bonds and notes payable										
Exeter public library bond	1/15/2009	5.62%	5/18/2014	\$ 800,000	\$ 701,372	\$ -	\$ 27,895	\$ 673,477	\$ 39,247	\$ 29,527
Exeter development rights bond	3/12/2001	4.25%	1/15/2019	500,000	-	500,000	6,697	493,303	8,865	16,412
Land acquisition costs		0%	3/12/2010	225,000	50,000	-	25,000	25,000	-	25,000
Total bonds and notes payable				1,525,000	751,372	500,000	59,592	1,191,780	48,112	70,939
Capital leases payable										
Capital lease obligation - plow truck	12/21/2005				54,987	-	26,829	28,158	2,722	28,158
Capital lease obligation - backhoe loader	7/14/2006				61,589	-	19,469	42,120	3,296	20,511
Capital lease obligation - pickup truck	10/20/2006				22,198	-	6,969	15,229	1,343	7,391
Capital lease obligation - excavator/bulldozer	9/25/2007				181,778	-	41,955	139,823	9,727	44,200
Capital lease obligation - plow truck	10/25/2007				84,374	-	19,666	64,708	3,957	20,589
Capital lease obligation - pickup truck	1/11/2008				27,120	-	6,122	20,998	1,857	6,541
Capital lease obligation - backhoe loader	9/8/2008				-	85,900	18,945	66,955	-	15,501
Capital lease obligation - brush cutter	3/18/2009				-	70,560	13,168	57,392	2,444	13,624
Total capital leases payable					432,046	156,460	153,123	435,383	25,346	156,515
Other long-term liabilities										
Landfill postclosure care costs (Note 13)					464,583	-	12,403	452,180	-	-
Compensated absences					32,946	591	-	33,537	-	-
Total other long-term liabilities					497,529	591	12,403	485,717	-	-
Total Governmental long-term liabilities				\$ 1,525,000	\$ 1,680,947	\$ 657,051	\$ 225,118	\$ 2,112,880	\$ 73,458	\$ 227,454

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
Schedule of Long-term Liabilities - Governmental Activities
Debt Service Requirements to Maturity - Bonds
June 30, 2009

Maturing in Fiscal year	General Obligation Bonds	Total Interest	Total Principal & Interest
2010	45,939	58,551	104,490
2011	48,386	56,104	104,490
2012	50,820	53,670	104,490
2013	53,678	50,812	104,490
2014	564,189	45,467	609,656
2015	20,347	17,001	37,348
2016	21,200	16,148	37,348
2017	22,172	15,176	37,348
2018	23,149	14,199	37,348
2019	316,900	7,854	324,754
	<u>\$ 1,166,780</u>	<u>\$ 334,982</u>	<u>\$ 1,501,762</u>

Supplementary Information
TOWN OF EXETER, RHODE ISLAND
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2009

Grossed assessed value	\$ 933,713,610
Less: exemptions and adjustments	(37,764,086)

Total taxable assessed value	<u><u>\$ 895,949,524</u></u>
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Debt Limit - 3 percent of total assessed value	\$ 26,878,486
Amount of debt applicable to debt limit:	
Total bonded debt	1,166,780

Legal debt margin	<u><u>\$ 25,711,706</u></u>
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TOWN OF EXETER, RHODE ISLAND

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Exeter, Rhode Island as of and for the year fiscal ended June 30, 2009, which collectively comprise the Town of Exeter, Rhode Island's basic financial statements and have issued our report thereon dated January 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. 2009-1

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2009-1 to be a material weakness.

Compliance and Other Matters

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

The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Town's response and, accordingly, we express no opinion on it.

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



Parmelee, Poirier & Associates, LLP
January 23, 2010

TOWN OF EXETER, RHODE ISLAND
Schedule of Findings and Responses
For The Fiscal Year Ended June 30, 2009

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified? X yes no

Significant deficiency (ies) identified that are not considered material weaknesses? yes X none reported

Noncompliance material to financial statements noted? yes X no

SECTION II – FINANCIAL STATEMENT FINDINGS X yes none

TOWN OF EXETER, RHODE ISLAND
Schedule of Findings and Responses
For The Fiscal Year Ended June 30, 2009
(continued)

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

A. Significant Deficiency in Internal Control Reported

Finding 2009-1 Financial Reporting

Criteria

Accounting systems are designed and dependent upon compliance with established policies and procedures for authorizing and recording transactions properly and consistently in accordance with generally accepted accounting principles.

Condition

During our audit it was noted that some Town trial balances required material audit adjustments to reclassify financial activity or to record original financial activity. These entries included:

- 1) Reclassification or recording of revenue activity.
- 2) Reclassification or recording of expenditures or liabilities such as accounts payable and accrued payroll.
- 3) Reclassification of inter-fund transfers.
- 4) Reclassifications to reconcile account balances at year-end.

Cause

An accounting system is dependent upon compliance with established policies and procedures for authorizing and recording transactions properly and consistently. We observed that the town currently does not have a system in place to maintain this control.

Effect

The financial statements could be materially misstated.

Recommendation

We recommend that the Town review its' accounting and internal control procedures to ensure proper methods and review procedures are used and the financial statements are presented in conformity with generally accepted accounting principles.

TOWN OF EXETER, RHODE ISLAND
Schedule of Findings and Responses
For The Fiscal Year Ended June 30, 2009
(continued)

Management response

During the year under audit, there were vacancies in both the treasurer's position and the deputy treasurer's position that caused posting omissions and delays in processing financial data. The Town expects that this situation will be corrected in the coming year.

B. Compliance

None Reported