

EXETER TOWNSHIP, BERKS COUNTY, PENNSYLVANIA

FINANCIAL REPORT

DECEMBER 31, 2011



REINSEL KUNTZ LESHER
certified public accountants & consultants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors Exeter Township Berks County, Pennsylvania

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Exeter Township, Berks County, Pennsylvania, as of and for the year ended December 31, 2011, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Exeter Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, Exeter Township prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The financial statements referred to above include only the primary government of Exeter Township, which consists of all funds, organizations, institutions, agencies, departments and offices that comprise the Township's legal entity. The financial statements do not include financial data for the Township's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the Township's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position - modified cash basis of the reporting entity of Exeter Township as of December 31, 2011, and the respective changes in financial position - modified cash basis thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the primary government of Exeter Township, Berks County, Pennsylvania, as of December 31, 2011, and the respective changes in financial position - modified cash basis thereof for the year then ended in conformity with the basis of accounting described in Note 1.

As discussed in Note 1, Exeter Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended December 31, 2011.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information on pages 3-13 and pages 54-60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements, themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Wyomissing, Pennsylvania
July 5, 2012

EXETER TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Exeter Township's (the "Township") financial performance provides an overview of the Township's financial activities for the year ended December 31, 2011, within the limitations of the Township's modified cash basis of accounting. Please read it in conjunction with the Township's financial statements that begin on page 14.

Financial Highlights

- The Township's total expenditures exceeded total revenues on the modified cash basis of accounting by \$ 341,106 for the year ended December 31, 2011, compared to an excess of expenditures over revenues of \$ 4,670,342 for the year ended December 31, 2010. This resulted in a decrease of total net assets of 1.7% for the year ended December 31, 2011, compared to a decrease of 18.8% for the year ended December 31, 2010.
- At December 31, 2011, the Township's governmental funds reported combined ending fund balances of \$ 5,848,660; a decrease of \$ 39,880 from the prior year. The ending fund balance of \$ 2,041,272 or 34.9% is *available for spending* at the Township's discretion (*unassigned fund balance*). The General Fund highlights are as follows:
 - The Township's General Fund had an increase in its fund balance of \$ 305,164 to \$ 3,103,257. As part of managing the finances of the Township, a fund balance is maintained in order to provide adequate financial resources to pay for services to the citizens of the Township during periods when tax and other revenue collections are not sufficient to fund daily operating costs. This generally occurs in the first few months of each year. This enables the Township to avoid having to borrow money to cover operating expenses prior to the receipt of tax revenues, which are assessed March 1 of each year. At December 31, 2011, the unassigned fund balance of the General Fund was \$ 2,054,177 or 21.2% of total General Fund expenditures.
- At December 31, 2011, the Township's business-type activities reported net assets of \$ 13,964,046, a decrease of \$ 301,226 from the prior year.

USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Township's modified cash basis of accounting.

Report Components

This annual report consists of five parts as follows:

Government-Wide Financial Statements: The statement of net assets - modified cash basis and the statement of activities - modified cash basis (on pages 14 and 15) provide information about the activities of the Township government-wide (or "as a whole") and present a longer-term view of the Township's finances. The statement of activities reports revenues and expenditures utilizing the modified cash basis of accounting as described in Note 1 to the financial statements.

Fund Financial Statements: Fund financial statements (starting on page 16) focus on the individual parts of the Township's government. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant ("major") funds. For governmental funds, these statements tell how these services were financed in the short-term as well as what remains for future spending. For the proprietary funds, these statements offer information about the funds the Township operates like a business, such as the sewer system and the country club.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Required Supplementary Information: The management's discussion and analysis (pages 3 through 13), the schedules of funding progress (page 54) and the budgetary comparison schedules (pages 55 through 58) represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements and notes (referred to as "the basic financial statements").

Other Supplementary Information: This part of the annual report (on pages 59 and 60) includes optional financial information such as combining statements for nonmajor funds (which are added together and shown in the fund financial statements in a single column). This other supplemental financial information is provided to address certain specific needs of various users of the Township's annual report.

Basis of Accounting

The Township has elected to present its financial statements on the modified cash basis of accounting. The modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. The term “basis of accounting” is a reference to when financial events are recorded. Under the modified cash basis of accounting, only revenues collected and expenditures paid and intergovernmental due to and due from receivables and payables are recorded. Under this basis, revenue is recognized when collected rather than when earned and expenditures are generally recognized when paid rather than when the related liability is incurred.

As a result of the use of the modified cash basis of accounting, other receivables, other payables, inventories, long-lived assets, accrued income and expenses, and amortization and depreciation are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Township as a Whole

The Township’s Reporting Entity Presentation

This annual report includes only the primary government of the Township, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Township’s legal entity. Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. In evaluating how to define the reporting entity, we have considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the significance of their operational or financial relationships with the Township. The following component units meet the requirements for inclusion, under the above criteria, but are not included in the Township’s annual report: Exeter Township, Berks County, Authority and Exeter Community Library.

Certain prior year data has been reclassified to be consistent with the current year’s presentation.

The Government-Wide Statement of Net Assets and the Statement of Activities

The government-wide financial statements are presented on pages 14 and 15. One of the most important questions asked about the Township’s finances is, “Is the Township as a whole better off or worse as a result of the year’s activities?” The statement of net assets - modified cash basis and the statement of activities - modified cash basis report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include only the Township’s assets and the related liabilities referred to above resulting from the use of the modified cash basis of accounting.

These two statements report the Township's net assets and changes in them. Over time, increases or decreases in the Township's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors to assess the overall health of the Township, i.e., changes in the Township's tax base, the condition of the Township's roads, etc. In addition, the limitations of the modified cash basis of the accounting should be considered when analyzing the overall financial health of the Township.

In the Statement of Net Assets and the Statement of Activities, we divide the Township into two kinds of activities:

Governmental activities: Most of the Township's basic services are reported here, including general government services, public safety, public works, and culture and recreation. Charges for services finance a portion of the costs to provide these services. Costs not recovered through charges are financed from grants, contributions and general revenues of the Township, including real estate taxes and income taxes.

Business-type activities: The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Township's sewer system and country club are reported here.

Reporting the Township's Most Significant Funds

The Fund Financial Statements

The fund financial statements begin on page 16 and provide detailed information about the most significant funds – not the Township as a whole. Some funds are required to be established by state law or by bond covenants. However, the Township establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The Township's two kinds of funds – governmental and proprietary – under the modified cash basis of accounting use the same accounting approaches.

Governmental funds – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year-end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as cash disbursements and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.

Proprietary funds – When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities.

Fiduciary funds – Fiduciary funds are often used to account for assets that are held in a trustee or fiduciary capacity, such as pension plan assets, assets held per trust agreements, and similar arrangements.

A FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net Assets – Modified Cash Basis

The Township's Primary Government net assets, resulting from modified cash basis transactions, decreased by \$ 341,106 or 1.7%, from fiscal year 2010 to 2011. Combined net assets were \$ 19,812,706 and \$ 20,153,812 at December 31, 2011 and 2010, respectively. Looking at the net assets of governmental and business-type activities separately, governmental activities had a decrease of \$ 39,880 while business-type activities had a decrease of \$ 301,226.

A condensed summary of the Township's Statement of Net Assets at December 31, 2011 and 2010 is presented below:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Assets:						
Total Assets (Non-Capital)	<u>\$ 5,886,061</u>	<u>\$ 5,979,490</u>	<u>\$ 13,964,046</u>	<u>\$ 14,265,272</u>	<u>\$ 19,850,107</u>	<u>\$ 20,244,762</u>
Liabilities:						
Deposits held in escrow	<u>\$ 37,401</u>	<u>\$ 90,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,401</u>	<u>\$ 90,950</u>
Net Assets:						
Unrestricted	<u>4,173,533</u>	<u>3,735,309</u>	<u>10,438,751</u>	<u>9,843,852</u>	<u>14,612,284</u>	<u>13,579,161</u>
Restricted	<u>1,675,127</u>	<u>2,153,231</u>	<u>3,525,295</u>	<u>4,421,420</u>	<u>5,200,422</u>	<u>6,574,651</u>
Total Net Assets	<u>\$ 5,848,660</u>	<u>\$ 5,888,540</u>	<u>\$ 13,964,046</u>	<u>\$ 14,265,272</u>	<u>\$ 19,812,706</u>	<u>\$ 20,153,812</u>

Net assets are shown as restricted if they can only be used for a specific purpose. At December 31, 2011 and 2010, net assets of \$ 5,200,422 and \$ 6,574,651, respectively, are restricted, and the remaining net assets are unrestricted at the end of the year.

Changes in Net Assets – Modified Cash Basis

For the year ended December 31, 2011 and 2010, net assets of the Township (resulting from modified cash basis transactions) changed as follows:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Program revenues:						
Charges for services	\$ 1,713,252	\$ 2,083,580	\$ 8,508,040	\$ 7,702,402	\$ 10,221,292	\$ 9,785,982
Operating grants and contributions	2,152,001	1,632,497	-	1,000,000	2,152,001	2,632,497
General revenues:						
Real estate taxes	3,721,056	3,357,384	-	-	3,721,056	3,357,384
Per capita taxes	71,996	70,546	-	-	71,996	70,546
Real estate transfer taxes	298,519	507,924	-	-	298,519	507,924
Earned income taxes	3,266,915	3,168,652	-	-	3,266,915	3,168,652
Local services tax	311,700	299,465	-	-	311,700	299,465
Business privilege tax	408,517	462,851	-	-	408,517	462,851
Interest and rents	147,219	163,072	460,120	498,308	607,339	661,380
Sale of assets	2,291	6,370	-	-	2,291	6,370
Other income	323,445	352,298	-	1,079	323,445	353,377
Total revenues	\$ 12,416,911	\$ 12,104,639	\$ 8,968,160	\$ 9,201,789	\$ 21,385,071	\$ 21,306,428
Expenditures:						
General government	\$ 709,651	\$ 781,505	\$ -	\$ -	\$ 709,651	\$ 781,505
Public safety	5,828,022	5,756,643	-	-	5,828,022	5,756,643
Health and human services	38,797	34,950	-	-	38,797	34,950
Public works - sanitation	298,987	422,261	-	-	298,987	422,261
Public works - highways and streets	2,049,861	1,806,623	-	-	2,049,861	1,806,623
Culture and recreation	671,817	777,714	-	-	671,817	777,714
Community development	55,121	71,911	-	-	55,121	71,911
Debt service	1,336,720	1,214,202	-	-	1,336,720	1,214,202
Benefits	106,889	94,102	-	-	106,889	94,102
Property and casualty insurance	148,680	147,672	-	-	148,680	147,672
Capital outlay	1,161,284	1,532,376	-	-	1,161,284	1,532,376
Miscellaneous	290,962	179,863	-	-	290,962	179,863
Sewer	-	-	6,371,894	10,613,865	6,371,894	10,613,865
Country club	-	-	2,657,492	2,543,083	2,657,492	2,543,083
Total expenditures	\$ 12,696,791	\$ 12,819,822	\$ 9,029,386	\$ 13,156,948	\$ 21,726,177	\$ 25,976,770
Deficiency of revenues under expenditures	\$ (279,880)	\$ (715,183)	\$ (61,226)	\$ (3,955,159)	\$ (341,106)	\$ (4,670,342)
Transfers:						
Transfers	\$ 240,000	\$ 298,677	\$ (240,000)	\$ (298,677)	\$ -	\$ -
Decrease in net assets	\$ (39,880)	\$ (416,506)	\$ (301,226)	\$ (4,253,836)	\$ (341,106)	\$ (4,670,342)
Net assets, beginning of year	5,888,540	6,305,046	14,265,272	18,519,108	20,153,812	24,824,154
Net assets, end of year	\$ 5,848,660	\$ 5,888,540	\$ 13,964,046	\$ 14,265,272	\$ 19,812,706	\$ 20,153,812

Governmental Activities

To aid in the understanding of the statement of activities, some additional explanation is given. Of particular interest is the format that is significantly different from a typical statement of revenues, expenditures and changes in fund balance. You will notice that expenditures are listed in the first column, with revenues from that particular program reported to the right. The result is a net revenue or expenditure. This type of format highlights the relative financial burden of each of the functions on the Township's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenues, even if restricted for a specific purpose.

For the years ended December 31, 2011 and 2010, total revenues for governmental activities, resulting from modified cash basis transactions, amounted to \$ 12,416,911 and \$ 12,104,639 respectively.

For the year ended December 31, 2011, total disbursements for governmental activities, resulting from modified cash basis transactions, amounted to \$ 12,696,791. Of these total disbursements, taxpayers and other general revenues funded \$ 8,551,658 while those directly benefiting from the program funded \$ 2,152,001 from operating grants and contributions and \$ 1,713,252 from charges for services.

Some noteworthy events occurred in 2011 that are highlighted as follows:

- The Township real estate tax for 2011 was 1.64 mills for general purposes, .505 mills for the purchase of fire apparatus and making appropriations to fire companies, and .55 mills for the purpose of debt service related to the acquisition of the Reading Country Club.
- Real estate transfer taxes decreased \$ 209,405 to \$ 298,519. This decrease was due to the sale of the Exeter Commons shopping center in 2010. Had this sale not occurred, the Township would have experienced an increase of approximately \$ 50,595.
- Earned income taxes increased \$ 98,263 or 3% from 2010.
- Operating grants and contributions increased \$ 519,504 from 2010. A majority of the increase was due to the \$ 242,370 increase in state aid for the municipal pensions and the \$ 118,535 increase in the state aid passed through to the Exeter Volunteer Fire Relief Association.

Business-Type Activities

In reviewing the business-type activities net revenues/expenditures resulting from modified cash basis transactions, there are certain activities that need to be examined more closely. The business-type activities reported a net loss before transfers of \$ 61,226, transfers to other funds totaled \$ 240,000, resulting in a decrease in net assets of \$ 301,226. The \$ 295,690 net loss before transfers in the Sewer Fund was attributable to the use of 2009 unspent bond proceeds to pay for the 2011 capital expenditures. The Country Club reported net income before transfers of \$ 234,464 which is used to offset the debt service incurred to purchase the property.

A FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

In reviewing individual funds of the Township, certain funds experienced significant changes to be considered in analyzing the Township's funds:

- Golf Acquisition Fund – During 2011, \$ 124,343 was expended for capital improvements to the Country Club including \$ 43,205 for golf course equipment, \$ 9,334 for improvements to the entrance and outdoor lighting, and \$ 71,804 for the outdoor patio, interior carpet and chairs and point of sale computer system.
- Capital Improvement Fund – During 2011, \$ 195,978 was expended for the LED street light retrofit project, offset by the receipt of \$ 32,708 in rebates. \$ 144,192 was expended for the Butter Lane Box Culvert. \$ 46,768 was expended for the traffic signal pre-emption public safety project.
- Capital Expenditure Fund – During 2011, \$ 28,160 was expended toward the replacement of computer equipment in the police department.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The acquisition of capital assets by the Township is reported as expenditures in the year of acquisition in the fund acquiring the related assets.

Long-Term Debt

Proceeds from the acquisition of long-term debt are reported as revenues in the respective fund acquiring the debt in the year the proceeds are received. Correspondingly, debt service payments are reported as expenditures in the year payment is made by the fund making the related debt service payments.

As of December 31, 2011, the Township had \$ 21,854,231 and \$ 29,050,000 of general obligation debt outstanding in the Governmental and Business-Type Activities, respectively. See Note 7 to the financial statements for a detailed analysis of long-term debt. The following details activity related to the general obligation debt during 2011:

	Governmental Activities	Business-Type Activities
Beginning Balance at January 1, 2011	\$ 22,423,418	\$ 30,315,000
Additions	-	-
Principal Payments	(569,187)	(1,265,000)
Ending Balance at December 31, 2011	<u>\$ 21,854,231</u>	<u>\$ 29,050,000</u>

Budgetary Highlights

Over the course of the year, the Township's Board of Supervisors monitored actual results with budgeted results. Although actual results and budgeted results may differ due to circumstances that arise during the course of the year, the Township generally does not amend its budget after adoption.

For the year ended December 31, 2011, General Fund expenditures were \$ 185,117 above final appropriations, while actual revenues available for appropriation were \$ 871,482 above the budgeted amount.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Several events have occurred in 2011 that will have a positive benefit on Exeter Township. Rite Aid's construction of its new store at the corner of Route 422 and 47th Street is near completion and plans to open in 2012. The Diamond Federal Credit Union opened its doors for business in 2012. The Pottstown Medical Center opened the Priority Care Medical Center and the Coventry Pediatric Center bringing more access to medical services in the Township. The two Bottom Dollar stores that opened in 2010 are continuing to actively conduct business in the Township. The Township received two grants in 2011. A cash, non-matching grant in the amount of \$83,897 was received from the PA Department of Environmental Protection (DEP) for its recycling program; and a Tree Revitalization matching grant from the Department of PA, Department of Conservation and Natural Resources (DCNR) in the amount of \$17,800 for planting 100 trees in areas within the Township. Matching funds came from developers that were required to either replace the trees removed for development or to provide cash to replace trees anywhere in the Township. Also, in order to spur more commercial economic development to broaden the Township's commercial tax base, a nine-member Economic Development Advisory Council (EDAC) was formed. So far, EDAC has published an advertising-supported, 600- listing Business Directory to encourage those living in the Township and those living in communities bordering the Township to shop at Exeter businesses. The Business Directory has also been placed on the Township website at www.exetertownship.com for more exposure. EDAC has become a member of the Greater Berks County Economic Development group in order to expand its efforts, and holds quarterly business breakfasts for Exeter business leaders. The Township's general tax millage for 2012 remained unchanged at 1.64 mills. Due to the overall economic climate, many revenue sources are expected to remain stagnant or decline through 2012; however, the Township is fortunate to have a healthy General Fund balance to bridge any unexpected shortfalls. In addition, the Debt Service millage remained unchanged at .55 mills. The Fire Tax millage remained unchanged at .505 mills. The Street Light Tax and the Fire Hydrant Tax also remained unchanged.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (CONTINUED)

The Township's current retail and service industry employment base is strong with several large employers already adding to the local economy. Some of the largest employers within the Township are as follows:

Employer	Number of Employees
Boscov's	973
Godiva Chocolatier	600
Giant Food	332
Wal-Mart	286
Angio Tech Surgical Specialties	285
Genesis Eldercare, Berkshire Center	164
Golden Living Center	125
Target	122
Home Depot	120
Lowe's	119
Redner's	96

During 2012, the Township has budgeted to undertake or complete several major infrastructure and capital projects to add to the overall quality of life in the Township. These projects and the estimated costs include the following:

- Construction of Farming Ridge Park \$ 160,000
- Traffic signal pre-emption public safety project 141,250
- Sewer line replacement and engineering 1,803,700

All of these factors were considered in preparing the Township's budget for the 2012 fiscal year. As a result, General Fund revenues are anticipated to decrease 1.2 percent to \$ 9,129,942, while expenditures are budgeted to decrease 4.2 percent to \$ 9,093,897. Other governmental fund revenues for 2012 are budgeted at \$ 2,739,052, while expenditures are budgeted for \$ 6,298,388. The excess of budgeted expenditures over revenues will be covered by the fund balances at December 31, 2011. Proprietary Fund revenues are budgeted at \$ 7,366,181, while expenditures are budgeted for \$ 7,362,687.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the monies it receives. If you have questions about this report or need additional financial information, contact Exeter Township, 4975 DeMoss Road, Reading, PA 19606.

EXETER TOWNSHIP

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
December 31, 2011**

ASSETS	----- Primary Government -----		Total
	Governmental Activities	Business-Type Activities	
Cash:			
Unrestricted	\$ 3,800,465	\$ 3,438,751	\$ 7,239,216
Restricted	2,085,596	3,525,295	5,610,891
Investments	-	7,000,000	7,000,000
	<hr/>	<hr/>	<hr/>
Total assets	\$ 5,886,061	\$ 13,964,046	\$ 19,850,107
	<hr/>	<hr/>	<hr/>
LIABILITIES AND NET ASSETS			
LIABILITIES, deposits held in escrow	\$ 37,401	\$ -	\$ 37,401
	<hr/>	<hr/>	<hr/>
Total liabilities	37,401	-	37,401
	<hr/>	<hr/>	<hr/>
COMMITMENTS AND CONTINGENCIES	-	-	-
	<hr/>	<hr/>	<hr/>
NET ASSETS			
Unrestricted	4,173,533	10,438,751	14,612,284
Restricted	1,675,127	3,525,295	5,200,422
	<hr/>	<hr/>	<hr/>
Total net assets	\$ 5,848,660	\$ 13,964,046	\$ 19,812,706
	<hr/>	<hr/>	<hr/>

See Notes to Financial Statements.

EXETER TOWNSHIP

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year Ended December 31, 2011

	----- Program Revenues -----		
	Expenditures	Charges for Services	Operating Grants and Contributions
Functions/Programs:			
Government:			
Governmental activities:			
General government	\$ 709,651	\$ 487,035	\$ 394,468
Public safety	5,828,022	347,854	777,928
Health and human services	38,797	-	1,459
Public works - sanitation	298,987	711,617	-
Public works - highways and streets	2,049,861	5,926	90,838
Culture and recreation	671,817	160,820	33,800
Community development	55,121	-	-
Debt service	1,336,720	-	11,855
Benefits	106,889	-	-
Property and casualty insurance	148,680	-	-
Capital outlay	1,161,284	-	552,526
Miscellaneous	290,962	-	289,127
	<hr/>	<hr/>	<hr/>
Total governmental activities	12,696,791	1,713,252	2,152,001
	<hr/>	<hr/>	<hr/>
Business-type activities:			
Sewer	6,371,894	5,623,090	-
Country Club	2,657,492	2,884,950	-
	<hr/>	<hr/>	<hr/>
Total business type activities	9,029,386	8,508,040	-
	<hr/>	<hr/>	<hr/>
Total government	\$ 21,726,177	\$ 10,221,292	\$ 2,152,001
	<hr/>	<hr/>	<hr/>
General revenues:			
Taxes:			
Real estate			
Real estate transfer			
Per capita			
Earned income			
Local services			
Business privilege			
Interest and rents			
Sale of assets			
Miscellaneous			
Transfers			
		Total general revenues and transfers	
		Changes in net assets	
			Net assets, beginning of year
			Net assets, end of year

Net (Expenditures) Revenue and ----- Changes in Net Assets ----- Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ 171,852	\$ -	\$ 171,852
(4,702,240)	-	(4,702,240)
(37,338)	-	(37,338)
412,630	-	412,630
(1,953,097)	-	(1,953,097)
(477,197)	-	(477,197)
(55,121)	-	(55,121)
(1,324,865)	-	(1,324,865)
(106,889)	-	(106,889)
(148,680)	-	(148,680)
(608,758)	-	(608,758)
(1,835)	-	(1,835)
<u>(8,831,538)</u>	<u>-</u>	<u>(8,831,538)</u>
-	(748,804)	(748,804)
-	227,458	227,458
<u>-</u>	<u>(521,346)</u>	<u>(521,346)</u>
<u>(8,831,538)</u>	<u>(521,346)</u>	<u>(9,352,884)</u>
3,721,056	-	3,721,056
298,519	-	298,519
71,996	-	71,996
3,266,915	-	3,266,915
311,700	-	311,700
408,517	-	408,517
147,219	460,120	607,339
2,291	-	2,291
323,445	-	323,445
240,000	(240,000)	-
<u>8,791,658</u>	<u>220,120</u>	<u>9,011,778</u>
(39,880)	(301,226)	(341,106)
<u>5,888,540</u>	<u>14,265,272</u>	<u>20,153,812</u>
<u>\$ 5,848,660</u>	<u>\$ 13,964,046</u>	<u>\$ 19,812,706</u>

EXETER TOWNSHIP

**STATEMENT OF ASSETS AND FUND BALANCES (DEFICIT) - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2011**

ASSETS	General Fund	Utility Fund
Cash:		
Unrestricted	\$ 3,015,146	\$ 2,095
Restricted	110,512	-
Due (to) from other funds	<u>15,000</u>	<u>(15,000)</u>
 Total assets	<u><u>\$ 3,140,658</u></u>	<u><u>\$ (12,905)</u></u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES, deposits held in escrow	<u>\$ 37,401</u>	<u>\$ -</u>
 Total liabilities	<u>37,401</u>	<u>-</u>
COMMITMENTS AND CONTINGENCIES	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT)		
Restricted	73,812	-
Committed	975,268	-
Unassigned	<u>2,054,177</u>	<u>(12,905)</u>
 Total fund balances (deficit)	<u><u>\$ 3,103,257</u></u>	<u><u>\$ (12,905)</u></u>

See Notes to Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ 783,224	\$ 3,800,465
1,975,084	2,085,596
-	-
<u>\$ 2,758,308</u>	<u>\$ 5,886,061</u>
<u>\$ -</u>	<u>\$ 37,401</u>
-	37,401
<u>-</u>	<u>-</u>
1,601,315	1,675,127
1,156,993	2,132,261
-	2,041,272
<u>\$ 2,758,308</u>	<u>\$ 5,848,660</u>

EXETER TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS**

Year Ended December 31, 2011

	General Fund	Utility Fund
REVENUES		
Taxes:		
Real estate	\$ 2,182,538	\$ 203,050
Real estate transfer	298,519	-
Per capita	71,996	-
Earned income	3,266,915	-
Local services	311,700	-
Business privilege	408,517	-
Licenses and permits	409,710	-
Fines and forfeits	127,643	-
Interest and rents	71,556	637
Intergovernmental revenues	1,462,309	-
Charges for services	1,156,425	-
Miscellaneous	280,900	-
	10,048,728	203,687
Total revenues		
EXPENDITURES		
Current:		
General government	707,375	-
Public safety	5,236,047	89,968
Health and human services	38,797	-
Public works - sanitation	298,987	-
Public works - highways and streets	1,712,264	148,928
Culture and recreation	551,542	-
Community development	39,648	2,176
Debt service:		
Principal	267,992	-
Interest	114,784	-
Benefits	106,889	-
Property and casualty insurance	148,680	-
Capital outlay	163,597	-
Miscellaneous	290,639	-
	9,677,241	241,072
Total expenditures		

Other Governmental Funds	Total Governmental Funds
\$ 1,335,468	\$ 3,721,056
-	298,519
-	71,996
-	3,266,915
-	311,700
-	408,517
-	409,710
-	127,643
75,026	147,219
689,692	2,152,001
19,474	1,175,899
42,545	323,445
<hr/>	<hr/>
2,162,205	12,414,620

2,276	709,651
502,007	5,828,022
-	38,797
-	298,987
188,669	2,049,861
120,275	671,817
13,297	55,121
127,968	395,960
825,976	940,760
-	106,889
-	148,680
997,687	1,161,284
323	290,962
<hr/>	<hr/>
2,778,478	12,696,791

EXETER TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS (CONTINUED)**

GOVERNMENTAL FUNDS

Year Ended December 31, 2011

	General Fund	Utility Fund
Excess (deficiency) of revenues over (under) expenditures	\$ 371,487	\$ (37,385)
OTHER FINANCING SOURCES (USES)		
Transfers in	1,455	-
Transfers out	(70,069)	-
Sale of assets	2,291	-
Total other financing sources (uses)	(66,323)	-
Net change in fund balances	305,164	(37,385)
Fund balances, beginning of year	2,798,093	24,480
Fund balances (deficit), end of year	<u>\$ 3,103,257</u>	<u>\$ (12,905)</u>

See Notes to Financial Statements.

Other Governmental Funds	Total Governmental Funds
<u>\$ (616,273)</u>	<u>\$ (282,171)</u>
440,069	441,524
(131,455)	(201,524)
-	2,291
<u>308,614</u>	<u>242,291</u>
(307,659)	(39,880)
<u>3,065,967</u>	<u>5,888,540</u>
<u><u>\$ 2,758,308</u></u>	<u><u>\$ 5,848,660</u></u>

EXETER TOWNSHIP

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
 PROPRIETARY FUNDS
 December 31, 2011**

ASSETS	Sewer	Country Club	Total
Cash:			
Unrestricted	\$ 2,865,910	\$ 572,841	\$ 3,438,751
Restricted	3,525,295	-	3,525,295
Investments	<u>7,000,000</u>	<u>-</u>	<u>7,000,000</u>
Total assets	<u><u>\$ 13,391,205</u></u>	<u><u>\$ 572,841</u></u>	<u><u>\$ 13,964,046</u></u>
LIABILITIES AND NET ASSETS			
COMMITMENTS AND CONTINGENCIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET ASSETS			
Unrestricted	9,865,910	572,841	10,438,751
Restricted	<u>3,525,295</u>	<u>-</u>	<u>3,525,295</u>
Total net assets	<u><u>\$ 13,391,205</u></u>	<u><u>\$ 572,841</u></u>	<u><u>\$ 13,964,046</u></u>

See Notes to Financial Statements.

EXETER TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS**

Year Ended December 31, 2011

	Sewer	Country Club	Total
OPERATING REVENUES			
Sewer charges	\$ 5,309,131	\$ -	\$ 5,309,131
Tapping fees	241,535	-	241,535
Charges for services	-	2,884,950	2,884,950
Miscellaneous	72,424	-	72,424
	<hr/>	<hr/>	<hr/>
Total operating revenues	5,623,090	2,884,950	\$ 8,508,040
	<hr/>	<hr/>	<hr/>
OPERATING EXPENDITURES			
Wastewater collection and treatment	2,731,974	-	2,731,974
Culture and recreation expenses	-	2,655,873	2,655,873
Capital outlay	950,182	1,619	951,801
	<hr/>	<hr/>	<hr/>
Total operating expenditures	3,682,156	2,657,492	6,339,648
	<hr/>	<hr/>	<hr/>
Operating income	1,940,934	227,458	2,168,392
	<hr/>	<hr/>	<hr/>
NONOPERATING REVENUES (EXPENSES)			
Interest income	453,114	7,006	460,120
Fiscal agent fees	(250)	-	(250)
Debt service:			
Principal	(1,265,000)	-	(1,265,000)
Interest	(1,424,488)	-	(1,424,488)
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues (expenses)	(2,236,624)	7,006	(2,229,618)
	<hr/>	<hr/>	<hr/>
Income (loss) before other financing sources (uses)	(295,690)	234,464	(61,226)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(240,000)	(240,000)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	(240,000)	(240,000)
	<hr/>	<hr/>	<hr/>
Change in net assets	(295,690)	(5,536)	(301,226)
	<hr/>	<hr/>	<hr/>
Net assets, beginning of year	13,686,895	578,377	14,265,272
	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ 13,391,205	\$ 572,841	\$ 13,964,046
	<hr/>	<hr/>	<hr/>

See Notes to the Financial Statements.

EXETER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies

Nature of activity:

Exeter Township, Pennsylvania (the "Township"), founded in 1741, has an approximate population of 25,550, based on a 2010 census report, living within an area of 24.1 square miles. The Township is in the southeastern portion of the Commonwealth of Pennsylvania and is located in Berks County.

A summary of the Township's significant accounting policies follows:

These financial statements are presented on the modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Accounting principles generally accepted in the United States of America include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

A. THE FINANCIAL REPORTING ENTITY

The Township is a Pennsylvania Second Class Township which operates under a Board of Supervisors form of government. Accounting principles generally accepted in the United States of America require that the reporting entity include the government, organizations for which the government is financially accountable and other organizations for which the nature and significance of their relationship with the government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In evaluating how to define the reporting entity, management has considered all potential component units. The component units, as determined under the above criteria and as discussed below, are not included in the Township's reporting entity as these financial statements include only the modified cash activities of the primary government.

Exeter Township, Berks County, Authority:

Exeter Township, Berks County, Authority (the "Authority") is governed by a five-member board appointed by the Township Board of Supervisors. Although it is legally separate from the Township, the Authority is a component unit and its primary purpose is to provide sewer utilities to the Township.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

A summary of the Township's significant accounting policies follows (continued):

A. THE FINANCIAL REPORTING ENTITY (CONTINUED)

Exeter Community Library:

The Exeter Community Library (the "Library") is governed by a nine-member self-appointed board. Although it is legally separate from the Township, the Library is a component unit and its primary purpose is to provide library services to the Township.

B. BASIS OF PRESENTATION

Government-wide financial statements:

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

Fund financial statements:

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

Total assets, liabilities, revenues or expenditures of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or types, and total assets, liabilities, revenues or expenditures of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The Township may also report as a major fund any fund it believes to be of particular importance to the financial statement users.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

A summary of the Township's significant accounting policies follows (continued):

B. BASIS OF PRESENTATION (CONTINUED)

Fund financial statements (continued):

The funds of the financial reporting entity are described below:

Governmental funds:

Governmental funds are those through which most governmental functions of the Township are financed. The acquisition, use and balances of the Township's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position rather than upon net income determination.

The following are the Township's governmental funds:

General Fund - is the primary operating fund of the Township and is always classified as a major fund. It is used to account for and report all financial resources not accounted for or reported in another fund.

Special Revenue Funds - are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted, committed or assigned revenues should be the foundation for a special revenue fund. The reporting entity includes the following special revenue fund, which is reported as a major fund:

Utility Fund - is used to account for the assessment received from property owners benefiting from public street lighting and fire hydrant service and the expenditures incurred by the Township to provide these services.

The reporting entity includes the following special revenue funds, which are reported as nonmajor funds:

Fire Fund - is used to account for revenues generated from the .505 mill assessment received from Township residents for the purpose of providing support for the Township's volunteer fire department.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

A summary of the Township's significant accounting policies follows (continued):

B. BASIS OF PRESENTATION (CONTINUED)

Fund financial statements (continued):

Governmental funds (continued):

Detention Pond/Storm Water Fund - is used to account for monies received from developers for the acceptance of Deeds of Dedication for detention or retention ponds within the Township.

K-9 Fund - is used to account for contributions to be used specifically for the improvement and continuation of the police K-9 program.

Park Improvement Fund - is used to account for monies received from developers to be used in the acquisition, improvement and/or maintenance of public open space areas.

State Liquid Fuels Highway Aid Fund - is used to account for the proceeds from the State Motor License Fund. Under the Act of June 1, 1956, P.L. 1944, No. 145, this Fund must be kept separate from all other funds and no other funds shall be commingled with this Fund. Expenditures are legally restricted to expenditures for highway purposes in accordance with Department of Transportation regulations. County liquid fuels tax payments to the local government are not accounted for in this Fund.

Capital Project Funds - are used to account for and report financial resources that are restricted, committed or assigned expenditures for capital outlays, including the acquisition or construction of major capital improvements. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments. The reporting entity includes the following capital project funds, which are reported as nonmajor funds:

Capital Expenditure Fund - is used to account for the financial resources to be used for the acquisition of assets.

Capital Improvement Fund - is used to account for the financial resources to be used primarily for storm sewer improvements.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

A summary of the Township's significant accounting policies follows (continued):

B. BASIS OF PRESENTATION (CONTINUED)

Fund financial statements (continued):

Governmental funds (continued):

Golf Acquisition Fund - is used to account for the financial resources to be used to acquire and make improvements to a municipal golf course and banquet facility within the Township.

Apparatus Fund - is used to account for the financial resources to assist the fire company in purchasing equipment.

Traffic Improvement Fund - is used to account for the collection of transportation impact assessments against new developments that adversely affect the transportation facilities within the Township.

Debt Service Fund - is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest (debt service) resources. This Fund includes financial resources that are being accumulated for principal and interest maturing in future years, and also includes financial resources that are legally mandated to be accounted for and reported in a debt service fund.

Proprietary funds:

Enterprise Funds - are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private-sector. The reporting entity includes the following enterprise funds, which are reported as major funds:

Sewer Fund - is used to account for the operation of the sewer system, which is operated as a public utility.

Country Club Fund - is used to account for the operation of the Reading Country Club.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

A summary of the Township's significant accounting policies follows (continued):

C. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

Basis of accounting:

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the primary government financial statements.

Modified cash basis:

The Township's policy is to prepare its financial statements on the modified cash basis under which only revenues collected and expenditures paid and intergovernmental due to and due from receivables and payables are recorded. Under this basis, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when the related liability is incurred. Consequently, other receivables, other payables, inventories, long-lived assets, accrued income and expenses, and amortization and depreciation, which may be material in amount, are not reflected in the accompanying financial statements, which are not intended to present the financial position, results of operations or cash flows in conformity with accounting principles generally accepted in the United States of America.

If the Township utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Measurement focus:

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for on a spending or "financial flow" measurement focus. Governmental fund type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Proprietary funds and nonexpendable trust funds are accounted for on a cost of services or "capital maintenance" measurement focus. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in equity.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

A summary of the Township's significant accounting policies follows (continued):

D. ASSETS AND LIABILITY ACCOUNTING POLICY DISCLOSURES

Cash:

The Township considers all cash accounts that are not subject to withdrawal restrictions or penalties to be cash.

For the purpose of financial reporting, cash includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments:

The Board of Supervisors is authorized by statutes to invest its funds as defined in the Township Code. Authorized types of investments include the following:

1. U. S. Treasury Bills.
2. Short-term obligations of the U. S. Government or its agencies or instrumentalities.
3. Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations and credit unions.
4. General obligation bonds of the federal government, the Commonwealth of Pennsylvania or any state agency, or of any Pennsylvania political subdivision.
5. Shares of mutual funds whose investments are restricted to the above categories.

Investments are carried at cost.

Due to and from other funds:

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

A summary of the Township's significant accounting policies follows (continued):

D. ASSETS AND LIABILITY ACCOUNTING POLICY DISCLOSURES (CONTINUED)

Capital assets:

Purchased capital assets are recorded as expenditures in the governmental fund types. Proprietary fund type capital assets are recorded as expenditures in the fund in which they are utilized. Infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are recorded as expenditures in the fund types expending the funds.

Long-term debt:

Debt proceeds from issuance of long-term debt are reported as other financing sources, and the payment of principal and interest is reported as expenditures in the fund financial statements and government-wide statements. Debt service expenditures are recognized in the period paid.

Compensated absences:

Compensated absences for vacation and sick leave are recorded when paid.

E. EQUITY

Government-wide statements:

GASB Statement No. 34 requires the classification of net assets into the following three components:

Invested in capital assets, net of related debt - This component of net assets consists of the cost of capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of these assets.

Restricted - This component of net assets consists of constraints placed on net asset use either by (1) external groups such as creditors, grantors, contributors or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

A summary of the Township's significant accounting policies follows (continued):

E. EQUITY (CONTINUED)

Government-wide statements (continued):

Unrestricted - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund financial statements:

The Township adopted GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended December 31, 2011. GASB 54 establishes accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically designed classifications and clarifies definitions as follows:

Nonspendable - This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally required to be maintained intact.

Restricted - This classification consists of amounts that are restricted to specific purposes either by (1) external groups such as creditors, grantors, contributors or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation. The restriction is binding unless removed with the consent of the resource provider.

Committed - This classification consists of amounts used for specific purposes imposed by formal action of the Township's highest level of decision-making authority. The commitment is binding unless removed in the same manner imposed. Formal action must occur prior to fiscal year-end; however, the amount may be determined subsequent to year-end.

Assigned - This classification consists of amounts constrained by the Township's intent to be used for specific purposes that are neither restricted nor committed.

Unassigned - This classification consists of amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

A summary of the Township's significant accounting policies follows (continued):

E. EQUITY (CONTINUED)

Fund financial statements (continued):

Fund balances of the Township's governmental funds at January 1, 2011 have been restated to reflect the above classifications as follows:

	Restricted	Committed	Unassigned	Total Fund Balance
General Fund	\$ 81,775	\$ 455,772	\$ 2,260,546	\$ 2,798,093
Utility Fund	-	24,480	-	24,480
Other governmental funds	<u>2,071,456</u>	<u>994,511</u>	<u>-</u>	<u>3,065,967</u>
	<u>\$ 2,153,231</u>	<u>\$ 1,474,763</u>	<u>\$ 2,260,546</u>	<u>\$ 5,888,540</u>

F. REVENUES AND EXPENDITURE POLICY DISCLOSURES

Program revenues:

All revenues are recognized when received.

In the statement of activities, revenues that are derived directly from each activity or from parties outside the Township's taxpayers are program revenues. Amounts reported as program revenues include (1) charges to customers or applicants for goods and services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

A summary of the Township's significant accounting policies follows (continued):

F. REVENUES AND EXPENDITURE POLICY DISCLOSURES (CONTINUED)

Program revenues (continued):

Proprietary funds distinguish operating revenues and expenditures from nonoperating items. Operating revenues and expenditures generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer fund are sewer usage charges. The Township also recognizes as operating revenues, the portion of tapping fees intended to recover the cost of connecting new customers to the system. Operating expenditures of the sewer and Country Club funds include the cost of the services. All revenues and expenditures not meeting this definition are reported as nonoperating revenues and expenditures. The principal nonoperating revenues of the Township's proprietary fund are interest income and transfers in and transfers out. The principal operating revenues of the Country Club Fund are charges for services at the Country Club.

Property taxes:

The Township is permitted by state law to levy taxes up to 14 mills of assessed valuation for general purposes. State law also permits additional millage to be levied for specific purposes as defined in the law. The millage rate levied by the Township for 2011 was 2.695 mills, consisting of 1.64 mills for general purposes, .505 mills for purchase of fire apparatus and .55 mills for debt service, as established by the Board of Supervisors. Current tax collections for the Township were approximately 97% of the total tax levy.

The Township's real estate taxes are based on assessed values established by the County's Board of Assessments. The taxes are collected by elected local tax collectors. Real estate taxes attach an enforceable lien on property when levied on March 1. A discount of 2% is applied to payments made prior to April 30. A penalty of 10% is added to the face amount of taxes paid after June 30. The County of Berks Tax Claim Bureau collects delinquent real estate taxes on behalf of itself and other taxing authorities. Return of unpaid real estate taxes to the County Tax Claim Bureau is made by January 15 of the subsequent year.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

A summary of the Township's significant accounting policies follows (continued):

F. REVENUES AND EXPENDITURE POLICY DISCLOSURES (CONTINUED)

Intergovernmental revenues:

Intergovernmental revenues represent revenues received from the Commonwealth of Pennsylvania, federal agencies and local governmental units, generally to fund specific programs and are recognized when received.

Expenditures/expenses:

Expenditures and expenses are recognized when paid.

G. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

Fund financial statements:

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

Interfund services:

Sales or purchases of goods and services between funds are reported as revenues and expenditures.

Interfund reimbursements:

Repayments from funds responsible for certain expenditures to the funds that initially paid for them are not reported as reimbursements, but as adjustments to expenditures in the respective funds.

Interfund transfers:

Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

NOTES TO FINANCIAL STATEMENTS

Note 2. Excess of Expenditures over Appropriations in Individual Funds

No individual fund, which was budgeted as required by the Commonwealth of Pennsylvania, contained an excess of expenditures over appropriations that was not covered by the cash balance at December 31, 2010 and the cash received for the year ended December 31, 2011. Expenditures exceeded appropriations at the legal level of control in the following funds:

General Fund	\$ 185,117
Utility Fund	49,072

A nonbudgeted pass-through grant amount of \$ 339,442 was included in the expenditures of the General Fund. Both the grant revenue and expenditure were recorded in 2011, resulting in no net effect on fund balance. In the Utility Fund, cost savings from replacing street lights with LED lights were not realized until later in the year than was planned.

Note 3. Stewardship, Compliance and Accountability

Compliance with finance-related legal and contractual provisions:

The Township had no material violations of finance-related legal and contractual provisions.

Note 4. Deposits and Investments

The Township's available cash is invested in demand deposit accounts and a certificate of deposit. The carrying amount of cash and investments at December 31, 2011 consist of the following:

Demand deposits	\$ 12,847,905
Time deposit	7,000,000
Petty cash	<u>2,202</u>
	<u>\$ 19,850,107</u>

Reconciliation to statement of net assets/balance sheet:

Cash:	
Unrestricted	\$ 7,239,216
Restricted	<u>5,610,891</u>
	12,850,107
Investments, business-type activities	<u>7,000,000</u>
	<u>\$ 19,850,107</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. Deposits and Investments (Continued)

Custodial credit risk - deposits:

Custodial credit risk is the risk that, in the event of a financial institution failure, the Township's deposits may not be returned. At December 31, 2011, the carrying amount of the Township's bank deposits was \$ 19,847,905 and the corresponding bank balances were \$ 20,123,556, of which \$ 500,000 was covered by Federal Depository Insurance. The remaining \$ 19,623,556 of deposits was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

Note 5. Restricted Assets

Cash and investments whose use is limited to a specific purpose have been classified as "restricted" in the financial statements. Restricted assets at December 31, 2011 consist of the following:

Governmental activities:

General Fund:

Police equipment	\$ 69,405
Fire police	1,378
Developer escrows	36,701
Police National Night Out committee	2,915
Berks County Emergency Response Team	113
K-9 Fund	3,677
Park Improvement Fund, grant funds	10,852
State Liquid Fuels Highway Aid Fund	174,437
Capital Improvement Fund	361,585
Golf Acquisition Fund	845,879
Traffic Improvement Fund	204,885
Debt Service Fund	<u>373,769</u>

Total governmental activities 2,085,596

Business-type activities:

Sewer Fund, unspent note proceeds, Series A of 2009	<u>3,525,295</u>
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Total business-type activities 3,525,295

\$ 5,610,891

NOTES TO FINANCIAL STATEMENTS

Note 6. Interfund Transfers and Balances

Transfers between funds for the year ended December 31, 2011 were as follows:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$ 1,455	\$ 70,069
Fire Fund	-	130,000
K-9 Fund	-	1,455
Capital Expenditure Fund	70,069	-
Apparatus Fund	130,000	-
Debt Service Fund	<u>240,000</u>	<u>-</u>
 Total Governmental Funds	 441,524	 201,524
 Proprietary Fund, Country Club Fund	 <u>-</u>	 <u>240,000</u>
	<u>\$ 441,524</u>	<u>\$ 441,524</u>

The composition of interfund balances as of December 31, 2011 is as follows:

	Due To	Due From
General Fund	\$ -	\$ 15,000
Utility Fund	<u>15,000</u>	<u>-</u>
	<u>\$ 15,000</u>	<u>\$ 15,000</u>

Note 7. Long-Term Debt

At December 31, 2011, long-term debt consists of the following:

	Balance Outstanding December 31, 2010	Additions	Payments	Balance Outstanding December 31, 2011
Governmental activities:				
Pennsylvania Infrastructure Investment Authority Loan, initial issue of \$ 299,193, interest due monthly at 1.387%, principal payments due monthly through February 2026	\$ 237,224	\$ -	\$ 12,993	\$ 224,231

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

	Balance Outstanding December 31, 2010	Additions	Payments	Balance Outstanding December 31, 2011
Governmental activities (continued):				
General Obligation Notes, Series of 2007, in the initial amount of \$ 17,810,000, interest due semiannually at rates ranging from 4.200% to 4.700%, principal due annually through August 2046	\$ 17,700,000	\$ -	\$ 40,000	\$ 17,660,000
General Obligation Notes, Series 01 of 2008, in the initial amount of \$ 500,000, principal and interest due monthly at 3.730%, principal through July 2013. Of the total payment of \$ 261,194, \$ 173,226 was paid directly by the fire company	261,194	-	261,194	-
General Obligation Notes, Series A of 2009, in the initial amount of \$ 4,316,556, interest due semiannually at rates ranging from 1.000% to 4.100%, principal due annually through July 2024	<u>4,225,000</u>	<u>-</u>	<u>255,000</u>	<u>3,970,000</u>
Total governmental activities	<u>22,423,418</u>	<u>-</u>	<u>569,187</u>	<u>21,854,231</u>
Business-type activities:				
General Obligation Notes, Series of 2007, in the initial amount of \$ 21,380,000, interest due semiannually at rates ranging from 4.750% to 5.300%, principal due annually through July 2021	17,960,000	-	1,255,000	16,705,000

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

	Balance Outstanding December 31, 2010	Additions	Payments	Balance Outstanding December 31, 2011
Business-type activities (continued):				
General Obligation Notes, Series A of 2009, in the initial amount of \$ 12,358,444, interest due semiannually at rates ranging from 1.000% to 4.100%, principal due annually through July 2026	<u>\$ 12,355,000</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 12,345,000</u>
Total business-type activities	<u>30,315,000</u>	<u>-</u>	<u>1,265,000</u>	<u>29,050,000</u>
Total debt	<u>\$ 52,738,418</u>	<u>\$ -</u>	<u>\$ 1,834,187</u>	<u>\$ 50,904,231</u>

Aggregate maturities required on long-term debt at December 31, 2011 are as follows:

Governmental activities:

	Principal	Interest	Total Debt Service
2012	\$ 318,105	\$ 948,894	\$ 1,266,999
2013	323,473	941,414	1,264,887
2014	333,852	933,822	1,267,674
2015	339,241	924,558	1,263,799
2016	344,641	915,846	1,260,487
2017-2021	1,924,611	4,406,056	6,330,667
2022-2026	2,295,308	4,019,108	6,314,416
2027-2031	2,750,000	3,485,862	6,235,862
2032-2036	3,450,000	2,790,915	6,240,915
2037-2041	4,330,000	1,908,040	6,238,040
2042-2046	<u>5,445,000</u>	<u>791,245</u>	<u>6,236,245</u>
	<u>\$ 21,854,231</u>	<u>\$ 22,065,760</u>	<u>\$ 43,919,991</u>

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

Business-type activities:

	Principal	Interest	Total Debt Service
2012	\$ 1,330,000	\$ 1,361,537	\$ 2,691,537
2013	1,405,000	1,294,830	2,699,830
2014	1,475,000	1,223,795	2,698,795
2015	1,550,000	1,148,341	2,698,341
2016	1,630,000	1,067,587	2,697,587
2017-2021	9,590,000	4,043,325	13,633,325
2022-2026	<u>12,070,000</u>	<u>1,517,540</u>	<u>13,587,540</u>
	<u>\$ 29,050,000</u>	<u>\$ 11,656,955</u>	<u>\$ 40,706,955</u>

Substantially all of the Township's assets are pledged as collateral to the long-term debt.

Derivative financial instrument:

In 2005, the Township entered into a forward interest rate basis swap agreement with a financial institution in conjunction with its General Obligation Notes, Series of 2005. The financial institution is a floating rate payer based upon 67% of USD-LIBOR-BBA plus 20 basis points. The Township is a floating rate payer based upon the BMA Municipal Bond Index as published by Municipal Market Data (or its successor). The interest rate basis swap was transferred to the Township's General Obligation Note, Series of 2007.

The swap is an investment derivative. The fair value (liability) as of December 31, 2011 was as follows:

Notional Amount	Effective Date	Maturity Date	January 1, 2011, Beginning	Increase (Decrease)	December 31, 2011, Ending
\$ 16,705,000	February 15, 2005	July 15, 2021	\$ (278,694)	\$ (164,150)	\$ (114,544)

Through the use of derivatives, the Township is exposed to a variety of risks, including credit risk and interest rate risk.

Credit risk:

As of December 31, 2011, the Township was not exposed to credit risk because the swap had a negative fair value; however, should interest rates change and the fair value of the swap become positive, the Township would be exposed to credit risk in the amount of the derivative's fair value. As of December 31, 2011, the counterparty was rated Aa2 by Moody's Investors service and AA- by Standard & Poor's.

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

Derivative financial instrument (continued):

Basis risk:

The Township is exposed to basis risk under the 2007 basis swap to the extent that SIFMA trades at a greater than expected percentage of LIBOR for an extended period of time and/or in a high interest rate environment.

Termination risk:

The swap was issued pursuant to the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Township or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the Township will be responsible for the underlying variable rate bond obligation. Also, if at the time of termination the swap has a negative fair value, the Township would be liable to the counterparty for a payment equal to the swap's fair value.

Tax risk:

The Township is exposed to tax risk under the 2007 basis swap as the Township received a payment equal to 67% of LIBOR plus a Fixed Spread and makes a payment equal to 100% of SIFMA. As the relationship of SIFMA to LIBOR is based primarily on the benefit received by holders of tax-exempt debt, any change in the benefit of tax-exemption will result in a concurrent change of the benefit of the 2007 basis swap. Any decrease in marginal tax rates, or similar tax law changes, will negatively impact the cash flow benefit resulting from the 2007 basis swap. Alternatively, any increase in marginal tax rates will positively impact the cash flow benefit. There can be no assurances that marginal tax rates or the benefit of tax exemption on municipal bonds will not change during the life of the 2007 basis swap. In addition, as was discussed previously, tax risk and basis risk are increased as the level of interest rates rises, resulting in the possibility of larger negative (or positive) cash flows from the 2007 basis swap. Although no representation can be made in regards to future tax changes, the overall risk to the Township is reduced as the underlying Series 2007 Bonds amortize (and resulting amortization of the 2007 basis swap occurs) and is also mitigated as time elapses the present value cost of any negative tax changes is less in the future.

NOTES TO FINANCIAL STATEMENTS

Note 8. Fund Balance

Fund balances of the Township's governmental funds at December 31, 2011 consist of the following:

	Restricted	Committed	Unassigned	Total Fund Balance
Reported in:				
General Fund	<u>\$ 73,812</u>	<u>\$ 975,268</u>	<u>\$ 2,054,177</u>	<u>\$ 3,103,257</u>
Utility Fund	<u>-</u>	<u>-</u>	<u>(12,905)</u>	<u>(12,905)</u>
Other governmental funds:				
Fire protection	-	66,046	-	66,046
Detention pond/storm water maintenance	-	74,996	-	74,996
K-9 program	3,677	-	-	3,677
Parks	10,852	251,097	-	261,949
Public works, highways and streets	174,437	-	-	174,437
Debt service	-	373,769	-	373,769
Capital projects	<u>1,412,349</u>	<u>391,085</u>	<u>-</u>	<u>1,803,434</u>
	<u>1,601,315</u>	<u>1,156,993</u>	<u>-</u>	<u>2,758,308</u>
	<u>\$ 1,675,127</u>	<u>\$ 2,132,261</u>	<u>\$ 2,041,272</u>	<u>\$ 5,848,660</u>

Fund balance policy:

The Township established and will maintain reservations of fund balance in accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This policy applies to the Township's General Fund and all governmental funds. Fund balance is composed of nonspendable, restricted, committed, assigned and unassigned amounts.

Fund balance information is used to identify the available resources to repay long-term debt, reduce property taxes, add new governmental programs, expand existing programs or enhance the financial position of the Township in accordance with policies established by the Board of Supervisors.

Spending policy:

The Township's policy is to first use restricted fund balance when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

NOTES TO FINANCIAL STATEMENTS

Note 8. Fund Balance (Continued)

Spending policy (continued):

The Township's policy is to use unrestricted fund balance in the following order, committed, assigned and unassigned, when expenditure is incurred for purposes for which each of these fund balance classifications is available.

Minimum fund balance policy:

The Township has not formally adopted a minimum fund balance policy.

Committed fund balance:

The Board of Supervisors is the Township's highest level of decision-making authority. The Township has not formally adopted a policy as to the formal action that is required to be taken to establish, modify or rescind a fund balance commitment.

Assigned fund balance:

The Township has not formally adopted a policy regarding the body or official authorized to assign amounts to a specific purpose and the policy established by the governing body pursuant to which that authorization is given.

Reservations of fund balance:

Restricted - General Fund:

The Township's restricted fund balance in the General Fund consists of contributions from third parties and funds held which are restricted to be used on specific expenditures.

Restricted - Other governmental funds:

The Township hereby establishes the following restricted fund balance reserves in the other governmental funds:

K-9 Program Reserve - The Township's restricted fund balance in the K-9 Fund consists of contributions from third parties which are restricted for Exeter Police K-9 Unit expenses.

Park Improvement Reserve - The Township's restricted fund balance in the Park Improvement Fund consists of unspent grant funds which are restricted for park improvements.

NOTES TO FINANCIAL STATEMENTS

Note 8. Fund Balance (Continued)

Reservations of fund balance (continued):

Restricted - Other governmental funds (continued):

Highways and Streets Reserve - the Township's restricted fund balance in the State Highway Aid Fund consists of proceeds from the State Motor License Fund accounted for in the State Liquid Fuels Highway Aid Fund. Expenditure of these funds is legally restricted to expenditures for highway purposes in accordance with Department of Transportation regulations.

Capital Project Reserves - the Township's restricted fund balances in the Capital Improvement Fund and the Golf Acquisition Fund consist of unspent bond proceeds which are restricted for specific capital projects. The Township's restricted fund balance in the Traffic Improvement Fund consists of unspent grant funds and contributions from third parties restricted for expenditures for traffic improvements.

Committed - General Fund:

The Township's committed fund balance in the General Fund consists of an amount to be used for tree replacement as approved by the Board of Supervisors, a balance to be held for Rate Stabilization related to the Township's swap, as set forth by Township Ordinance and contract commitments.

Committed - Utility Fund:

The Township's committed fund balance in the Utility Fund, as set forth by Township ordinance, consists of funds to be used for public street lighting and fire hydrant services. Revenues are generated from assessments collected from Township residents. At December 31, 2011, this fund balance is a deficit; therefore, the amount is reported as unassigned fund balance.

Committed - Other governmental funds:

The Township hereby establishes the following committed fund balance reserves in the other governmental funds:

Fire Protection Reserve - is committed by the Township Board of Supervisors as set forth in the annual budget and any amendments thereto to provide funds for support of the volunteer fire department and is generated from the .505 mill assessment received from Township residents.

Detention Pond/Storm Water Reserve - is committed by the Township Board of Supervisors, as set forth by Township Ordinance, to provide funds for the maintenance of detention ponds and storm water systems within the Township.

NOTES TO FINANCIAL STATEMENTS

Note 8. Fund Balance (Continued)

Reservations of fund balance (continued):

Committed - Other governmental funds (continued):

Park Improvement Reserve - is committed by the Township Board of Supervisors, as set forth by Township Ordinance, to collect certain fees to be used for park improvement projects within the Township.

Capital Project Reserves - the Township's committed fund balances in the Capital Expenditure Fund and Apparatus Fund are committed by the Township Board of Supervisors as set forth in the annual budget and any amendments thereto to provide funds for capital projects.

Debt Service Reserve - is committed by the Township Board of Supervisors as set forth in the annual budget and any amendments thereto to provide funds for the repayment of principal and interest on Township debt.

Disbursement of fund balance reserves:

No formal policy has been adopted by the Township regarding disbursement of funds within the fund balance reserves; however, disbursement is approved by the Board of Supervisors by inclusion in the approved annual budget and amendments thereto.

Annual review and determination of fund balance reserve amounts:

Compliance with the provisions of this policy shall be reviewed as a part of the annual budget adoption process and the amounts of nonspendable, restricted, committed, assigned and the minimum level of unassigned fund balance shall be determined during this process.

Note 9. Pension Plans

The Township administers and contributes to two defined benefit pension plans: the Exeter Township Police Pension Plan and the Exeter Township Employees' Pension Plan. The assets of the plans are invested separately, and each plan's assets may be used only for the payment of benefits to the members of that plan, in accordance with the terms of the plan.

Valuation of investments:

All investments of the pension plans are reported at fair value based on quoted market values.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

Plan description and funding policy:

Exeter Township Police Pension Plan:

Plan description:

The Exeter Township Police Pension Plan (the "Police Plan") provides retirement benefits, as well as death and disability benefits. All benefits vest after 12 years of service. Employees who retire at or after age 50 with 25 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50% of their average monthly pay, plus a service increment equal to \$ 50 per year of service in excess of 25 years of service, up to a maximum service increment of \$ 100 per month. Average monthly pay is based upon the last 36 months of employment. An option for early retirement is available for employees after completion of 20 years of service.

Contributions:

Active, covered employees are required to contribute to the Police Plan. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Police Plan. The current rate is 15.3% of annual covered payroll. Employees currently contribute to the Police Plan at a rate of 8.0% of their compensation for 2011. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

Exeter Township Employees' Pension Plan:

Plan description:

The Exeter Township Employees' Pension Plan (the "Employees' Plan") provides retirement benefits, as well as death and disability benefits. All benefits vest at 100% after five years of service. Employees who retire at or after age 62 and completion of five years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.75% of average monthly pay multiplied by the number of years of service. If a member was a participant prior to December 31, 1995, an additional monthly benefit is payable of \$ 10 multiplied by the number of years of service as of December 31, 1995. Average monthly pay is based upon the employee's last 36 months of W-2 earnings excluding unused vacation, sick and personal days. An option for early retirement is available for employees who reach the age of 55 and have completed 15 years of service.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

Plan description and funding policy (continued):

Exeter Township Employees' Pension Plan (continued):

Contributions:

Active, covered employees are required to contribute to the Employees' Plan. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Employees' Plan. The current rate is 7.9% of annual covered payroll. Member contributions are currently suspended. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

Annual pension cost and net pension obligation (asset):

The Township's annual pension cost and net pension obligation (asset) to the pension plans for the current year are as follows:

	Police Plan	Employees' Plan
Annual required contribution	\$ 447,195	\$ 107,469
Adjustment to annual required contribution	-	-
Annual pension cost	447,195	107,469
Contributions made	447,195	107,469
Change in net pension obligation (asset)	-	-
Net pension obligation (asset), beginning of year	-	-
Net pension obligation (asset), end of year	\$ -	\$ -

Exeter Township Police Pension Plan:

The annual required contribution for the current year was determined as part of the January 1, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return and (b) a salary scale of 5%. Provisions for administrative expenses are added to normal cost. The assumptions included postretirement mortality, preretirement mortality, disability, percent married and withdrawal provisions. Retirement is based upon normal retirement age. Annual investment gain (excess of actual investment income, including realized and unrealized appreciation over expected investment income) or loss is recognized over a five-year period. In no event is the actuarial value of assets allowed to be greater than 120% or less than 80% of market value.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

Annual pension cost and net pension obligation (asset) (continued):

Exeter Township Police Pension Plan (continued):

Three-year trend information:

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
12/31/09	\$ 254,354	100%	\$ -
12/31/10	\$ 268,564	100%	\$ -
12/31/11	\$ 447,195	100%	\$ -

Exeter Township Employees' Pension Plan:

The annual required contribution for the current year was determined as part of the January 1, 2011 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.75% investment rate of return and (b) a salary scale of 5%. Provisions for administrative expenses are added to normal cost. The assumptions included postretirement mortality, preretirement mortality, disability, percent married and withdrawal provisions. Retirement is based upon normal retirement age. Annual investment gain (excess of actual investment income, including realized and unrealized appreciation over expected investment income) or loss is recognized over a five-year period. In no event is the actuarial value of assets allowed to be greater than 120% or less than 80% of market value.

Three-year trend information:

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
12/31/09	\$ 100,572	100%	\$ -
12/31/10	\$ 102,880	100%	\$ -
12/31/11	\$ 107,469	100%	\$ -

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

Funded status and funding progress:

The funded status of Exeter Township's Police Pension Plan as of January 1, 2011, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Underfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
\$ 9,759,266	\$ 11,371,131	\$ 1,611,865	86%	\$ 2,552,468	63%

The funded status of Exeter Township's Employees' Pension Plan as of January 1, 2011, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Underfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
\$ 787,611	\$ 1,320,042	\$ 532,431	60%	\$ 546,007	98%

The Schedules of Funding Progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. The information about the funded status is prepared using the entry age normal actuarial cost method.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plans (Continued)

Plan membership:

Membership in the pension plans as of January 1, 2011, the most recent actuarial valuation date, is comprised of the following:

	Police Plan	Employees' Plan
Active employees	29	8
Retirees and beneficiaries currently receiving benefits	11	4
Terminated employees entitled to benefits, but not yet receiving benefits	<u>1</u>	<u>4</u>
	<u>41</u>	<u>16</u>

Note 10. Central Pennsylvania Teamsters Pension Fund

The Township contributes to the Central Pennsylvania Teamsters Pension Fund, a union-sponsored, multi-employer retirement plan in accordance with negotiated labor contracts. The plan covers all of the Township's eligible union employees. Contributions to the plan are based on varying rates for hours worked by the employees. Contributions totaled \$ 177,600 for the year ended December 31, 2011.

Governmental regulations impose certain requirements relative to multi-employer plans. In the event of plan termination or employer withdrawal, an employer may be liable for a portion of the plan's unfunded vested benefits. The Township has not received information from the plan's administrators to determine its share of unfunded vested benefits. The Township does not anticipate withdrawal from the plan, nor is the Township aware of any expected plan termination.

Note 11. Post-Employment Benefits Other than Pensions

Plan descriptions:

The Township sponsors a post-employment benefits plan that covers health and life insurance benefits for eligible retirees. Groups of retirees that are eligible for these benefits are police, teamsters and management. The plan does not issue a publicly available financial report. Benefit provisions are established and amended through negotiations between the Township and the respective union.

NOTES TO FINANCIAL STATEMENTS

Note 11. Post-Employment Benefits Other than Pensions (Continued)

Funding policy and annual OPEB cost:

The Township currently funds OPEB costs as they occur. For 2011, the Township's estimated contribution to the plan was \$ 69,434 for current premiums, including the implicit rate study.

The Township's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The Township's annual OPEB cost for the current year and the related information for each plan are as follows:

Annual required contribution (ARC)	\$ 842,145
Interest on net OPEB obligation	75,862
Adjustment to the annual required contribution	<u>(103,495)</u>
Annual OPEB cost	814,512
Contributions made	<u>(69,434)</u>
Increase in net OPEB obligation	745,078
Net OPEB obligation, beginning of year	<u>1,685,827</u>
Net OPEB obligation, end of year	<u>\$ 2,430,905</u>

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for each of the plans were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	\$ 654,473	11%	\$ 1,145,822
12/31/2010	645,145	16	1,685,827
12/31/2011	814,512	9	2,430,905

NOTES TO FINANCIAL STATEMENTS

Note 11. Post-Employment Benefits Other than Pensions (Continued)

Funded status and funding progress:

The funded status of the plan as of January 1, 2011, the most recent actuarial valuation, was as follows:

Actuarial present value at attained age (APVAA):	
Active members	\$ 11,666,727
Retired members	<u>1,100,114</u>
Total APVAA	<u>\$ 12,766,841</u>
Actuarial accrued liability (AAL):	
Active members	\$ 6,107,089
Retired members	<u>1,100,114</u>
Total AAL	<u>\$ 7,207,203</u>
Actuarial value of assets (AVA)	<u>\$ -</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 7,207,203</u>
Funded ratio	- %
Covered payroll	<u>\$ 4,995,780</u>
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	144%
Annual required contribution (ARC):	
Normal cost	\$ 399,684
30-year amortization of UAAL	<u>442,461</u>
Total ARC	<u>\$ 842,145</u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required Schedules of Funding Progress presented as supplementary information provide multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

NOTES TO FINANCIAL STATEMENTS

Note 11. Post-Employment Benefits Other than Pensions (Continued)

Actuarial methods and assumptions:

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Township and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

Actuarial valuation date	January 1, 2011
Actuarial cost method	Entry age normal
Amortization method	Level dollar method
Remaining amortization period	30-year closed period
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.50% per annum
Projected salary increases	5.00% per annum
Healthcare inflation rate	Declining scale from 8% in 2011, decreasing by .5% each year to 5.5% in 2016.

Note 12. Exeter Township Tax Increment Financing District

In March 2008, the Township, along with the County of Berks and the Exeter Township School District, entered into a Cooperation Agreement with the Berks County Industrial Development Authority (the "Authority"). The Authority has prepared a Tax Increment Financing (TIF) Plan referred to as the Exeter Township TIF District. The agreement sets forth the terms by which Tax Increment Revenues shall be raised from the Exeter Township TIF District and the means of financing, monitoring and directing the implementation of the TIF plan.

NOTES TO FINANCIAL STATEMENTS

Note 12. Exeter Township Tax Increment Financing District (Continued)

Under the terms of this agreement, the taxing bodies (the Township, the County of Berks and the Exeter Township School District) will remit their respective share of the positive real estate tax increments to the Authority. The Authority will deposit these funds into the Tax Increment Fund established for this project and use these funds for repayment of debt service incurred in connection with the project. The Exeter Township TIF District began on December 1, 2007 and has a term of 20 years.

In 2011, the Township remitted \$ 55,121 to the Authority. This amount represents less than 2% of total real estate taxes collected by the Township.

At December 31, 2011, the outstanding balance was \$ 5,812,000. The Township has guaranteed the Series of 2008 Tax Incremental Financing Revenue Note issued by the Authority.

Note 13. Deficit Fund Equity

The Utility Fund has deficit fund equity of \$ 12,905 as of December 31, 2011. The Fund has incurred the deficit due to expenditures in excess of revenues for street lighting and repairs incurred in that Fund. The Township plans to eliminate this deficit through revenues from assessments.

Note 14. Change in Accounting Method

On January 1, 2011, the Township changed its application of the modified cash basis of accounting to exclude certain deferred charges and liabilities on the entity-wide statements. The January 1, 2011 net assets were restated for this change as follows:

	Governmental Activities	Business-type Activities
Net assets, December 31, 2010, as previously reported	\$ (18,421,155)	\$ (16,400,752)
To remove deferred charges	(479,344)	(462,178)
To remove accrued interest payable	401,100	652,890
To remove bond premium payable	-	160,312
To remove long-term liabilities	<u>24,387,939</u>	<u>30,315,000</u>
 Net assets, December 31, 2010, as adjusted	 <u>\$ 5,888,540</u>	 <u>\$ 14,265,272</u>

NOTES TO FINANCIAL STATEMENTS

Note 15. Commitments and Contingencies

Commitments:

Capital projects:

The Township is committed to make payments on various capital construction projects in the approximate amount of \$ 942,000 at December 31, 2011.

Sewer system management:

The Township entered into an agreement with Exeter Township, Berks County, Authority for the management of Exeter Township's sewer system. Under the terms of the agreement, payments of up to \$ 60,000 from Exeter Township are due the Authority in semiannual payments of \$ 30,000 for administrative expenses through 2022, when the management agreement dated July 15, 2002 expires. For the year ended December 31, 2011, \$ 40,000 was paid to the Authority under this agreement.

Contingencies:

Litigation:

The Township is a defendant in lawsuits that have been referred to the lawyers who represent the Township's insurance carrier. While it is not feasible to determine the outcome of these matters, in the opinion of management, any total ultimate liability would not have a material effect on the Township's financial position.

Concentration of labor:

The Township entered into a collective bargaining agreement with the Police Officers Association, effective January 1, 2005 through December 31, 2009. The Police Officers Association did not request collective bargaining, so the terms and conditions of the agreement became operative for an additional four-year period commencing January 1, 2010 through December 31, 2013. The Township also entered into a collective bargaining agreement with nonuniform employees, effective January 1, 2010 through December 31, 2012. Of the Township's total workforce, 40% is covered by the agreement with the police officers and 49% is covered by the agreement with the nonuniform employees.

Note 16. Subsequent Events

The Township has evaluated subsequent events through July 5, 2012. This date is the date the financial statements were available to be issued. No material events subsequent to December 31, 2011 were noted.

EXETER TOWNSHIP

SCHEDULES OF FUNDING PROGRESS

Exeter Township Police Pension Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Underfunded AAL UAAL (b-a)	Funded Ratio (a/b)
January 1, 2007	\$ 8,255,119	\$ 8,410,658	\$ 155,539	98.2%
January 1, 2009	8,211,475	10,186,585	1,975,110	80.6
January 1, 2011	9,759,266	11,371,131	1,611,865	85.8

Exeter Township Employees' Pension Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Underfunded AAL UAAL (b-a)	Funded Ratio (a/b)
January 1, 2007	\$ 416,016	\$ 957,043	\$ 541,027	43.5%
January 1, 2009	566,223	1,081,790	515,567	52.3
January 1, 2011	787,611	1,320,042	532,431	59.7

Exeter Township Post-Employment Benefits Other than Pensions:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Underfunded AAL UAAL (b-a)	Funded Ratio (a/b)
January 1, 2008	\$ -	\$ 5,314,263	\$ 5,314,263	- %
January 1, 2011	-	7,207,203	7,207,203	-

Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
\$ 2,323,358	6.7%
2,538,835	77.8
2,552,468	63.1

Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
\$ 468,822	115.4%
535,326	96.3
546,007	97.5

Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
\$ 4,718,187	113.0%
4,995,780	144.0

EXETER TOWNSHIP

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND**

Year Ended December 31, 2011

	- - - - Budgeted Amounts - - - -		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes:				
Real estate	\$ 2,176,000	\$ 2,176,000	\$ 2,182,538	\$ 6,538
Real estate transfer	400,000	400,000	298,519	(101,481)
Per capita	71,500	71,500	71,996	496
Earned income	3,200,000	3,200,000	3,266,915	66,915
Local services	300,000	300,000	311,700	11,700
Business privilege	400,000	400,000	408,517	8,517
Licenses and permits	308,900	308,900	409,710	100,810
Fines and forfeits	182,000	182,000	127,643	(54,357)
Interest and rents	60,000	60,000	71,556	11,556
Intergovernmental revenues	817,926	817,926	1,462,309	644,383
Charges for services	1,185,920	1,185,920	1,156,425	(29,495)
Miscellaneous	75,000	75,000	280,900	205,900
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	9,177,246	9,177,246	10,048,728	871,482
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current:				
General government	766,836	766,836	707,375	59,461
Public safety	5,021,682	5,021,682	5,236,047	(214,365)
Health and human services	31,300	31,300	38,797	(7,497)
Public works - sanitation	300,000	300,000	298,987	1,013
Public works - highways and street:	1,721,776	1,721,776	1,712,264	9,512
Culture and recreation	569,685	569,685	551,542	18,143
Community development	50,000	50,000	39,648	10,352
Debt service:				
Principal	-	-	267,992	(267,992)
Interest	403,851	403,851	114,784	289,067
Benefits	94,425	94,425	106,889	(12,464)
Property and casualty insurance	166,800	166,800	148,680	18,120
Capital outlay	205,269	205,269	163,597	41,672
Miscellaneous	160,500	160,500	290,639	(130,139)
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	9,492,124	9,492,124	9,677,241	(185,117)
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(314,878)	(314,878)	371,487	686,365
	<hr/>	<hr/>	<hr/>	<hr/>

EXETER TOWNSHIP

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS (CONTINUED)
GENERAL FUND
Year Ended December 31, 2011

	- - - - Budgeted Amounts - - - -		Actual	Variance with
	Original	Final	Amounts	Final Budget
OTHER FINANCING SOURCES				
(USES)				
Transfers in	\$ 56,824	\$ 56,824	\$ 1,455	\$ (55,369)
Transfers out	-	-	(70,069)	(70,069)
Sale of assets	-	-	2,291	2,291
	56,824	56,824	(66,323)	(123,147)
Total other financing sources (uses)	56,824	56,824	(66,323)	(123,147)
Net change in fund balance	\$ (258,054)	\$ (258,054)	305,164	\$ 563,218
Fund balance, beginning of year			2,798,093	
Fund balance, end of year			\$ 3,103,257	

See Note to Budgetary Comparison Schedules.

EXETER TOWNSHIP

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
UTILITY FUND
Year Ended December 31, 2011**

	----- Budgeted Amounts -----		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes, real estate	\$ 199,300	\$ 199,300	\$ 203,050	\$ 3,750
Interest and rents	750	750	637	(113)
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	200,050	200,050	203,687	3,637
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current:				
Public safety	102,000	102,000	89,968	12,032
Public works - highway and streets	90,000	90,000	148,928	(58,928)
Community development	-	-	2,176	(2,176)
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	192,000	192,000	241,072	(49,072)
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	8,050	8,050	(37,385)	(45,435)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	\$ 8,050	\$ 8,050	(37,385)	\$ (45,435)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year			24,480	
			<hr/>	
Fund balance (deficit), end of year			\$ (12,905)	
			<hr/>	

See Note to Budgetary Comparison Schedules.

EXETER TOWNSHIP

NOTE TO BUDGETARY COMPARISON SCHEDULES

Note 1. Budget Matters

The Board of Supervisors annually adopts the budget for the General, Utility, Fire, Park Improvement, State Liquid Fuels Highway Aid, Capital Expenditure, Capital Improvement, Golf Acquisition, Apparatus, Traffic Improvement, Debt Service and Sewer and Country Club Funds. Budgetary control is legally maintained at the fund level.

The Second Class Township Code provides for the modification of the budget and supplemental appropriations and transfers.

Appropriations, except open project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year.

The budget is prepared on the same modified cash basis of accounting as applied to the governmental funds in the basic financial statements.

EXETER TOWNSHIP

COMBINING STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS
OTHER GOVERNMENTAL FUNDS
December 31, 2011

ASSETS	----- Special Revenue Funds -----					----- Capital Project Funds -----					Debt Service Fund	Total Other Governmental Funds
	Fire	Detention Pond/ Storm Water	K-9	Park Improvement	State Liquid Fuels Highway Aid	Capital Expenditure	Capital Improvement	Golf Acquisition	Apparatus	Traffic Improvement		
Cash:												
Unrestricted	\$ 66,046	\$ 74,996	\$ -	\$ 251,097	\$ -	\$ 290,774	\$ -	\$ -	\$ 100,311	\$ -	\$ -	\$ 783,224
Restricted	-	-	3,677	10,852	174,437	-	361,585	845,879	-	204,885	373,769	1,975,084
Total assets	<u>\$ 66,046</u>	<u>\$ 74,996</u>	<u>\$ 3,677</u>	<u>\$ 261,949</u>	<u>\$ 174,437</u>	<u>\$ 290,774</u>	<u>\$ 361,585</u>	<u>\$ 845,879</u>	<u>\$ 100,311</u>	<u>\$ 204,885</u>	<u>\$ 373,769</u>	<u>\$ 2,758,308</u>
FUND BALANCES												
Restricted	\$ -	\$ -	\$ 3,677	\$ 10,852	\$ 174,437	\$ -	\$ 361,585	\$ 845,879	\$ -	\$ 204,885	\$ -	\$ 1,601,315
Committed	66,046	74,996	-	251,097	-	290,774	-	-	100,311	-	373,769	1,156,993
Total fund balances	<u>\$ 66,046</u>	<u>\$ 74,996</u>	<u>\$ 3,677</u>	<u>\$ 261,949</u>	<u>\$ 174,437</u>	<u>\$ 290,774</u>	<u>\$ 361,585</u>	<u>\$ 845,879</u>	<u>\$ 100,311</u>	<u>\$ 204,885</u>	<u>\$ 373,769</u>	<u>\$ 2,758,308</u>

See Notes to Financial Statements.

EXETER TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
OTHER GOVERNMENTAL FUNDS
Year Ended December 31, 2011

	----- Special Revenue Funds -----					----- Capital Project Funds -----					Debt Service Fund	Total Other Governmental Funds
	Fire	Detention Pond/ Storm Water	K-9	Park Improvement	State Liquid Fuels Highway Aid	Capital Expenditure	Capital Improvement	Golf Acquisition	Apparatus	Traffic Improvement		
REVENUES												
Taxes, real estate	\$ 637,042	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 698,426	\$ 1,335,468
Interest and rents	1,168	970	57	3,695	4,798	40,759	6,948	12,303	509	3,819	-	75,026
Intergovernmental revenues	30,600	-	-	33,800	543,438	-	70,000	-	11,854	-	-	689,692
Charges for services	-	-	-	19,474	-	-	-	-	-	-	-	19,474
Miscellaneous	-	9,157	250	-	-	100	33,038	-	-	-	-	42,545
Total revenues	668,810	10,127	307	56,969	548,236	40,859	109,986	12,303	12,363	3,819	698,426	2,162,205
EXPENDITURES												
Current:												
General government	-	2,276	-	-	-	-	-	-	-	-	-	2,276
Public safety	502,007	-	-	-	-	-	-	-	-	-	-	502,007
Public works - highways and streets	-	-	-	-	79,711	-	-	-	-	108,958	-	188,669
Culture and recreation	-	-	-	120,246	-	-	-	29	-	-	-	120,275
Community development	-	-	-	-	-	-	-	-	-	-	13,297	13,297
Debt service:												
Principal	-	-	-	-	-	-	-	-	87,968	-	40,000	127,968
Interest	-	-	-	-	-	-	-	-	6,328	-	819,648	825,976
Benefits	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	453,466	32,196	386,938	125,087	-	-	-	997,687
Miscellaneous	-	-	-	-	-	-	-	-	-	-	323	323
Total expenditures	502,007	2,276	-	120,246	533,177	32,196	386,938	125,116	94,296	108,958	873,268	2,778,478
Excess (deficiency) of revenues over (under) expenditures	166,803	7,851	307	(63,277)	15,059	8,663	(276,952)	(112,813)	(81,933)	(105,139)	(174,842)	(616,273)
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	-	-	70,069	-	-	130,000	-	240,000	440,069
Transfers out	(130,000)	-	(1,455)	-	-	-	-	-	-	-	-	(131,455)
Total other financing sources (uses)	(130,000)	-	(1,455)	-	-	70,069	-	-	130,000	-	240,000	308,614
Net change in fund balances	36,803	7,851	(1,148)	(63,277)	15,059	78,732	(276,952)	(112,813)	48,067	(105,139)	65,158	(307,659)
Fund balances, beginning of year	29,243	67,145	4,825	325,226	159,378	212,042	638,537	958,692	52,244	310,024	308,611	3,065,967
Fund balances, end of year	\$ 66,046	\$ 74,996	\$ 3,677	\$ 261,949	\$ 174,437	\$ 290,774	\$ 361,585	\$ 845,879	\$ 100,311	\$ 204,885	\$ 373,769	\$ 2,758,308

See Notes to Financial Statements.