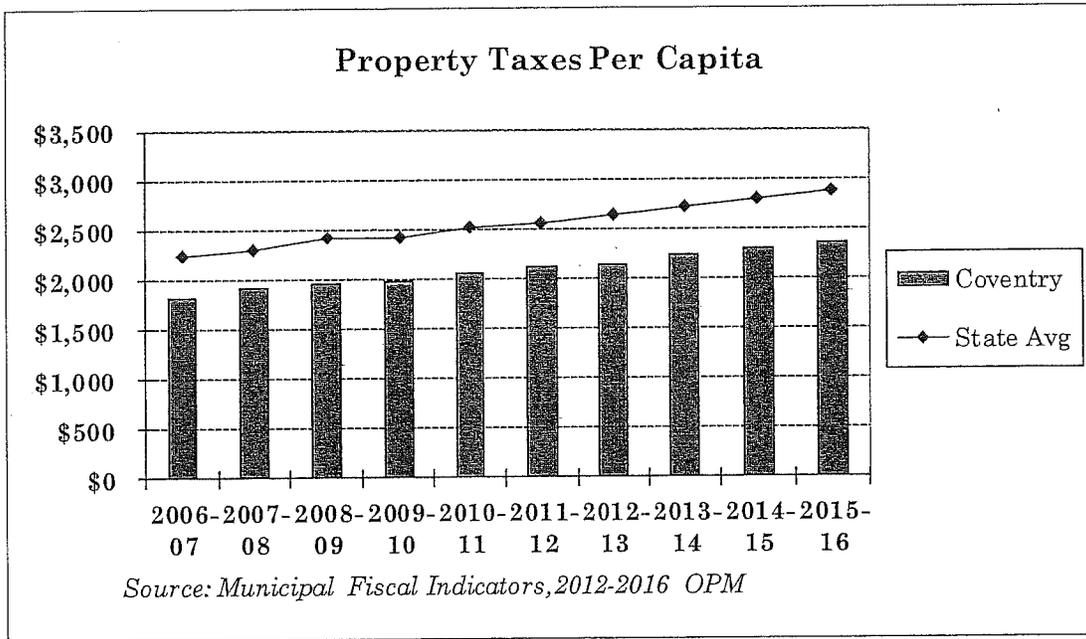


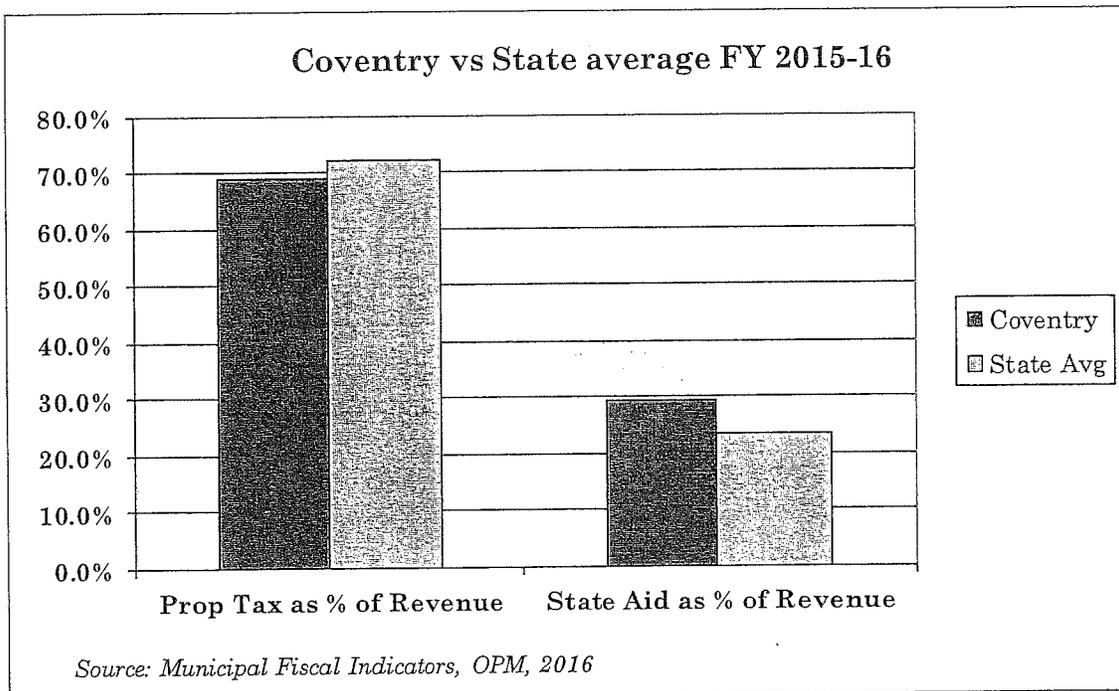
# Revenues

**This page intentionally left blank.**

# Revenues – General Government



Coventry continues to remain below the state average in per capita taxes, ranking 122 out of the 169 Connecticut towns and cities. Coventry's per capita property taxes are 81.7% of (or \$524 less than) the average in Connecticut.

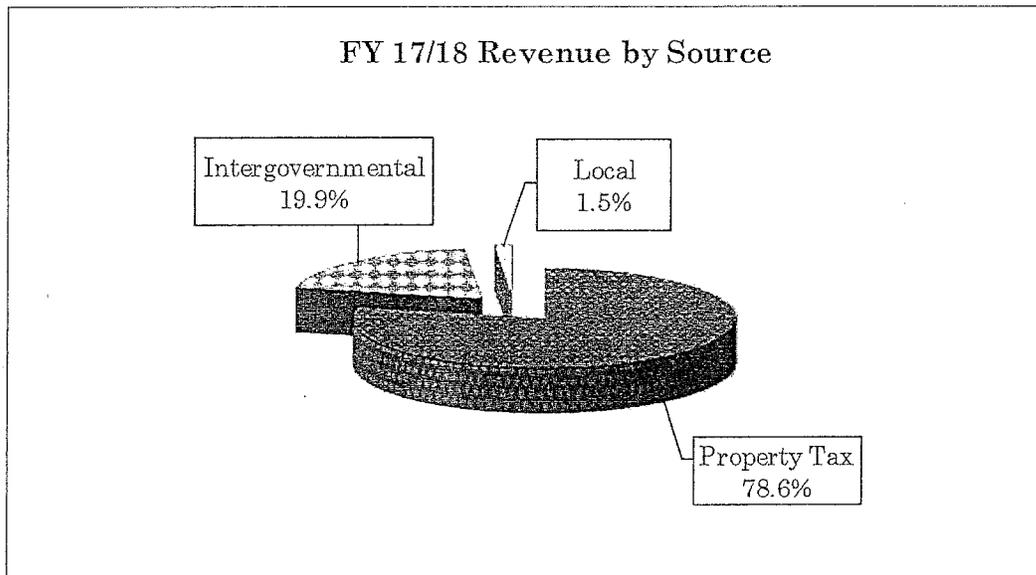


The Town receives more state aid than the state-wide average. In 2016 Coventry received 29.5% of our annual revenue from intergovernmental sources compared to the statewide average of 23.3%.

## Revenues

The expenditures proposed in the fiscal year 2018/2019 budget will require revenues equaling \$40,837,730. These revenues will be generated from local property taxes, intergovernmental grants, and other local revenues:

Source	Adopted Budget FY 17-18	Requested FY 17-18	Inc/Dec	% Change
<b>Property Tax</b>				
Current Taxes	\$ 29,965,263	\$ 31,359,645	\$ 1,394,382	4.7%
Delinquent Taxes	250,000	260,000	10,000	4.0%
Interest & Penalties	200,000	190,000	(10,000)	-5.0%
Suppl. MV	250,000	300,000	50,000	20.0%
<i>Subtotal</i>	<u>30,665,263</u>	<u>32,109,645</u>	<u>1,444,382</u>	<u>4.7%</u>
<b>Intergovernmental</b>				
Sewer Assessment	435,722	519,844	84,122	19.3%
State - Education	8,329,201	7,412,581	(916,620)	-11.0%
State - Gen Govt	256,788	186,210	(70,578)	-27.5%
<i>Subtotal</i>	<u>9,021,711</u>	<u>8,118,635</u>	<u>(903,076)</u>	<u>-10.0%</u>
<b>Other Local Revenues</b>	<u>627,001</u>	<u>609,450</u>	<u>(17,551)</u>	<u>-2.8%</u>
<b>TOTAL REVENUES</b>	<u>\$ 40,313,975</u>	<u>\$ 40,837,730</u>	<u>\$ 523,755</u>	<u>1.3%</u>



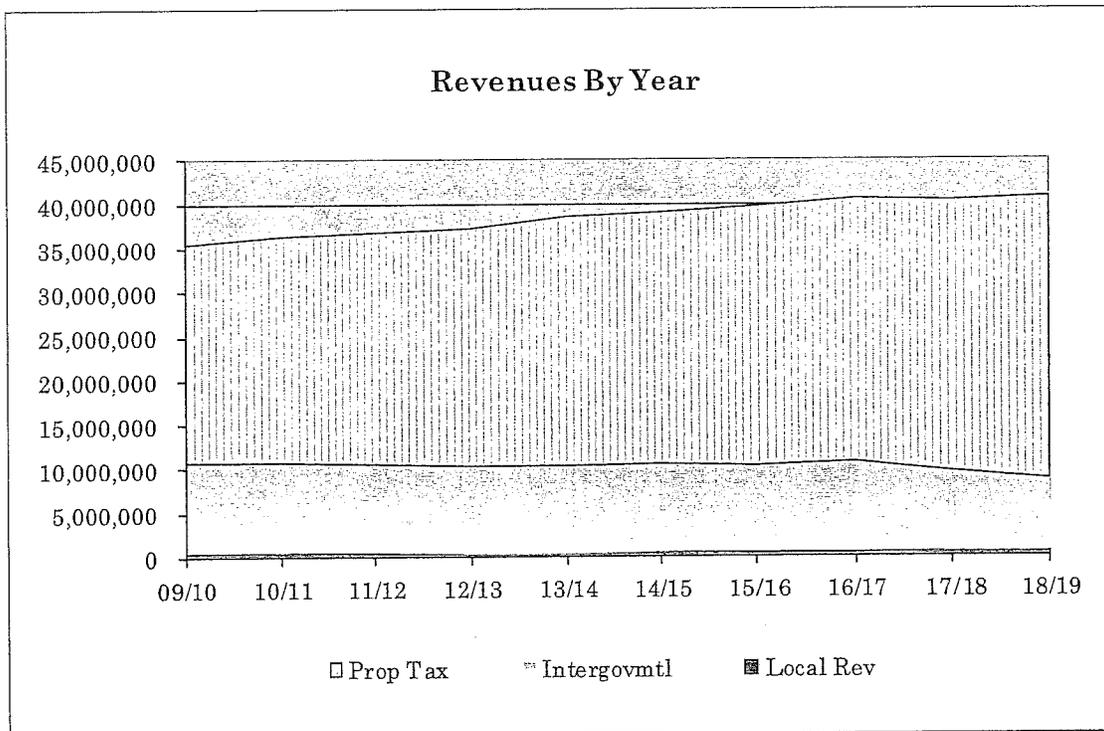
## Property Taxes

The property tax is the major revenue source for local governments in Connecticut and makes up 78.6% of General Fund revenue for Coventry. The adjusted Real and Personal Net Valuation (Grand List) on October 1, 2017 amounted to 965,961,835, an increase of 1.47% from the preceding year.

Using an average collection rate of 98.71%, one mil will now raise \$953,453 of taxes. The budget as proposed requires a mil rate of 32.89, an increase of 0.89 mils, or 2.78%, from the approved FY 17-18 rate. The increase in mil rate is primarily attributable to the decrease in intergovernmental revenue received from the State of Connecticut. In total, Intergovernmental Revenue decreased \$987,198 in comparison to the prior year, which equates to 1.04 mils in Coventry.

The chart below illustrates how the proposed mil rate would affect houses of differing assessed values. Assessed value is 70% of October 1, 2017 fair market value. It is estimated that the median house in Coventry is now assessed at \$144,900. This means that half the properties are above this point and half are below:

Market Value	Assessed Value	FY 17/18		FY 18/19		Annual Increase	Monthly Increase
		Monthly	Annually	Monthly	Annually		
100,000	70,000	186.67	2,240	191.86	2,302	62	5.19
125,000	87,500	233.33	2,800	239.82	2,878	78	6.49
150,000	105,000	280.00	3,360	287.79	3,453	93	7.79
175,000	122,500	326.67	3,920	335.75	4,029	109	9.09
200,000	140,000	373.33	4,480	383.72	4,605	125	10.38
207,000	144,900	386.40	4,637	397.15	4,766	129	10.75
250,000	175,000	466.67	5,600	479.65	5,756	156	12.98
275,000	192,500	513.33	6,160	527.61	6,331	171	14.28
300,000	210,000	560.00	6,720	575.58	6,907	187	15.57
325,000	227,500	606.67	7,280	623.54	7,482	202	16.87



## **Intergovernmental Revenues**

Intergovernmental revenues are the second largest source of revenues for Coventry. Fiscal Year 18/19 shows a decrease in total State Aid of \$987,198 and an increase in Sewer Assessments of \$84,122 when compared to the previous year. Estimates pertaining to State aid were taken from the Governor's proposed amended State budget released in February 2018. The chart on the previous page illustrates the trends for all revenue sources. State Aid changes from year to year depending upon the climate at the State Capitol. This year State Aid for Education is projected to be \$7,412,581.

Sewer Assessments are the payment from the Sewer Assessment Fund to cover the scheduled sewer debt service payments. Starting in fiscal year 17/18 the Sewer Operation Fund also began contributing to the sewer debt service payments. For fiscal year 18/19 the Sewer Operating Fund has committed to a contribution of \$45,000.

## **Reserves and Transfers**

This budget does not propose a transfer of any funds from fund balance to offset fiscal year 18/19 expenditures. Fund balance is essential to maintain cash flow and maintain a good credit rating. Council policy sets a target of 15% for unassigned fund balance. Council policy states that "the undesignated fund balance will not be utilized to offset tax increases if the balance is less than 15%". Fiscal year 16/17 saw an increase in unassigned fund balance from \$4,814,513 (FY 2015/16) to \$5,343,224 (FY 2016/2017). As a percentage of adopted fiscal year 2017-2018 budget appropriation, the balance is now 13.3% (an increase from 11.9% in the prior year). No recommendation is being made to use fund balance as an offset to tax revenue. Bond rating agencies look at fund balance, and other factors, when rating a municipality's credit worthiness. Please see the Appendix for this calculation.

## **Other Local Revenues**

Other Local Revenues consist of a variety of fees for permits and services and interest earnings. This source of revenue is expected to decrease by \$17,551 and is 1.5% of the overall revenue estimates. The decrease is primarily due to a decrease in special duty revenue. The Building Department continues to issue permits for new construction and renovations, and the Town Clerk reports steady real estate conveyance revenue. Investment income shows an increase in anticipation of rising rates.

## Three Year Revenue Comparison

Below is a three-year revenue comparison showing taxes, intergovernmental and local sources of revenue.

	<u>Actual</u> FY 16-17	<u>Estimated</u> FY 17-18	<u>Proposed</u> FY 18-19
<b>Property Tax</b>			
Current Taxes	\$ 29,213,149	\$ 29,213,149	\$ 31,359,645
Delinquent Taxes	273,208	300,000	260,000
Interest & Penalties	181,103	200,000	190,000
Sup. Motor Veh.	333,700	370,000	300,000
<i>Subtotal</i>	<u>30,001,160</u>	<u>30,083,149</u>	<u>32,109,645</u>
<b>Intergovernmental</b>			
Sewer Assessment	555,127	495,722	519,844
State - Education	8,821,861	7,612,278	7,412,581
State - Gen Govt	428,134	211,376	186,210
<i>Subtotal</i>	<u>9,805,122</u>	<u>8,319,376</u>	<u>8,118,635</u>
<b>Other Local</b>	<u>689,785</u>	<u>627,001</u>	<u>609,450</u>
<b>General Fund Total</b>	<u>\$ 40,496,067</u>	<u>\$ 39,029,526</u>	<u>\$ 40,837,730</u>

**This page intentionally left blank.**