

TOWN OF EXETER, RHODE ISLAND

FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2013

TOWN OF EXETER, RHODE ISLAND

ANNUAL FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2013

Maria Lawler
Treasurer

Arlene B. Hicks
President, Town Council

Prepared by: Treasurer's Office

EXETER, RHODE ISLAND

INTRODUCTORY SECTION

**THIS SECTION CONTAINS
THE FOLLOWING SUBSECTION:**

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List of Town Officials

TOWN OF EXETER, RHODE ISLAND
 AUDITED FINANCIAL STATEMENTS
 Fiscal Year Ended June 30, 2013

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TOWN OF EXETER, RHODE ISLAND
 AUDITED FINANCIAL STATEMENTS
 Fiscal Year Ended June 30, 2013

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LIST OF TOWN OFFICERS
TOWN OF EXETER, RHODE ISLAND

TOWN COUNCIL

Arlene B. Hicks, President
William P. Monahan, Vice-President
Raymond A. Morrissey, Jr.
Robert E. Johnson, Jr.
Calvin A. Ellis

TREASURER

Maria Lawler

TOWN CLERK

Lynn Hawkins

FINANCIAL SECTION

**THIS SECTION CONTAINS
THE FOLLOWING SUBSECTIONS:**

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Other Supplementary Information

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Exeter, Rhode Island (Town), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund

information of the Town of Exeter, Rhode Island as of June 30, 2013, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 – 10 and 39 – 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Exeter, Rhode Island's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2013, on our consideration of the Town of Exeter, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over

financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Exeter, Rhode Island's internal control over financial reporting and compliance.

NADEN WADSWICK LLP

Warwick, Rhode Island
December 2, 2013

TOWN OF EXETER, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
Unaudited
Fiscal Year Ended June 30, 2013

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, 2013. 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 2013 and 2012 fiscal years.

FINANCIAL HIGHLIGHTS

- ❖ The assets of the Town of Exeter exceeded its liabilities at the close of the most recent fiscal year ended by \$8,196,730. Of that amount, \$2,855,541 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 position increased by \$383,016 or 4.9% through current year activities. This increase was mainly due to favorable General Fund spending.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,450,816. Approximately 47% of this amount, \$1,144,166 is unreserved and available for use within the Town's designation and fiscal policies.
- ❖ At the end of the current fiscal year, the general fund's unassigned fund balance was \$1,144,166, or 8.6% of the total general fund budgeted expenditures for the fiscal year. The current fiscal year's general fund revenues and transfers exceeded expenditures and transfers by \$186,754 on a Fund Financial Statement basis.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Unaudited

Fiscal Year Ended June 30, 2013

The *Statement of Activities* presents information which shows how the Town's net position changed during the fiscal year. All changes in net position 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, 2013.

The government-wide financial statements are reported on pages 11 and 12.

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 2013 the Town does not have any proprietary funds.

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

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

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because resources of those funds are *not* available to support the Town's own programs.

The basic fiduciary fund financial statements can be found on pages 18 and 19.

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

Unaudited
Fiscal Year Ended June 30, 2013

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 20 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 and 38, and Other Supplementary Information is presented on pages 39 through 59.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of the Town of Exeter's Net Position

As noted earlier, net position 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 \$8,196,730 as of June 30, 2013. The largest portion of the Town's net assets (68%) consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are unlikely to be used to liquidate these liabilities.

	Governmental Activities	
	2013	2012
ASSETS		
Current Assets	\$ 3,243,034	\$ 3,314,631
Capital Assets	6,795,756	6,770,771
TOTAL ASSETS	10,038,790	10,085,402
 LIABILITIES		
Current Liabilities	573,496	743,067
Long-term Liabilities	1,268,564	1,528,621
TOTAL LIABILITIES	1,842,060	2,271,688
 NET POSITION		
Invested in Capital Assets, Net of Related Debt	5,341,189	5,068,751
Restricted and Unrestricted	2,855,541	2,744,963
TOTAL NET POSITION	\$ 8,196,730	\$ 7,813,714

A portion of the Town's net position, \$5,341,189, represents capital assets owned net of related debt. The remaining balances of restricted and unrestricted net position, \$2,855,541, may be used to meet the government's ongoing obligations to its citizens and creditors. As of June 30, 2013, the Town of Exeter reports positive balances in all of the categories of net position for the government as a whole.

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

Unaudited

Fiscal Year Ended June 30, 2013

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, 2013. Governmental activities increased the Town's net position by \$383,016.

	Governmental Activities	
	2013	2012
REVENUES		
General Revenue	\$ 13,168,107	\$ 12,975,779
Charges for services	596,454	693,976
Operating grants and contributions	89,141	54,459
Capital grants and contributions	25,982	55,647
TOTAL REVENUES	13,879,684	13,779,861
EXPENSES		
General government	1,591,381	1,597,888
Public works	1,353,435	1,015,473
Public safety	15,089	22,969
Social services	227,840	304,880
Public health and welfare	6,196	5,995
Education	10,240,645	10,365,919
Capital Outlay	13,718	3,933
Interest	48,364	56,309
TOTAL EXPENSES	13,496,668	13,373,366
CHANGE IN NET POSITION	383,016	406,495
Net Position - July 1st	7,813,714	7,407,219
Net Position - June 30th	\$ 8,196,730	\$ 7,813,714

FINANCIAL ANALYSIS OF THE TOWN OF EXETER'S FUNDS

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,450,816. Approximately 47% of the total amount, or \$1,144,166 constituted unreserved fund balances. The remainder of the fund balances was reserved for future commitments.

Reserved Fund Balances:

Contingency appropriations	\$450,000
Re-appropriated for fiscal year 2013/2014	\$ 25,000

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

Unaudited

Fiscal Year Ended June 30, 2013

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget for the Town's General Fund reflected total revenues and transfers from other funds of \$13,334,474 and total expenditures and transfers to other funds of \$13,334,474. Actual total revenues of \$13,448,038 and total expenditures of \$13,261,284 which included transfers to other funds of \$690,987 resulted in a budgetary surplus of \$186,754.

REVENUES

Property taxes – were over budget by \$30,010. The Town continues to collect property taxes in a timely fashion.

Licenses and permits – Permit revenues were under budget by \$13,526 as a result of decreased building and improvements in the Town of Exeter.

Fines and interest on late payments – were over budget by \$40,241. For the current fiscal year, there was a favorable collection rate for outstanding property taxes.

EXPENSES

General Governmental expenses – were under budget by \$77,655. Town advertising expense had a favorable variance in the amount of \$5,959, mostly due to the media selection process to reduce the cost of advertising to the town. Blue Cross/Dental expenses were under budget by \$3,391 due to an estimated increase in the share of expense of town employees. Legal fee expenses were under budget by \$29,905 due to a decrease in the number of legal matters. Town Clerk expenses were under budget by \$7,137 due to cost savings on the Town Clerk's billing and equipment contracts. The insurance expense was over budget by \$10,562 due to the Town being unaware of an increase in insurance premiums. The Exeter Public Library expenses were over budget due to an increase in the number of programs run in the current year.

CAPITAL ASSETS

The Town of Exeter's investment in capital assets for its governmental activities amounts to \$6,795,756, net of accumulated depreciation at June 30, 2013. Included are land, intangible assets, infrastructure, building and improvements, motor vehicles, machinery and equipment, and office furniture and equipment (which are fully depreciated as of June 30, 2013).

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

Unaudited

Fiscal Year Ended June 30, 2013

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

	2013	2012
Land	\$ 253,701	\$ 253,701
Intangible assets	3,450,000	3,450,000
Buildings and improvements	1,356,136	1,403,100
Motor vehicles	351,293	346,469
Machinery and equipment	562,542	423,676
Infrastructure	822,084	845,535
	\$ 6,795,756	\$ 6,722,481

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

DEBT ADMINISTRATION

At the end of the current fiscal year, the Town of Exeter had a total bonded debt of \$944,178. 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**

	2013	2012
Public library bond	\$ 522,331	\$ 575,449
Development rights bond	421,847	441,925
Landfill post-closure care costs	211,043	379,717
Compensated absences	66,393	66,883
Capital lease obligation	232,953	238,046
	\$ 1,454,567	\$ 1,702,020

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 \$24,242,917 (based on net assessed valuation at December 31, 2011 of \$808,097,235) at year-end. The town's outstanding general obligation debt is \$944,178 at year-end, which is \$23,298,739 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 57 through 59.

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

Unaudited

Fiscal Year Ended June 30, 2013

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town of Exeter's total general fund budget for fiscal year 2013-2014 is \$13,761,295 which is an increase of \$426,821 over the fiscal 2012-2013 budget of \$13,334,474. Of the Town's 2013-2014 budget, \$3,180,095 or 23.1% is budgeted for the general government and \$10,581,200 or 76.9% is budgeted for education. The State of Rhode Island is budgeted to contribute \$194,196 in State aid.

The Town's tax rate for fiscal 2012-2013 is \$14.38 per thousand, with 17.57% allocated for general government and 82.43% allocated for education. For fiscal 2011-2012 the Town's tax rate was \$13.44 per thousand with 17.57% allocated for general government and 82.43% allocated for education. The increase in tax rates from \$13.44 to \$14.38 resulted in an \$0.94 increase or 7.0% increase in the tax rate.

REQUEST FOR INFORMATION

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



Maria Lawler
Treasurer

BASIC FINANCIAL STATEMENTS

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

TOWN OF EXETER, RHODE ISLAND
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
 June 30, 2013

	<u>Governmental Activities</u>
<u>ASSETS</u>	
<i>Current Assets</i>	
Cash and cash equivalents	\$ 2,690,296
Accounts receivable:	
Property Taxes, net of allowance for doubtful accounts of \$61,780	477,580
Tax title property	14,469
Other receivables	60,689
<i>Total Current Assets</i>	<u>3,243,034</u>
 <i>Noncurrent Assets</i>	
Capital assets not being depreciated	3,703,701
Capital assets being depreciated, net of depreciation	3,092,055
<i>Total Noncurrent Assets</i>	<u>6,795,756</u>
TOTAL ASSETS	<u>10,038,790</u>
 <u>LIABILITIES</u>	
<i>Current Liabilities</i>	
Accounts payable and accrued items	247,024
Due to Agency Funds	126,000
General obligations bonds	91,707
Capital Leases	94,296
Other liabilities	14,469
<i>Total Current Liabilities</i>	<u>573,496</u>
 <i>Noncurrent Liabilities</i>	
General obligations bonds	852,471
Capital Leases	138,657
Landfill postclosure care costs	211,043
Compensated absences payable	66,393
<i>Total Noncurrent Liabilities</i>	<u>1,268,564</u>
TOTAL LIABILITIES	<u>1,842,060</u>
 <u>NET POSITION</u>	
Invested in capital assets, net of related debt	5,341,189
Restricted	1,306,650
Unrestricted	1,548,891
TOTAL NET POSITION	<u>\$ 8,196,730</u>

TOWN OF EXETER, RHODE ISLAND
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2013

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
General government	\$ 1,591,381	\$ 333,777	\$ 40,501	\$ -	\$ (1,217,103)
Public works	1,353,435	-	-	25,982	(1,327,453)
Public safety	15,089	-	-	-	(15,089)
Social services	227,840	262,677	48,640	-	83,477
Public health and welfare	6,196	-	-	-	(6,196)
Education	10,240,645	-	-	-	(10,240,645)
Capital Outlay	13,718	-	-	-	(13,718)
Interest	48,364	-	-	-	(48,364)
Total Activities	\$ 13,496,668	\$ 596,454	\$ 89,141	\$ 25,982	(12,785,091)

General Revenues:

Property taxes	12,803,669
Grants and contributions not restricted to specific purposes	236,688
Investment Earnings	127,750
Other general revenues	-
Total General Revenues	13,168,107

Increase in Net Position	383,016
Net Position - July 1, 2012	7,813,714
Net Position - June 30, 2013	\$ 8,196,730

TOWN OF EXETER, RHODE ISLAND
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2013

	GENERAL FUND	LANDFILL CLOSURE FUND	NONMAJOR OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 2,446,229	\$ -	\$ 244,067	\$ 2,690,296
Property tax receivable	477,580	-	-	477,580
Other - accounts receivable	4,055	-	56,634	60,689
Due from other funds	105,001	171,631	562,293	838,925
Tax title property	14,469	-	-	14,469
TOTAL ASSETS	\$ 3,047,334	\$ 171,631	\$ 862,994	\$ 4,081,959
LIABILITIES				
Accounts payable and accrued items	\$ 149,050	\$ 77,943	\$ 20,031	\$ 247,024
Due to other funds	733,924	-	105,001	838,925
Due to Agency Funds	126,000	-	-	126,000
Other liabilities	14,469	-	-	14,469
TOTAL LIABILITIES	1,023,443	77,943	125,032	1,226,418
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	404,725	-	-	404,725
TOTAL DEFERRED INFLOWS OF RESOURCES	404,725	-	-	404,725
FUND BALANCES				
Restricted	-	-	119,143	119,143
Committed	-	93,688	95,492	189,180
Assigned	475,000	-	523,327	998,327
Unassigned	1,144,166	-	-	1,144,166
TOTAL FUND BALANCES	1,619,166	93,688	737,962	2,450,816
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE	\$ 3,047,334	\$ 171,631	\$ 862,994	\$ 4,081,959

TOWN OF EXETER, RHODE ISLAND
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 June 30, 2013

Total Fund Balances for Governmental Funds	\$	2,450,816
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Assets used in governmental activities which are not financial resources and, therefore, are not reported in the funds:

Capital assets, net		6,795,756
Deferred revenue		404,725
		7,200,481

Liabilities not due and payable in the current period and, therefore, are not reported in the funds:

General obligation bonds		(944,178)
Capital leases		(232,953)
Landfill postclosure care costs		(211,043)
Compensated absences payable		(66,393)
		(1,454,567)

Net Position of Governmental Activities	\$	8,196,730
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TOWN OF EXETER, RHODE ISLAND
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
 Fiscal Year Ended June 30, 2013

	GENERAL FUND	LANDFILL CLOSURE FUND	NONMAJOR OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Property taxes	\$ 12,670,095	\$ -	\$ -	\$ 12,670,095
Intergovernmental revenues	352,738	-	40,501	393,239
Departmental revenues	163,155	-	-	163,155
Licenses and permits	50,474	-	-	50,474
Interest and investment income	7,178	-	331	7,509
Fines and interest on late payments	120,241	-	-	120,241
Other revenues	84,157	-	257,240	341,397
TOTAL REVENUES	13,448,038	-	298,072	13,746,110
EXPENDITURES				
Current:				
General government	1,432,248	-	104,972	1,537,220
Public works	646,392	92,424	435,310	1,174,126
Public safety	15,089	-	-	15,089
Social services	6,550	-	221,290	227,840
Public health and welfare	6,196	-	-	6,196
Education	10,240,645	-	-	10,240,645
Capital outlay	-	76,250	148,185	224,435
Debt service:				
Principal	174,813	-	-	174,813
Interest	48,364	-	-	48,364
TOTAL EXPENDITURES	12,570,297	168,674	909,757	13,648,728
Excess of Revenues Over (Under) Expenditures				
Before Other Financing Sources (Uses)	877,741	(168,674)	(611,685)	97,382

TOWN OF EXETER, RHODE ISLAND
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
 Fiscal Year Ended June 30, 2013

	GENERAL FUND	LANDFILL CLOSURE FUND	NONMAJOR OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from other funds	-	-	690,987	690,987
Transfers to other funds	(690,987)	-	-	(690,987)
TOTAL OTHER FINANCING SOURCES (USES)	(690,987)	-	690,987	-
Net Change in Fund Balances	186,754	(168,674)	79,302	97,382
FUND BALANCE - July 1, 2012	1,432,412	262,362	658,660	2,353,434
FUND BALANCE - June 30, 2013	<u>\$ 1,619,166</u>	<u>\$ 93,688</u>	<u>\$ 737,962</u>	<u>\$ 2,450,816</u>

TOWN OF EXETER RHODE ISLAND
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
 Fiscal Year Ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds	\$	97,382
<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 the increase in in capital outlays of \$307,235 was more than depreciation of \$233,960 in the current period. Additionally, capital assets in the amount of \$96,518 were capitalized through capital lease transactions.</p>		
		(23,243)
<p>Property taxes that are not collected in the current period and do not represent current financial resources are deferred in the fund financial statement, however they are recognized as revenues in the statement of activities.</p>		
		133,574
<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 decrease in accrued compensated absences.</p>		
		490
<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 principal payments made on long-term debt</p>		
		<u>174,813</u>
Change in Net Position of Governmental Activities in the Statement of Activities	\$	<u>383,016</u>

TOWN OF EXETER, RHODE ISLAND
 FUND FINANCIAL STATEMENTS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 June 30, 2013

	<u>REYNOLDS FUND</u>	<u>EMILY J. ANTHONY FUNDS</u>	<u>AGENCY FUNDS</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 205,044	\$ 3,640	\$ 43,178
Investments	950,494	-	-
Due from General Fund	-	-	126,000
	<u>1,155,538</u>	<u>3,640</u>	<u>169,178</u>
<u>LIABILITIES</u>			
Deposits held in custody for others	-	-	169,178
Due to General Fund	-	-	-
	<u>-</u>	<u>-</u>	<u>\$ 169,178</u>
<u>NET ASSETS</u>			
Held in trust for specific purpose	<u>1,155,538</u>	<u>3,640</u>	
	<u>\$ 1,155,538</u>	<u>\$ 3,640</u>	

TOWN OF EXETER, RHODE ISLAND
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 For the Fiscal Year Ended June 30, 2013

	REYNOLDS FUND	EMILY J. ANTHONY FUNDS
<u>ADDITIONS</u>		
Bequests	\$ -	\$ 1,956
Interest, dividends and gains	138,681	-
TOTAL ADDITIONS	138,681	1,956
<u>DEDUCTIONS</u>		
Scholarship expenses	-	2,500
Investment management fee	10,093	-
Support services	20,455	-
TOTAL DEDUCTIONS	30,548	2,500
CHANGES IN NET POSITION	108,133	(544)
NET POSITION - July 1, 2012	1,047,405	4,184
NET POSITION - June 30, 2013	\$ 1,155,538	\$ 3,640

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

FINANCIAL REPORTING ENTITY

The Town was founded in 1742. The town is governed largely by the Town Charter, which was adopted as of January 6, 1997 with amendments through November 2, 2010. In some matters, including the issuance of short and long-term debt, the Town is governed by the general laws of the State of Rhode Island. The Town operates under a Town Council form of government. The Town provides various services including a public library, public works, social services, and general administrative services.

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

Test 1 – The primary government appoints the voting majority of the board of the potential component unit and

* is able to impose its will on the potential component unit and/or

* is in a relationship of financial benefit or burden with the potential component unit;

Test 2 – The potential component unit is fiscally dependent upon the primary government unit.

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

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

Blended Component Units

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

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

Recently Issued Accounting Standards

During the fiscal year ended June 30, 2013, the Town implemented the following accounting pronouncements:

GASB Statement No. 61 – The Financial Reporting Entity: Omnibus for the fiscal year ending June 30, 2013. The adoption of this Statement did not have an effect on the Town’s financial statements or results of operations.

GASB Statement No. 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The adoption of this Statement did not have an effect on the Town’s financial statements or results of operations.

GASB Statement No. 63 – Reporting Deferred Outflows, Deferred Inflows and Net Position. The adoption of this Statement provides a new Statement of Net Position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. This statement will not however affect the results of operations.

The Town will adopt the following new pronouncements in future years:

GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities, is effective for the Town’s fiscal year ending June 30, 2014.

GASB Statement No. 66 – Technical Corrections – 2012 an amendment of GASB Statements No. 10 and No. 62, is effective for the Town’s fiscal year ending June 30, 2014.

GASB Statement No. 67 – Financial Reporting for Pensions an amendment of GASB Statement No. 25, is effective for the Town’s fiscal year ending June 30, 2014.

GASB Statement No. 68 – Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27, is effective for the Town’s fiscal year ending June 30, 2015.

BASIS OF PRESENTATION

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for *fiduciary funds* (the activity of these funds are reported in the statement of fiduciary net position and changes in fiduciary net position). The government-wide financial statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Town of Exeter does not have any business-type activities.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

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

Governmental Funds

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

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

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

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

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

Proprietary Fund Types – Proprietary Fund Types account for operations that are organized to be self-supporting through user charges. For the year ended June 30, 2013 the Town had no proprietary funds.

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

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

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

- *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 Position 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.

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 position.

All Private Purpose Trust Funds and Pension Trust Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associates with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total position) 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 position.

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 position. Recognition of Governmental Fund Type revenues represented by non-current receivables is deferred until they become current receivables.

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

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 position, such long-term amounts are not recognized as Governmental Fund Type expenditures or fund liabilities. They are instead reported as Long-term Liabilities – Governmental Activities.

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

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

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

Receivables – are recorded in the General and Special Revenue. Where appropriate an associated allowance for uncollectible accounts has been established. Property taxes, which were levied on July 1, 2012 of the current year and other delinquent balances, are recorded as receivables.

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

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

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

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

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

TOWN OF EXETER, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2013

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

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

Deferred Revenues – represent funds received or billed in advance of being owed, or receivables, which will be collected and included in revenues of future fiscal years.

Net Position – The Town’s net position has been segregated into the following three components in accordance with GASB Statement No. 34:

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

Restricted – consist of net assets with constraints placed on the use either:

- 1.) Groups such as creditors, grantors, contributors, laws or regulations of other governments, or;
- 2.) Law through constitutional provisions or enabling legislation.

Unrestricted – All other net assets that do not meet the definition of “Restricted” or “Invested in capital assets, net of related debt”.

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

Revenues, Expenditures and Expenses – Revenues for Governmental Fund Types are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for Governmental Fund Types are recorded when the related liability is incurred. The Town will make use of available restricted resources first when determining expendable funds. Operating revenues are defined as those revenues generated from fees and

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

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 98% of the total 2012 levy. The tax rate of the Town is established by the Town Council. The Town's fiscal 2013 property taxes were levied on July 1, 2012 on assessed valuation as of December 31, 2011. 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 complete revaluation of all property was completed December 31, 2011 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 vested. For those compensated absences not to be paid with current financial resources the liability is recorded in the Statement of Net Position of the Government-Wide Financial Statements.

Interfund Transactions – Interfund transactions except advances are accounted for as transfers. Nonrecurring or nonroutine transfers of equity between funds are considered transfers.

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

Unearned Revenue – In the government-wide financial statements, unearned revenue represents funds received in advance of being earned/owed or receivables which will be collected and included in revenues of future fiscal years. In the General Fund, (of the financial statements), unearned revenue includes property taxes receivable which were assessed on December 31, 2011 and prior and are not collected within 60 days following June 30, 2013. Net unearned taxes included in the fund financial statements were \$404,725.

Subsequent Events – The Town has evaluated subsequent events for recognition and disclosure through December 2, 2013, which is the date the financial statements were available to be issued.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Legal Debt Margin – The Town's legal debt margin as set forth by State Statute is limited to three percent of total taxable assessed value that approximates \$24,242,917. As of June 30, 2013 the Town's debt is under this limit by \$23,298,739.

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 3 – NET ASSETS - RESTRICTED

As of June 30, 2013, the Town has restricted \$1,306,650 of its General, Landfill Closure, and Special Revenue funds for contingency appropriations as follows:

General Fund balance	\$ 475,000
Landfill Closure Fund balance	93,688
Special Revenue Funds balance	<u>737,962</u>
	<u>\$ 1,306,650</u>

Deficit Fund Equity – As of June 30, 2013, deficit fund balances consisted of the following:

Transfer Station Fund	\$ 12,199
Preservation and Technology Fund	14,281
Animal Shelter Fund	<u>5,070</u>
	<u>\$ 31,550</u>

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

NOTE 4 – CASH AND INVESTMENTS

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

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

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

Concentrations – The Town policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity. This only applies to investments held by Citizens Bank on behalf of the Reynolds Fund.

TOWN OF EXETER, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2013

Custodial Credit Risk:

Deposits – This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2013, all of the Town’s balance of \$2,690,296 was insured or collateralized.

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

Cash and investments of the Town consist of the following at June 30, 2013:

<u>Cash and Cash Equivalents</u>	
Deposits with financial institutions	\$ 2,895,340
<u>Investments</u>	
Fixed Income	158,772
Common stock	791,722
<i>Total Cash and Investments</i>	<i>\$ 3,845,834</i>

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

<u>Statement of Net Position</u>	
Cash and cash equivalents	\$ 2,690,296
<u>Fiduciary Funds</u>	
Cash and cash equivalents	205,044
Investments	950,494
<i>Total Cash and Investments</i>	<i>\$ 3,845,834</i>

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 (CONTINUED)
June 30, 2013

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, 2011. A complete revaluation of all property was performed as of December 31, 2011 as required by the State. The assessed values were effective for the property levy for fiscal year 2012-2013. The assessed value of motor vehicles is determined annually at 100% of retail market value, net of State of Rhode Island credit. Taxes are due in equal quarterly installments on August 15, November 15, February 15, and May 15 during the fiscal year.

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, 2013, a reserve of \$61,780 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 unavailable revenue. Unavailable revenue at June 30, 2013 consists of \$466,505 of property taxes not collected within 60 days following year end, net of allowance of \$61,780, resulting in \$404,725.

Net property taxes levied for the fiscal year 2013 were based on an assessed value of approximately \$808,097,235 at December 31, 2011 and amounted to \$12,699,098. Total property tax recognized for the current fiscal year amounted to \$12,670,095 which represents 99.8% of the total 2012 levy. Of that amount, \$72,855, collected within 60 days following year end, included tax revenue relating to current and prior years. Tax abatements for the year ended June 30, 2013 totaled \$47,056.

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 6 – INFORMATION ABOUT CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Primary Government			Ending Balances
	Beginning Balances	Increases	Decreases	
Governmental activities				
Capital assets not being depreciated				
Land	\$ 253,701	\$ -	\$ -	\$ 253,701
Intangible assets	3,450,000	-	-	3,450,000
Total capital assets not being depreciated	<u>3,703,701</u>	<u>-</u>	<u>-</u>	<u>3,703,701</u>
Other capital assets:				
Buildings and improvements	1,999,082	-	-	1,999,082
Motor vehicles	1,081,473	87,390	169,599	999,264
Machinery and equipment	1,270,648	219,845	96,082	1,394,411
Office furniture and equipment	154,627	-	-	154,627
Infrastructure	938,017	-	-	938,017
Total other capital assets at historical cost	<u>5,443,847</u>	<u>307,235</u>	<u>265,681</u>	<u>5,485,401</u>
Less accumulated depreciation for:				
Buildings and improvements	595,982	46,964	-	642,946
Motor vehicles	735,004	82,566	169,599	647,971
Machinery and equipment	846,972	80,979	96,082	831,869
Office furniture and equipment	154,627	-	-	154,627
Infrastructure	92,482	23,451	-	115,933
Total accumulated depreciation	<u>2,425,067</u>	<u>233,960</u>	<u>265,681</u>	<u>2,393,346</u>
Governmental activities capital assets, net	<u>\$ 6,722,481</u>	<u>\$ 73,275</u>	<u>\$ -</u>	<u>\$ 6,795,756</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 54,651
Public works	179,309
Total governmental activities depreciation expense	<u>\$ 233,960</u>

TOWN OF EXETER, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2013

NOTE 7 – INFORMATION ABOUT LONG-TERM LIABILITIES

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Amounts Due Within One Year
Governmental Activities					
Exeter public library bond	\$ 575,449	\$ -	\$ 53,118	522,331	\$ 55,129
Exeter development rights bond	441,925	6	20,084	421,847	36,578
Total bonds and notes payable	1,017,374	6	73,202	944,178	91,707
Capital lease obligation - excavator/bulldozer	-	-	-	-	-
Capital lease obligation - plow truck	-	-	-	-	-
Capital lease obligation - pickup truck	-	-	-	-	-
Capital lease obligation - backhoe loader	18,018	-	18,018	-	-
Capital lease obligation - brush cutter	15,089	-	15,089	-	-
Capital lease obligation - plow truck	43,601	-	21,290	22,311	22,311
Capital lease obligation - woodchipper	25,487	-	8,258	17,229	8,493
Capital lease obligation - plow truck	81,734	-	26,530	55,204	27,238
Capital lease obligation - Ford F550 Truck	54,117	-	12,426	41,691	13,134
Capital lease obligation - Volvo Grader	-	122,395	25,877	96,518	23,120
Total capital leases payable	238,046	122,395	127,488	232,953	94,296
Landfill post closure care costs (Note 11)	379,717	-	168,674	211,043	-
Compensated absences	66,883	-	490	66,393	-
Total other long-term debt	446,600	-	169,164	277,436	-
Total Governmental Activities	\$ 1,702,020	\$ 122,401	\$ 369,854	\$ 1,454,567	\$ 186,003

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

	Interest Rates	Principal	Due Dates
Exeter public library bond	3.67%	\$ 522,331	2013-2022
Exeter development rights bond	3.25%	\$ 421,847	2013-2023
Capital lease obligations	various	\$ 232,953	2013-2017

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

During the current fiscal year, the Town refinanced the Development Rights Bond reducing the interest rate from 4.25% to 3.25%.

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

Fiscal Year Ended June 30	Governmental Long-term Liabilities		
	Principal	Interest	Total
2014	91,707	31,388	123,095
2015	95,456	28,107	123,563
2016	98,854	24,709	123,563
2017	102,375	21,189	123,564
2018	106,019	17,544	123,563
2019	109,796	13,768	123,564
2020	113,706	9,858	123,564
2021	117,756	5,808	123,564
2022	63,746	4,593	68,339
2023	44,763	2,057	46,820
	\$ 944,178	\$ 159,021	\$ 1,103,199

TOWN OF EXETER, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2013

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

NOTE 8 – CAPITAL LEASE

The Town entered into a lease agreement as lessee for financing the acquisition of a plow truck for the Public Works Department for fiscal year 2013. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments. Property and equipment includes \$765,647 of leased equipment and accumulated depreciation of \$352,294 as of June 30, 2013; vehicles include \$483,946 of leased equipment and accumulated depreciation of \$272,645.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2013 are as follows:

Year Ending June 30		
2014	\$	102,467
2015		79,084
2016		41,387
2017		<u>25,877</u>
Total minimum lease payments		248,815
Less: Amount representing interest		<u>(15,862)</u>
Present value of minimum lease payments	\$	<u>232,953</u>

NOTE 9 – INTERFUND RECEIVABLES AND PAYABLES

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

Interfund receivable and payable balances at June 30, 2013 are as follows:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 105,001	\$ 733,924
Landfill Closure Fund	171,631	-
Special Revenue Funds	200,836	105,001
Capital Projects Funds	<u>361,457</u>	<u>-</u>
	<u>\$ 838,925</u>	<u>\$ 838,925</u>

TOWN OF EXETER, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2013

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary information.

Transfers between funds as of June 30, 2013 are as follows:

Fund/Department	Transfers from (to) other funds
General Fund	\$ (690,987)
Special Revenue Funds	156,487
Capital Projects Funds	534,500
	\$ -

NOTE 10 – EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

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

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

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

Long-term debt of the Exeter-West Greenwich Regional School District, which the Town is contingently liable for their proportional share, is as follows at June 30, 2013:

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

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 11 – LANDFILL POST-CLOSURE CARE COSTS

GASB 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs*, requires the recognition of closure and post-closure costs of landfills as long-term liabilities. State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions for 30 years after its landfill has been closed. The estimated liability as of the 2008 Fiscal Year was \$736,290, which was reported in the Town's financial statements as a long-term debt. This revised estimate is made up of capital lease costs for a bulldozer and excavator in the amount of \$233,460, and survey, site preparation and remedial work in the amount of \$502,830. The Public Works department will complete the closure plan at reduced costs, with the capital lease addition purchasing equipment to complete the plan. For Fiscal Year 2013, payments for survey, site preparation and remedial work totaled \$168,674, leaving a closure cost balance of \$211,043. The total estimated post-closure cost at June 30, 2013 is \$211,043.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

At June 30, 2013, the Town had several lawsuits pending and had been placed on written notice of potential claims. The Town intends to vigorously pursue its claims and/or defend its position with respect to each matter. In the opinion of the Town's legal counsel, the Town's liability with respect to these cases, if any, was not determinable. It is the opinion of Town management, based in part on the advice of legal counsel, that settlement on the above lawsuits will not materially affect the Town's financial position.

NOTE 13 – RISK MANAGEMENT

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

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

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

NOTE 14 – PENSION PLAN

Plan Description and Funding – The Town maintains a defined contribution plan, the Town of Exeter Money Purchase Pension Plan, for retirement benefits for all eligible employees. The plan was

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

established by the Town Council effective January 1, 1985. The plan provides for employer only contributions with benefits beginning at normal retirement age. Contributions were at the rate of 5% of total compensation. Eligibility requirements call for employees to have completed 1 year (12 month period and 1,000 hours) of service. Contributions made by the Town on behalf of eligible employees vest in accordance with a vesting schedule documented within the retirement plan. During the fiscal year ended June 30, 2011, the Town retained the services of the International City County Management Association (ICMA) to administer the plan on an ongoing basis. Upon obtaining their services, all assets were transferred to ICMA who handles distributions, plan administration, etc. Fiscal Year 2013 contributions amounted to \$45,923.

NOTE 15 – DEFERRED COMPENSATION PLAN

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

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

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

NOTE 16 – RELATED PARTIES

The Town of Exeter reviews its records on an annual basis to determine if any related party transactions exist that would represent a conflict of interest with parties related to its officers and department heads. No such transactions were noted in the fiscal year ended June 30, 2013.

NOTE 17 – NET POSITION/FUND BALANCES

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

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Council, such as appropriation or legislation. Assigned fund balance is constrained by the Town Council's intent to be used for specific purposes.

TOWN OF EXETER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

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

	Restricted Purposes	Committed Purposes	Assigned Purposes
<u>General Fund</u>			
Contingency Appropriation	\$ -	\$ -	\$ 450,000
Re-appropriated Fiscal Year 2013/2014	-	-	25,000
<u>Major Fund</u>			
Landfill Closure	-	93,688	-
<u>Nonmajor Funds</u>			
RIEMA FEMA Grant	28,927	-	-
Planning Board Project Review Fee	-	10,565	-
Capital Facilities Impact Fees	-	116,477	-
CDBG	63,192	-	-
Property Revaluation Fund	-	-	98,117
Spay/Neuter Fund	-	-	2,070
Memorial Day Parade	-	-	2,041
Pension Liability Fund	-	-	22,210
Historic Preservation Fund	-	-	34,015
Borderland Project	-	-	4,961
Vehicle Replacement Fund	-	-	100,812
Public Works/Road	-	-	36,374
Computer Upgrade Fund	-	-	30,318
Public Works/Equipment	-	-	30,168
Town Hall Renovations Fund	-	-	34,012
Chelsea Park Fund	-	-	15,673
Video Equipment	-	-	3,503
Office Equipment	-	-	24,053
GIS Mapping System	-	-	10,000
Transfer Station Move	-	-	75,000
Cemetery Fund	27,024	-	-
	<u>\$ 119,143</u>	<u>\$ 220,730</u>	<u>\$ 998,327</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

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

TOWN OF EXETER, RHODE ISLAND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET (BUDGETARY BASIS) AND ACTUAL
 Fiscal Year Ended June 30, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>REVENUES</u>				
Property taxes	\$ 12,640,085	\$ 12,640,085	\$ 12,670,095	\$ 30,010
Intergovernmental revenues	333,589	333,589	352,738	19,149
Departmental revenues	150,000	150,000	163,155	13,155
Building permits and inspection fees	64,000	64,000	50,474	(13,526)
Interest and investment income	1,000	1,000	7,178	6,178
Fines and interest on late payments	80,000	80,000	120,241	40,241
Other revenue	30,800	30,800	84,157	53,357
TOTAL REVENUES	<u>13,299,474</u>	<u>13,299,474</u>	<u>13,448,038</u>	<u>148,564</u>
<u>EXPENDITURES</u>				
General government	1,509,903	1,509,903	1,432,248	77,655
Public works	628,292	628,292	646,392	(18,100)
Public safety	24,300	24,300	15,089	9,211
Social services	12,019	12,019	6,550	5,469
Public health and welfare	6,200	6,200	6,196	4
Education	10,240,645	10,240,645	10,240,645	-
Capital outlay	-	-	-	-
Debt service expenditures	222,128	222,128	223,177	(1,049)
TOTAL EXPENDITURES	<u>12,643,487</u>	<u>12,643,487</u>	<u>12,570,297</u>	<u>73,190</u>

TOWN OF EXETER, RHODE ISLAND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET (BUDGETARY BASIS) AND ACTUAL
 Fiscal Year Ended June 30, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING USES	<u>655,987</u>	<u>655,987</u>	<u>877,741</u>	<u>221,754</u>
OTHER FINANCING SOURCES				
Re-appropriation of Fund Balance	35,000	35,000	-	(35,000)
Transfer to other funds	<u>(690,987)</u>	<u>(690,987)</u>	<u>(690,987)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>(655,987)</u>	<u>(655,987)</u>	<u>(690,987)</u>	<u>(35,000)</u>
			-	
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,754</u>	<u>\$ 186,754</u>

OTHER SUPPLEMENTARY INFORMATION

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

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Fiscal Year Ended June 30, 2013

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
<u>PROPERTY TAX REVENUES</u>				
Property taxes	\$ 12,640,085	\$ 12,640,085	\$ 12,670,095	\$ 30,010
TOTAL PROPERTY TAX REVENUES	<u>12,640,085</u>	<u>12,640,085</u>	<u>12,670,095</u>	<u>30,010</u>
<u>INTERGOVERNMENTAL</u>				
State MV tax phase-out program	82,437	82,437	81,833	(604)
Public service corporate tax	72,315	72,315	77,325	5,010
State meal tax	68,873	68,873	77,530	8,657
State aid to libraries	40,082	40,082	40,082	-
Library bond reimbursement	69,882	69,882	75,968	6,086
TOTAL INTERGOVERNMENTAL REVENUES	<u>333,589</u>	<u>333,589</u>	<u>352,738</u>	<u>19,149</u>
<u>DEPARTMENTAL REVENUES</u>				
Town clerk collections	140,000	140,000	153,795	13,795
Planning board fees	4,000	4,000	4,660	660
Zoning Fees	6,000	6,000	4,700	(1,300)
TOTAL DEPARTMENTAL REVENUES	<u>150,000</u>	<u>150,000</u>	<u>163,155</u>	<u>13,155</u>
<u>LICENSES AND PERMITS</u>	64,000	64,000	50,474	(13,526)
<u>INTEREST AND INVESTMENT INCOME</u>	1,000	1,000	7,178	6,178
<u>FINES AND INTEREST ON LATE PAYMENTS</u>	80,000	80,000	120,241	40,241
<u>OTHER REVENUE</u>	30,800	30,800	84,157	53,357
<u>OTHER FUNDING SOURCES</u>				
Re-appropriation of Fund Balance	35,000	35,000	-	(35,000)
TOTAL OTHER FINANCING SOURCES	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>(35,000)</u>
TOTAL REVENUE AND OTHER FINANCING SOURCES	<u>\$ 13,334,474</u>	<u>\$ 13,334,474</u>	<u>\$ 13,448,038</u>	<u>\$ 113,564</u>

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Fiscal Year Ended June 30, 2013

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>EXPENDITURES</u>				
<u>GENERAL GOVERNMENT</u>				
<u>SALARIES AND WAGES</u>				
Town Treasurer	\$ 19,093	\$ 33,047	\$ 33,318	\$ (271)
Deputy Town Treasurer	32,569	32,569	32,569	-
Town Moderator	448	448	448	-
Town Clerk	43,710	43,710	43,710	-
Deputy Town Clerk	35,371	35,371	36,237	(866)
911 Coordinator	3,170	3,170	3,170	-
Town Clerical Assistant	28,117	28,117	28,840	(723)
Town Council Stipend	9,295	9,295	9,319	(24)
Council Assistant	24,997	24,997	25,927	(930)
Tax Collector	39,376	39,376	39,376	-
Tax Collector Clerk	13,954	-	-	-
Board of Canvassers	8,915	8,915	9,252	(337)
Board of Canvassers Clerk	9,162	9,162	374	8,788
Tax Assessor	38,452	38,452	34,755	3,697
Tax Assessor Clerical	30,169	30,169	30,827	(658)
Library Director	54,841	54,841	54,841	-
Library Staff	54,886	54,886	54,848	38
Planning Board	13,326	13,326	12,814	512
Planning Board Clerk	13,954	13,954	15,385	(1,431)
Town Planner	33,886	33,886	34,386	(500)
Zoning Inspector	11,155	11,155	10,995	160
Zoning Board	13,187	13,187	12,608	579
Zoning Board Clerk	9,769	9,769	12,199	(2,430)
Town Sergeant	10,000	10,000	10,000	-
Town Constable	5,000	5,000	4,049	951
Building Inspector	32,000	32,000	26,944	5,056
TOTAL SALARIES AND WAGES	588,802	588,802	577,191	11,611
<u>GENERAL EXPENSES</u>				
Support Services	2,500	2,500	-	2,500
Treasurer Expense	12,000	12,000	7,229	4,771
Mileage Reimbursement	2,000	2,000	1,046	954
Postage	13,000	13,000	12,477	523
Advertising Expense	10,000	10,000	4,041	5,959
Legal Fees	75,000	75,000	45,095	29,905
Life Insurance Premium	1,169	1,169	1,003	166
Town FICA Expense	78,006	78,006	72,197	5,809
Blue Cross/Dental Expenses	249,250	249,250	245,958	3,292
Town Retirement Expense	42,250	42,250	45,923	(3,673)
Pension Administration Fees	1,000	1,000	-	1,000
Longevity	6,500	6,500	5,750	750
Insurance Expense	77,573	77,573	88,135	(10,562)
Auditing Expense	14,900	14,900	14,740	160
Washington County Regional Planning	3,000	3,000	3,000	-
Town Clerk Expense	105,002	105,002	97,865	7,137

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Fiscal Year Ended June 30, 2013

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Municipal Fuel Costs	6,000	6,000	-	6,000
Collection Fees	6,000	6,000	35,107	(29,107)
Contingency Fund	30,000	30,000	1,426	28,574
RI League of Cities and Towns	2,407	2,407	2,407	-
Veterans Memorial Committee	1,000	1,000	1,000	-
Council Expenses	1,500	1,500	1,724	(224)
Town Council Assistant Expense	1,000	1,000	536	464
Computer Support	42,680	42,680	40,213	2,467
Website	1,000	1,000	-	1,000
Tax Collector Expense	5,438	5,438	4,835	603
Board of Canvassers Expense	12,324	12,324	11,270	1,054
Tax Assessor Expenses	12,465	12,465	6,773	5,692
Exeter Public Library	67,625	67,625	75,495	(7,870)
Planning Board Expense	9,000	9,000	1,017	7,983
Planning Office Expense	1,516	1,516	926	590
Zoning Inspector Expenses	541	541	276	265
Zoning Board Expense	6,307	6,307	2,259	4,048
Town Sergeant Expense	5,000	5,000	9,598	(4,598)
Building Inspector Expense	2,180	2,180	1,768	412
Animal Control Officer	13,968	13,968	13,968	-
TOTAL GENERAL EXPENSE	921,101	921,101	855,057	66,044
TOTAL GENERAL GOVERNMENT	1,509,903	1,509,903	1,432,248	77,655
<u>PUBLIC WORKS</u>				
<u>SALARIES AND WAGES</u>				
Director of Public Works	59,166	59,166	59,166	-
Highway Workers	298,002	298,002	300,562	(2,560)
Highway Workers - OT	30,131	30,131	33,001	(2,870)
TOTAL SALARIES AND WAGES	387,299	387,299	392,729	(5,430)
<u>PUBLIC WORKS EXPENSES</u>				
Highway Department	240,993	240,993	253,663	(12,670)
TOTAL PUBLIC WORKS EXPENSES	240,993	240,993	253,663	(12,670)
TOTAL PUBLIC WORKS	628,292	628,292	646,392	(18,100)
<u>PUBLIC SAFETY</u>				
<u>SALARIES AND WAGES</u>				
Exeter Emergency Director	10,200	10,200	6,200	4,000
Exeter Emergency Assistant Director	5,100	5,100	1,393	3,707
TOTAL SALARIES AND WAGES	15,300	15,300	7,593	7,707
<u>PUBLIC SAFETY EXPENSES</u>				
Exeter Emergency Management	9,000	9,000	7,496	1,504
TOTAL PUBLIC SAFETY EXPENSES	9,000	9,000	7,496	1,504
TOTAL PUBLIC SAFETY	24,300	24,300	15,089	9,211

TOWN OF EXETER, RHODE ISLAND
 OTHER SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 Fiscal Year Ended June 30, 2013

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>SOCIAL SERVICES</u>				
<u>SALARIES AND WAGES</u>				
Welfare Director	5,319	5,319	5,319	-
TOTAL SALARIES AND WAGES	5,319	5,319	5,319	-
<u>SOCIAL SERVICES EXPENSES</u>				
Community Youth Programs	5,500	5,500	1,000	4,500
Juvenile Hearing Board	500	500	231	269
Public Access Television	700	700	-	700
TOTAL SOCIAL SERVICES EXPENSES	6,700	6,700	1,231	5,469
TOTAL SOCIAL SERVICES	12,019	12,019	6,550	5,469
<u>PUBLIC HEALTH AND WELFARE</u>				
Public Welfare Expense	5,950	5,950	5,948	2
Veterans Graves	250	250	248	2
TOTAL PUBLIC HEALTH & WELFARE EXPENSES	6,200	6,200	6,196	4
<u>TOTAL EDUCATION - REGIONAL SCHOOL DISTRICT</u>	10,240,645	10,240,645	10,240,645	-
<u>TOTAL CAPITAL OUTLAY</u>	-	-	-	-
<u>DEBT SERVICE</u>				
Public Library Bond	73,633	73,633	73,633	-
Capital Lease Payments - Backhoe/Brush Cutter	34,557	34,557	34,557	-
Capital Lease Payments - Plow Truck	23,383	23,383	23,383	-
Capital Lease Payments - Wood Chipper	8,984	8,984	8,984	-
Capital Lease Payments - 2011 Dump Truck	28,712	28,712	28,712	-
Capital Lease Payments - 2012 Dump Truck	15,511	15,511	15,511	-
Development Rights Bond	37,348	37,348	38,397	(1,049)
TOTAL DEBT SERVICE	222,128	222,128	223,177	(1,049)
TOTAL EXPENDITURES	12,643,487	12,643,487	12,570,297	73,190

TOWN OF EXETER, RHODE ISLAND
 OTHER SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 Fiscal Year Ended June 30, 2013

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>OTHER FINANCING USES</u>				
Transfer to Landfill closure	-	-	-	-
Transfer to Transfer Station	67,053	67,053	67,053	-
Transfer to Animal Shelter	58,434	58,434	58,434	-
Transfer to Property Revaluation	30,000	30,000	30,000	-
Transfer to Public Works/Roads	300,000	300,000	300,000	-
Transfer to Computer System Upgrade	10,000	10,000	10,000	-
Transfer to Public Works/Equipment	111,500	111,500	111,500	-
Transfer to Library/Chelsea Park Renovation	5,000	5,000	5,000	-
Transfer to Office Equipment	15,000	15,000	15,000	-
Transfer to Town Hall Renovation	8,000	8,000	8,000	-
Transfer to GIS Mapping System	10,000	10,000	10,000	-
Transfer to Transfer Station Move	75,000	75,000	75,000	-
Transfer to Memorial Day Parade	1,000	1,000	1,000	-
TOTAL OTHER FINANCING USES	<u>690,987</u>	<u>690,987</u>	<u>690,987</u>	<u>-</u>
 TOTAL EXPENDITURES AND OTHER FINANCING USES	 <u>\$ 13,334,474</u>	 <u>\$ 13,334,474</u>	 <u>\$ 13,261,284</u>	 <u>\$ 73,190</u>

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON – GENERAL FUND
June 30, 2013

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

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

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

NONMAJOR OTHER GOVERNMENTAL FUNDS

Special Revenue Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital Projects Funds:

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

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

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

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

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

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

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

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

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

GIS Mapping System Fund – This fund accounts for the amounts appropriated to be expended for purchasing the new GIS mapping system.

Transfer Station Move Fund – This fund accounts for the amounts appropriated related to possible amounts that may be required to move the transfer station from its current location.

Permanent Fund:

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

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

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET
NONMAJOR OTHER GOVERNMENTAL FUNDS
June 30, 2013

	SPECIAL REVENUE FUNDS					
	Transfer Station Fund	Animal Shelter Fund	Preservation and Technology Fund	RIEMA FEMA Grant	Planning Board Project Review Fees	Capital Facilities Impact Fees
<u>ASSETS</u>						
Cash and cash equivalents	\$ 24,018	\$ 63,658	\$ 3,123	\$ -	\$ -	\$ 116,477
Accounts receivable	-	-	-	-	-	-
Due from other funds	-	-	-	28,927	10,565	-
TOTAL ASSETS	<u>\$ 24,018</u>	<u>\$ 63,658</u>	<u>\$ 3,123</u>	<u>\$ 28,927</u>	<u>\$ 10,565</u>	<u>\$ 116,477</u>
<u>LIABILITIES AND FUND BALANCE</u>						
<u>LIABILITIES</u>						
Accounts payable and accrued expenses	\$ 16,086	\$ 2,401	\$ -	\$ -	\$ -	\$ -
Due to other funds	20,131	66,327	17,404	-	-	-
TOTAL LIABILITIES	<u>36,217</u>	<u>68,728</u>	<u>17,404</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCE (DEFICIT)</u>						
Restricted	-	-	-	28,927	-	-
Committed	(12,199)	(5,070)	(14,281)	-	10,565	116,477
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCE (DEFICIT)	<u>(12,199)</u>	<u>(5,070)</u>	<u>(14,281)</u>	<u>28,927</u>	<u>10,565</u>	<u>116,477</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 24,018</u>	<u>\$ 63,658</u>	<u>\$ 3,123</u>	<u>\$ 28,927</u>	<u>\$ 10,565</u>	<u>\$ 116,477</u>

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET
NONMAJOR OTHER GOVERNMENTAL FUNDS
June 30, 2013

	SPECIAL REVENUE FUNDS					
	CDBG	Property Revaluation Fund	Spay/Neuter Fund	Memorial Day Parade	Energy Efficiency Grant	Pension Liability Fund
<u>ASSETS</u>						
Cash and cash equivalents	\$ 6,558	\$ -	\$ 3,064	\$ -	\$ -	\$ -
Accounts receivable	56,634	-	-	-	-	-
Due from other funds	-	98,117	-	2,041	-	22,210
TOTAL ASSETS	\$ 63,192	\$ 98,117	\$ 3,064	\$ 2,041	\$ -	\$ 22,210
<u>LIABILITIES AND FUND BALANCE</u>						
<u>LIABILITIES</u>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	994	-	-	-
TOTAL LIABILITIES	-	-	994	-	-	-
<u>FUND BALANCE (DEFICIT)</u>						
Restricted	63,192	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	98,117	2,070	2,041	-	22,210
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCE (DEFICIT)	63,192	98,117	2,070	2,041	-	22,210
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 63,192	\$ 98,117	\$ 3,064	\$ 2,041	\$ -	\$ 22,210

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET
NONMAJOR OTHER GOVERNMENTAL FUNDS
June 30, 2013

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS			
	Borderland Project	Historic Preservation Fund	Vehicle Replacement Fund	Public Works/ Road	Computer Upgrades Fund	Public Works/ Equipment
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Due from other funds	4,961	34,015	100,812	37,918	30,318	30,168
TOTAL ASSETS	\$ 4,961	\$ 34,015	\$ 100,812	\$ 37,918	\$ 30,318	\$ 30,168
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 1,544	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	1,544	-	-
FUND BALANCE (DEFICIT)						
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	4,961	34,015	100,812	36,374	30,318	30,168
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCE (DEFICIT)	4,961	34,015	100,812	36,374	30,318	30,168
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 4,961	\$ 34,015	\$ 100,812	\$ 37,918	\$ 30,318	\$ 30,168

TOWN OF EXETER, RHODE ISLAND
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING BALANCE SHEET
 NONMAJOR OTHER GOVERNMENTAL FUNDS
 June 30, 2013

	CAPITAL PROJECTS FUNDS					
	Town Hall Renovations Fund	Chelsea Park Fund	Video Equipment	Office Equipment	GIS Mapping System	Transfer Station Move
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Due from other funds	34,012	15,673	3,503	24,053	10,000	75,000
TOTAL ASSETS	\$ 34,012	\$ 15,673	\$ 3,503	\$ 24,053	\$ 10,000	\$ 75,000
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCE (DEFICIT)						
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	34,012	15,673	3,503	24,053	10,000	75,000
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCE (DEFICIT)	34,012	15,673	3,503	24,053	10,000	75,000
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 34,012	\$ 15,673	\$ 3,503	\$ 24,053	\$ 10,000	\$ 75,000

TOWN OF EXETER, RHODE ISLAND
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING BALANCE SHEET
 NONMAJOR OTHER GOVERNMENTAL FUNDS
 June 30, 2013

	PERMANENT FUND	Total NonMajor Governmental Funds
	Cemetery Fund	
<u>ASSETS</u>		
Cash and cash equivalents	\$ 27,169	\$ 244,067
Accounts receivable	-	56,634
Due from other funds	-	562,293
	\$ 27,169	\$ 862,994
 <u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ -	\$ 20,031
Due to other funds	145	105,001
	145	125,032
 FUND BALANCE (DEFICIT)		
Restricted	27,024	119,143
Committed	-	95,492
Assigned	-	523,327
Unassigned	-	-
	27,024	737,962
 TOTAL FUND BALANCE (DEFICIT)	 27,024	 737,962
 TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	 \$ 27,169	 \$ 862,994

TOWN OF EXETER, RHODE ISLAND
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR OTHER GOVERNMENTAL FUNDS
 Fiscal Year Ended June 30, 2013

	SPECIAL REVENUE FUNDS					
	Transfer Station Fund	Animal Shelter Fund	Preservation and Technology Fund	RIEMA FEMA Grant	Planning Board Project Review Fees	Capital Facilities Impact Fees
REVENUES						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 3,000	\$ -	\$ -
Earnings on investments	-	-	-	-	-	261
Other revenues	113,662	27,325	10,991	-	-	25,000
TOTAL REVENUES	113,662	27,325	10,991	3,000	-	25,261
EXPENDITURES						
Administration	38,120	53,612	-	-	-	-
Public works	-	-	-	-	-	-
Social Services	136,952	27,325	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	21,200	-	-	-	-
TOTAL EXPENDITURES	175,072	102,137	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	(61,410)	(74,812)	10,991	3,000	-	25,261
OTHER FINANCING SOURCES (USES)						
Transfer from other funds	67,053	58,434	-	-	-	-
Transfer to other funds	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	67,053	58,434	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures After Other Financing Sources (Uses)	5,643	(16,378)	10,991	3,000	-	25,261
FUND BALANCE (DEFICIT) - July 1, 2012	(17,842)	11,308	(25,272)	25,927	10,565	91,216
FUND BALANCE (DEFICIT) - June 30, 2013	\$ (12,199)	\$ (5,070)	\$ (14,281)	\$ 28,927	\$ 10,565	\$ 116,477

TOWN OF EXETER, RHODE ISLAND
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR OTHER GOVERNMENTAL FUNDS
 Fiscal Year Ended June 30, 2013

	SPECIAL REVENUE FUNDS					
	CDBG	Property Revaluation Fund	Spay/Neuter Fund	Memorial Day Parade	Energy Efficiency Grant	
REVENUES						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ 37,501	\$ -
Earnings on investments	2	-	-	-	-	-
Other revenues	48,640	-	870	4,770	-	-
TOTAL REVENUES	48,642	-	870	4,770	37,501	-
EXPENDITURES						
Administration	-	13,000	-	-	-	-
Public works	-	-	-	-	-	-
Social Services	22,273	-	325	6,024	27,406	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	22,273	13,000	325	6,024	27,406	-
Excess (Deficiency) of Revenues Over (Under)						
Expenditures Before Other Financing Sources (Uses)	26,369	(13,000)	545	(1,254)	10,095	-
OTHER FINANCING SOURCES (USES)						
Transfer from other funds	-	30,000	-	1,000	-	-
Transfer to other funds	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	30,000	-	1,000	-	-
Excess (Deficiency) of Revenues Over (Under)						
Expenditures After Other Financing Sources (Uses)	26,369	17,000	545	(254)	10,095	-
FUND BALANCE (DEFICIT) - July 1, 2012	36,823	81,117	1,525	2,295	(10,095)	22,210
FUND BALANCE (DEFICIT) - June 30, 2013	\$ 63,192	\$ 98,117	\$ 2,070	\$ 2,041	\$ -	\$ 22,210

TOWN OF EXETER, RHODE ISLAND
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR OTHER GOVERNMENTAL FUNDS
 Fiscal Year Ended June 30, 2013

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS			
	Borderland Project	Historic Preservation Fund	Vehicle Replacement Fund	Public Works/Road	Computer Upgrades Fund	Public Works/Equipment
REVENUES						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	-	-
Other revenues	-	-	25,982	-	-	-
TOTAL REVENUES	-	-	25,982	-	-	-
EXPENDITURES						
Administration	-	-	-	-	-	-
Public works	-	-	-	430,409	-	-
Social Services	-	985	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	37,395	-	-	84,240
TOTAL EXPENDITURES	-	985	37,395	430,409	-	84,240
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	-	(985)	(11,413)	(430,409)	-	(84,240)
OTHER FINANCING SOURCES (USES)						
Transfer from other funds	-	-	-	300,000	10,000	111,500
Transfer to other funds	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	300,000	10,000	111,500
Excess (Deficiency) of Revenues Over (Under) Expenditures After Other Financing Sources (Uses)	-	(985)	(11,413)	(130,409)	10,000	27,260
FUND BALANCE (DEFICIT) - July 1, 2012	4,961	35,000	112,225	166,783	20,318	2,908
FUND BALANCE (DEFICIT) - June 30, 2013	\$ 4,961	\$ 34,015	\$ 100,812	\$ 36,374	\$ 30,318	\$ 30,168

TOWN OF EXETER, RHODE ISLAND
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR OTHER GOVERNMENTAL FUNDS
 Fiscal Year Ended June 30, 2013

	CAPITAL PROJECTS FUNDS					
	Town Hall Renovations Fund	Chelsea Park Fund	Video Equipment	Office Equipment	GIS Mapping System	Transfer Station Move
REVENUES						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES						
Administration	-	-	-	-	-	-
Public works	-	4,901	-	-	-	-
Social Services	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	5,350	-	-
TOTAL EXPENDITURES	-	4,901	-	5,350	-	-
Excess (Deficiency) of Revenues Over (Under)						
Expenditures Before Other Financing Sources (Uses)	-	(4,901)	-	(5,350)	-	-
OTHER FINANCING SOURCES (USES)						
Transfer from other funds	8,000	5,000	-	15,000	10,000	75,000
Transfer to other funds	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	8,000	5,000	-	15,000	10,000	75,000
Excess (Deficiency) of Revenues Over (Under)						
Expenditures After Other Financing Sources (Uses)	8,000	99	-	9,650	10,000	75,000
FUND BALANCE (DEFICIT) - July 1, 2012	26,012	15,574	3,503	14,403	-	-
FUND BALANCE (DEFICIT) - June 30, 2013	\$ 34,012	\$ 15,673	\$ 3,503	\$ 24,053	\$ 10,000.00	\$ 75,000

TOWN OF EXETER, RHODE ISLAND
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR OTHER GOVERNMENTAL FUNDS
 Fiscal Year Ended June 30, 2013

	PERMANENT FUND	Total NonMajor Governmental Funds
	Cemetery Fund	
<u>REVENUES</u>		
Intergovernmental revenues	\$ -	\$ 40,501
Earnings on investments	68	331
Other revenues	-	257,240
TOTAL REVENUES	68	298,072
<u>EXPENDITURES</u>		
Administration	240	104,972
Public works	-	435,310
Social Services	-	221,290
Debt service	-	-
Capital outlay	-	148,185
TOTAL EXPENDITURES	240	909,757
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	(172)	(611,685)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfer from other funds	-	690,987
Transfer to other funds	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	690,987
Excess (Deficiency) of Revenues Over (Under) Expenditures After Other Financing Sources (Uses)	(172)	79,302
FUND BALANCE (DEFICIT) - July 1, 2012	27,196	658,660
FUND BALANCE (DEFICIT) - June 30, 2013	\$ 27,024	\$ 737,962

AGENCY FUNDS

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

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

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

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

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
Fiscal Year Ended June 30, 2013

	BALANCE July 1, 2012	ADDITIONS	DEDUCTIONS	BALANCE June 30, 2013
<u>OPEN SPACE DEDICATION</u>				
<u>ASSETS</u>				
Cash	\$ 36,370	\$ 90	\$ -	\$ 36,460
TOTAL ASSETS	<u>\$ 36,370</u>	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ 36,460</u>
<u>LIABILITIES</u>				
Deposits held in custody for others	\$ 36,370	\$ 90	\$ -	\$ 36,460
TOTAL LIABILITIES	<u>\$ 36,370</u>	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ 36,460</u>
<u>SURETY BONDS ESCROW</u>				
<u>ASSETS</u>				
Due from other funds	\$ 126,000	\$ -	\$ -	\$ 126,000
TOTAL ASSETS	<u>\$ 126,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,000</u>
<u>LIABILITIES</u>				
Deposits held in custody for others	\$ 126,000	\$ -	\$ -	\$ 126,000
TOTAL LIABILITIES	<u>\$ 126,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,000</u>
<u>BRAYMAN ESCROW</u>				
<u>ASSETS</u>				
Cash	\$ 6,713	\$ 5	\$ -	\$ 6,718
TOTAL ASSETS	<u>\$ 6,713</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 6,718</u>
<u>LIABILITIES</u>				
Deposits held in custody for others	\$ 6,713	\$ 5	\$ -	\$ 6,718
TOTAL LIABILITIES	<u>\$ 6,713</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 6,718</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash	\$ 43,083	95	-	\$ 43,178
Due from other funds	126,000	-	-	126,000
TOTAL ASSETS	<u>\$ 169,083</u>	<u>\$ 95</u>	<u>\$ -</u>	<u>\$ 169,178</u>
<u>LIABILITIES</u>				
Deposits held in custody for others	\$ 169,083	\$ 95	\$ -	\$ 169,178
TOTAL LIABILITIES	<u>\$ 169,083</u>	<u>\$ 95</u>	<u>\$ -</u>	<u>\$ 169,178</u>

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPERTY TAX RECEIVABLES
Fiscal Year Ended June 30, 2013

TAX ROLL YEAR	BALANCE July 1, 2012	CURRENT YEAR ASSESSMENT	ADDITIONS AND ADJUSTMENTS	ABATEMENTS AND ADJUSTMENTS	AMOUNT TO BE COLLECTED	CURRENT YEAR COLLECTIONS	BALANCE June 30, 2013
2012	\$ -	\$ 12,699,098	\$ 49,122	\$ 28,853	\$ 12,719,367	\$ 12,433,529	\$ 285,838
2011	340,104	-	247	3,056	337,295	285,428	51,867
2010	48,927	-	-	1,451	47,476	8,827	38,649
2009	21,525	-	-	203	21,322	1,145	20,177
2008	24,293	-	6	304	23,995	756	23,239
2007	23,987	-	-	64	23,923	350	23,573
2006	14,341	-	-	98	14,243	330	13,913
2005	25,764	-	-	276	25,488	822	24,666
2004	17,063	-	-	261	16,802	1,054	15,748
2003	18,110	-	-	1,093	17,017	512	16,505
2002	15,261	-	-	11,397	3,864	708	3,156
2001	1,966	-	-	-	1,966	-	1,966
2000	1,011	-	-	-	1,011	-	1,011
1999	1,328	-	-	-	1,328	-	1,328
1998	2,009	-	-	-	2,009	-	2,009
1997	4,044	-	-	-	4,044	-	4,044
1996	4,245	-	-	-	4,245	-	4,245
1995 and prior	7,426	-	-	-	7,426	-	7,426
	<u>\$ 571,404</u>	<u>\$ 12,699,098</u>	<u>\$ 49,375</u>	<u>\$ 47,056</u>	<u>\$ 13,272,821</u>	<u>\$ 12,733,461</u>	<u>\$ 539,360</u>
						Less: Allowance for Uncollectible Taxes	61,780
							<u>\$ 477,580</u>

**SCHEDULE OF MOST RECENT NET ASSESSED PROPERTY
VALUE BY CATEGORY - DECEMBER 31 2011, LEVIED July 1, 2012**

DESCRIPTION OF PROPERTY	VALUATIONS	LEVY
Real property - Residential	\$ 670,789,100	\$ 9,492,527
Real property - Commercial	66,504,100	956,329
Real property - Frozen (Market Value)	1,064,500	4,373
Motor vehicles	69,040,026	1,949,974
Tangible personal property	20,576,080	295,895
TOTAL	<u>827,973,806</u>	<u>12,699,098</u>
Less: Exemptions	19,876,571	-
NET ASSESSED VALUE	<u>\$ 808,097,235</u>	<u>\$ 12,699,098</u>

**RECONCILIATION OF CURRENT YEAR
PROPERTY TAX REVENUE**

Current year collections	\$ 12,733,461
Add: Revenue collected within 60 days subsequent fiscal year ended June 30, 2013	72,855
Less: Prior year revenue received in current year	(106,296)
Less: Refunds and other adjustments	(29,925)
CURRENT YEAR PROPERTY TAX REVENUE	<u>\$ 12,670,095</u>

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES
Fiscal Year Ended June 30, 2013

	<u>Date of Issuance</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Authorized and Issued</u>	<u>Outstanding July 1, 2012</u>	<u>Additions</u>	<u>Reductions During Year</u>	<u>Outstanding June 30, 2013</u>	<u>Interest Paid During Year</u>	<u>Amounts Due Within One Year</u>
GOVERNMENTAL LONG-TERM LIABILITIES										
<u>BONDS AND NOTES PAYABLE</u>										
Exeter public library bond	9/16/2011	3.67%	9/16/2021	\$ 614,000	\$ 575,449	\$ -	\$ 53,118	\$ 522,331	\$ 20,515	\$ 55,129
Exeter development rights bond	5/15/2013	3.25%	5/18/2023	<u>424,819</u>	<u>441,925</u>	<u>6</u>	<u>20,084</u>	<u>\$ 421,847</u>	<u>18,313</u>	<u>36,578</u>
TOTAL BONDS AND NOTES PAYABLE				1,038,819	1,017,374	6	73,202	944,178	38,828	91,707
<u>CAPITAL LEASES PAYABLE</u>										
Capital lease obligation - backhoe loader	9/8/2008				18,018	-	18,018	-	927	
Capital lease obligation - brush cutter	3/18/2009				15,089	-	15,089	-	523	-
Capital lease obligation - plow truck	8/1/2009				43,601	-	21,290	22,311	2,093	22,311
Capital lease obligation - plow truck	11/1/2010				81,734	-	26,530	55,204	2,182	27,238
Capital lease obligation - wood chipper	2/11/2011				25,487	-	8,258	17,229	726	8,493
Capital lease obligation - plow truck	12/28/2011				54,117	-	12,426	41,691	3,085	13,134
Capital lease obligation - grader	3/1/2013				<u>-</u>	<u>122,395</u>	<u>25,877</u>	<u>96,518</u>	<u>-</u>	<u>23,120</u>
TOTAL CAPITAL LEASES PAYABLE					238,046	122,395	127,488	232,953	9,536	94,296
<u>OTHER LONG-TERM LIABILITIES</u>										
Landfill post closure care costs (Note 11)					379,717	-	168,674	211,043	-	-
Compensated absences					<u>66,883</u>	<u>-</u>	<u>490</u>	<u>66,393</u>	<u>-</u>	<u>-</u>
TOTAL OTHER LONG-TERM LIABILITIES				-	446,600	-	169,164	277,436	-	-
TOTAL GOVERNMENTAL LONG-TERM LIABILITIES				\$ 1,038,819	\$ 1,702,020	\$ 122,401	\$ 369,854	\$ 1,454,567	\$ 48,364	\$ 186,003

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM LIABILITIES - DEBT SERVICE REQUIREMENTS
GOVERNMENTAL ACTIVITIES
June 30, 2013

Maturing in Fiscal Year	General Obligation Bonds	Total Interest	Total Principal & Interest
2014	\$ 91,707	31,388	123,095
2015	95,456	28,107	123,563
2016	98,854	24,709	123,563
2017	102,375	21,189	123,564
2018	106,019	17,544	123,563
2019	109,796	13,768	123,564
2020	113,706	9,858	123,564
2021	117,756	5,808	123,564
2022	63,746	4,593	68,339
2023	44,763	2,057	46,820
	<u>\$ 944,178</u>	<u>\$ 159,021</u>	<u>\$ 1,103,199</u>

TOWN OF EXETER, RHODE ISLAND
OTHER SUPPLEMENTARY INFORMATION
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2013

TAXABLE ASSESSED VALUE

Gross assessed value	\$ 827,973,806
Less exemptions	<u>(19,876,571)</u>
 TOTAL TAXABLE ASSESSED VALUE	 <u>\$ 808,097,235</u>

TOTAL DEBT MARGIN

Debt Limit - 3 percent of total assessed value	24,242,917
Total bonded debt	<u>(944,178)</u>
 TOTAL DEBT MARGIN	 <u>\$ 23,298,739</u>

***REPORTS REQUIRED UNDER
GOVERNMENT AUDITING STANDARDS***

*Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements
Performed in Accordance with
Government Auditing Standards*

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

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Exeter, Rhode Island (Town), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Exeter, Rhode Island's basic financial statements, and have issued or report thereon dated December 2, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Exeter, Rhode Island's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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, Rhode Island's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Exeter, Rhode Island's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Exeter, Rhode Island's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

NADEAU WARWICK LLP

Warwick, Rhode Island
December 2, 2013