



FINANCIAL

Above: Winter at the Town Hall

FINANCE DIVISION

Annual Report 2012



*Beth Bauer,
Finance Director*

GOALS/PURPOSE

The primary purpose of the Finance Division is to carry out the various financial activities of the Town of Coventry and its many departments, in compliance with various Federal, State, and Town regulations and laws. These activities include revenue collection, maintenance of property assessments and exemptions, disbursement processing, payroll, budgeting and monitoring budget compliance, investment management, fixed asset accounting, cash management, insurance and risk management, benefit administration, general accounting, financial reporting, computer/network management, central supply ordering and distribution, and Pension administration.

Office Staff

Elizabeth E. Bauer, Finance Director/Treasurer
Donna Ferree, Town Accountant
Marcia Biase, Assistant to Town Accountant
Linda Greenbacker, Collector of Revenue
Carrie Zahner, Assistant to the Collector
Michael D'Amicol, Assessor
Rachel Lewandowski, Assistant to the Assessor

Goals and Accomplishments – Fiscal Year ending 6/30/2012

It is a primary goal of the Finance division to provide reliable and open access to the data needed to allow the decision makers and policy setting groups to take informed actions.

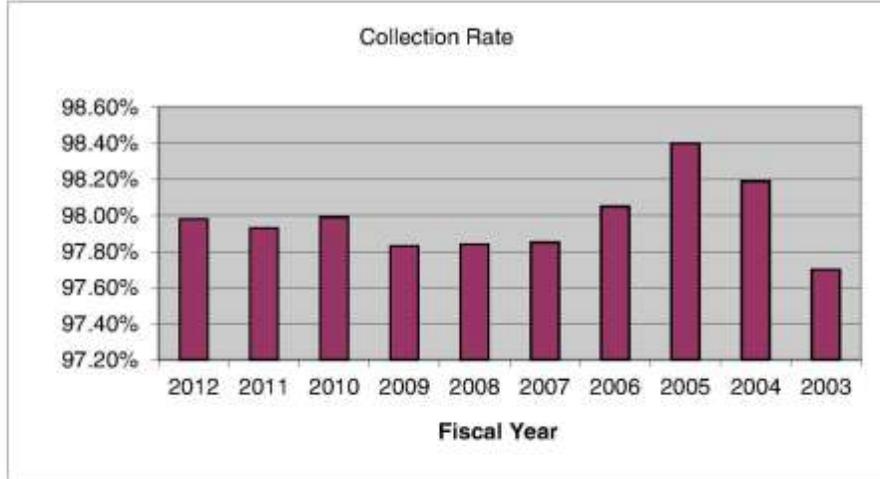
The Accounting office, striving to support the goals of the Town Council, worked to achieve a certificate of achievement for excellence in financial reporting from the Governmental Finance Officers Association. The Town of Coventry's comprehensive annual financial report for the year ended 6/30/2011 was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only and has been received for the past four years. Annual audits, budget documents and other financial reports are available for review on the web at www.coventryct.org. Our goal is to provide information to the public in an understandable manner, and your feedback is welcomed. Please contact the Finance office at 742-3528, or e-mail comments directly to financedirector@coventryct.org. Anyone who would prefer a face to face conversation is welcome to call to make an appointment.

General Overview

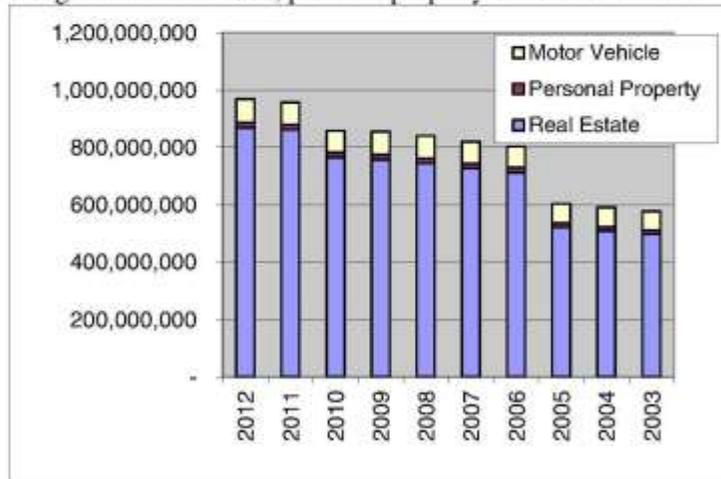
Revenue Collection – 860-742-4066

This office collects all revenues received by the Town of Coventry. The major component of General Fund revenues is the property tax, and the collection of current and delinquent taxes is the primary focus of the office staff. During the fiscal year ending 6/30/12, the percentage of current year property taxes collected was 97.98%. The collection of taxes provided 59% of the overall amount needed to support the services provided to the residents of Coventry.



Assessor – 860-742-4067

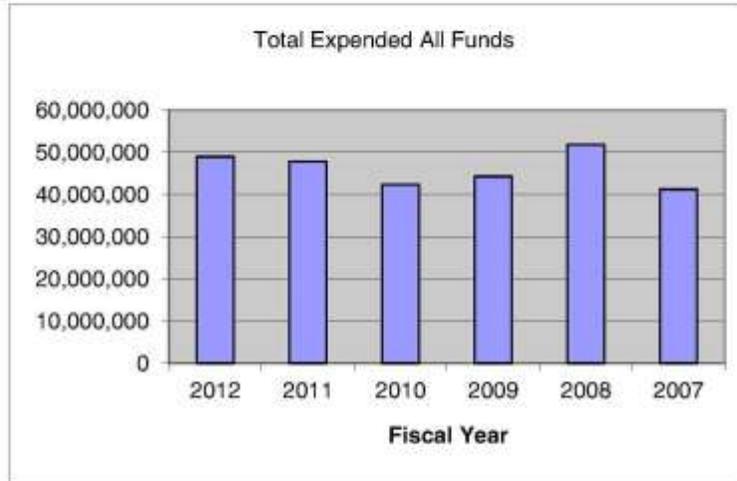
The maintenance of property valuations and proper application of exemptions is performed by the office of the Assessor. The importance of the work of this office can not be overstated. The grand list valuations are the base upon which tax revenues are set and are revalued every 5 years. The last revaluation occurred on the grand list of 2009 which was the base for taxes in the fiscal year ending 6/30/10. The following chart shows the grand list growth over the past ten year, and the distribution of property values between the categories of real estate, personal property and motor vehicle.



Accounting – 860-742-3528

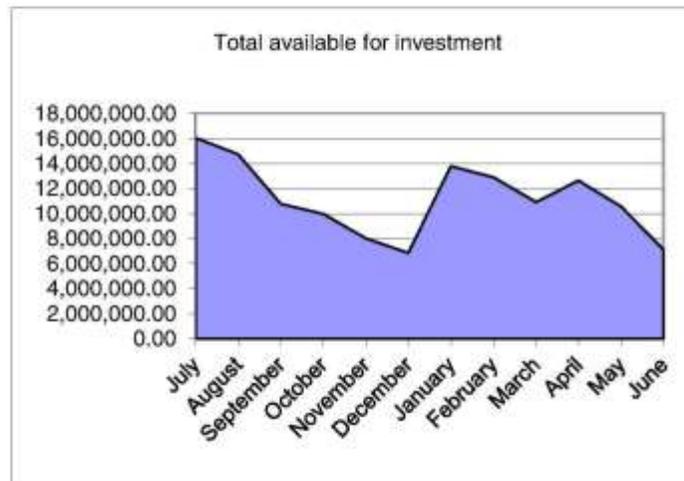
Supervision of the disbursement of money, payroll and accounts payable is performed by the staff of the accounting office. All financial records, revenue and general ledger accounts are maintained. In addition the staff is responsible for monitoring grants, administration of health and property insurance, and fixed asset inventory maintenance. In the fiscal year ending 6/30/2012 the total dollars expended was 48.9 million, an

increase over the prior year of 1.2 million. This increase is due to several capital projects which were ongoing in the fiscal year. The Chart below shows the total annual expenditures for the last six years.



Treasurer – 860-742-3528

Investment of Town funds, maintenance of bank accounts, debt service and required reporting is managed by the Treasurer. Total funds available for investment each month ranged from 6.8 to 16 million during the last fiscal year.



Information Technology – 860-742-3528

For the year ending 6-30-2012 the financial system of the general government of the Town of Coventry is maintained on a Windows 2008 server. The system supports distributed entry of data and most of the purchase orders created by departments are now entered directly. The Tax Collection and Assessors administrative systems are running

on an Alpha Server. The computer assisted mass appraisal software used by the Assessors office for tracking real estate data is also running in the Windows environment. Network support is provided through an agreement with the town of South Windsor to provide advice, training, professional expertise and guidance to the staff of the Town of Coventry for our technology infrastructure.

ASSESSOR'S OFFICE
Pat Alessi (Interim Assessor)
Rachel Lewandowski (Assistant Assessor)

The Office of the Assessor is responsible for discovering, listing and valuing taxable and exempt real and personal property within the corporate limits of the Town of Coventry. We appraise real estate based on the market value and maintain a "property card" on every parcel. State statutes govern almost every function and responsibility of the Assessor's Office and requires us to perform revaluations every five years. Every ten years our office must inspect all properties located in the Town of Coventry. Coventry will be conducting its next town-wide revaluation for the October 1, 2014 Grand List.

We also are responsible for assessing Business Personal Property, registered and unregistered Motor Vehicles. Pursuant to State Statutes, the Office of Policy and Management recommends what to use to value motor vehicles. Motor vehicles are valued NOT based on their market value, but solely on 100% of the clean retail book value out of the N.A.D.A guide New England Edition which is what OPM recommends every year. Our Personal Property list showed a decrease in the number of accounts but an increase in value. The Motor Vehicle list showed a slight decrease in the number of accounts but a growth in the total for this year's grand list.

The 2011 Grand List indicates 6,373 real property accounts, 797 personal property accounts, and 13,280 registered motor vehicles.

It is our responsibility to update the property cards when any changes occur. On the 2011 Grand List, there were numerous changes in both ownership and condition. Even though new home development has decreased in the past couple of years our office has completed approximately 365 permits. These permits are inspected by us and cover any improvement to a property that may change the fair market value. Subdivisions bring new streets, new building lots, new owners, new homes and additional motor vehicles. The Assessor must inspect and value all newly created lots and newly constructed homes, as well as any changes, improvements or additions to existing properties. The following figures reflect those changes in the Grand List for this assessment year.

2010 Adjusted Grand List

Motor Vehicle's	\$ 76,999,770
Personal Property	\$ 18,264,822
Real Estate	<u>\$861,756,230</u>
Totals	\$957,020,822

2011 Adjusted Grand List

Motor Vehicles	\$ 84,883,640
Personal Property	\$ 21,596,665
Real Estate	<u>\$875,913,020</u>
Totals	\$982,393,325

The difference in last year's grand list equates to a 1.27 percent increase over the prior year.



Fiscal Year 11/12

Elderly Applications Processed	107
Tax Deferrals	13
Additional Veterans Applications	64
Building Permits	800
New Dwellings	14
Certificate of Correction + Prorates	421
Transfers	386
Reports Filed State, Local	50
Motor Vehicle Priced (Regular)	13,305
Motor Vehicle Priced (Supplemental)	2,099
Personal Property Added	38
Farm, Forest, Open Space Applications	5
Disabled Applications Processed	65
Blind Applications Processed	8

Our office also implements exemption programs for the blind, disabled, elderly, veterans who served during wartime, and disabled veterans. Veterans must file their DD-214 no later than October 1st in the Town Clerks land records in order to receive the \$3,000 exemption. Veterans must also serve ninety (90) days active duty, not

including training, during a time of conflict or war. The dates for this are in Connecticut General State Statutes and can be found in our office.

The blind and totally disabled programs have the same January 31st deadline for application. The blind exemption is \$3,000 and the totally disabled program is a \$1,000 exemption. These like the veterans exemption are off the assessment of the property owned and located in the Town of Coventry. It is not a tax credit!

The Elderly and Disabled program is for anyone over the age of 65 or over the age of 18 and totally disabled by social security. This is a state program and is income qualified. The filing dates are February 1st thru May 15th and the income limits change yearly so contact our office for further information regarding any of the above mentioned programs. The Town of Coventry also offers a local tax relief program which mirrors the state benefit. Unlike the state program it is a deferral, and a lien is filed on the Town Clerk's land records until it is paid or the property is sold at which time the deferred taxes must be paid.

Respectfully submitted,

Patricia Alessi
Interim Assessor
Town of Coventry

BOARD OF ASSESSMENT APPEALS

**BOARD MEMBERS: ROBERT MCMAHON, CHARIMAN; ROBERT KRAMER AS SECRETARY;
AND RONALD DEXTRADEUR.**

The Board of Assessment Appeals met September 7, 2011 to hear appeals for motor vehicles on the 2010 Grand List. A total of 8 cases were scheduled. Of those 8, 3 failed to appear. The remaining appeals resulted in 4 reductions and 1 denial. The total reduction for the September Board of Assessment Appeals was \$13,675.

**BOARD MEMBERS: ROBERT MCMAHON, CHAIRMAN; ROBERT KRAMER; ERIN HENRY;
RONALD DEXTRADEUR.**

The Board of Assessment Appeals also met the 7th of March of 2012 to hear appeals of the 2011 Grand List. A total of 29 cases were scheduled. The appeals resulted in 1 No Show, 25 reductions and 3 denials. The total reduction for the March Board of Assessment Appeals was \$1,569,045.

Respectfully submitted,

Robert McMahon, Chairman
Board of Assessment Appeals

COLLECTOR OF REVENUE

The Collector of Revenue is responsible for collecting all tax money owed the town on the various Grand Lists along with accrued charges of interest and liens. This money is processed, balanced and deposited daily. A collection report of the daily deposit is provided to the Finance Director/ Town Treasurer. Tax money includes real estate, personal property, motor vehicle and supplemental motor vehicle. In addition to these taxes, this office also collects sewer assessment, sewer use, and trash user (COVRRRA) fees. Interest and fees, where applicable, are also processed and collected. All collections require daily, monthly, quarterly and annual reports.

The 2010 Grand List bills for Real Estate, Personal Property, Supplemental Motor Vehicle, COVRRRA, Sewer Assessment, and Sewer User were printed, and posted in house by the staff in this office. This year that number totaled approximately 15,125 bills. The Motor Vehicle tax bills are printed and stuffed by a commercial vendor due to the volume of bills required. The 13,397 Motor Vehicle tax bills were then returned back to the Tax office to be posted and delivered to the post office.

The Supplemental Motor Vehicle tax bills are printed in December for a January 1 due date. This year we printed 1,974 SMV tax bills. This billing is for vehicles registered after the October 1 Grand List date. A list of delinquent motor vehicle taxpayers is compiled by this office and sent to the Department of Motor Vehicles in Wethersfield on a regular basis throughout the year. This report to DMV will hold up the registration of any vehicle until all delinquent taxes and interest are paid. The DMV provides this service to Coventry at a cost of approximately \$2,860 per year. Each town, in the state, is billed proportionately by the Department of Motor Vehicles for this service.

Delinquent notices as well as Tax Collector's Demand (TCD) letters are sent throughout the year. Taxpayers that fail to comply with the TCD have their accounts turned over to the State Marshall in the form of an Alias Tax Warrant for collection. Notices of intent to lien on Sewer Use and COVRRRA accounts were mailed out in November. After the statutory requirement of 15 days' notice had passed, liens were filed in December on the remaining unpaid accounts. Unpaid Real Estate accounts were liened in May.

The number of taxpayers paying on line continues to increase. This convenience is greatly appreciated by those taxpayers living out of town, out of state or even out of the country. We have a number of taxpayers temporarily overseas who are pleased to be able to pay their taxes on line.

This office also processes and deposits payments from other departments and the school lunch program, in conjunction with the support and guidance from the Finance department. Cash and checks are delivered to the Collector's office throughout the week and are verified upon receipt. Once or twice a week, these payments are posted and deposited. A report of these posted miscellaneous accounts is delivered to the Finance department on the day of deposit. In addition to the daily billing, collecting, processing, balancing, depositing, and reporting, this office also provides information requested by attorneys, realtors, mortgage institutions, and the public.

The staff of the Tax Collector's office invites and welcomes delinquent taxpayers to come in and set up a schedule of regular payments. We continue in our commitment to provide both quality and compassionate service to the citizens of Coventry.

TOWN OF CONVENTY COLLECTORS'S REPORT
 FISCAL YEAR 2011 - 2012
 COLLECTIONS THROUGH 30-JUN-2012

YEAR	BEGINNING				NET										COLLECTIONS			TAXES		SUSPENSE
	COLLECTIBLE	ADDITIONS	REDUCTIONS	TO SUSP	FROM SUSP	COLLECTIBLE	TAXES	RETURNS	INTEREST	LIEN	PENALTY	WRG_PAL	TOTAL_PAID	UNCOLLECTED	BALENCE					
2010	26,319,561.01	145,892.75	-87,668.49	.00	.00	26,377,793.29	25,844,441.46	-48,163.21	117,153.30	792.00	48.00	-7,782.90	25,962,434.78	581,595.02	.00					
2009	529,775.04	3,210.82	-4,473.33	.00	.00	528,512.53	261,231.18	-831.48	57,907.06	2,544.00	6.00	-1.36	300,857.55	258,112.83	.00					
2008	262,604.16	1,493.09	-31,983.74	46,340.42	131.28	186,004.37	62,453.08	-31,766.80	28,587.85	432.00	.00	.00	59,705.13	155,318.09	46,209.14					
2007	127,979.39	1,417.00	.00	9,543.68	3,168.71	123,021.42	34,891.55	.00	21,696.19	384.00	.00	.00	56,971.75	88,129.86	46,959.70					
2006	81,490.07	.00	-27.84	8,628.50	2,539.19	75,372.92	24,799.98	.00	20,093.56	288.00	.00	.00	45,181.54	50,572.94	43,792.96					
2005	53,436.09	.00	.00	3,911.59	643.98	59,188.46	12,848.68	.00	11,290.49	168.00	.00	.00	24,307.17	37,319.80	36,280.11					
2004	33,826.40	.00	.00	3,082.68	794.47	31,538.19	7,980.22	-77.76	8,773.46	120.00	.00	-6,137.53	16,873.08	23,635.73	37,122.47					
2003	28,548.60	512.34	.00	1,834.56	738.91	27,965.29	6,338.17	-114.06	6,940.08	72.00	.00	-886.57	13,350.45	21,740.98	43,455.78					
2002	14,253.47	488.20	.00	221.86	515.57	15,035.38	3,154.81	-33.39	5,034.64	48.00	.00	-5,026.99	8,207.45	11,913.94	34,478.59					
2001	5,726.54	823.50	.00	396.12	383.48	7,547.40	3,286.14	.00	5,057.41	48.00	.00	-8,712.90	8,390.55	4,282.26	37,573.69					
2000	9,018.22	.00	.00	66.27	.00	8,951.95	4,056.70	.00	7,875.56	24.00	.00	-3,956.02	11,956.26	4,895.25	37,215.61					
1999	1,656.15	.00	-9.31	415.47	131.35	1,362.72	2,124.35	-413.21	4,822.25	48.00	.00	-4,942.23	6,994.60	-348.42	25,833.75					
1998	-3,033.76	.00	-663.25	.00	.00	-3,697.01	1,124.51	-774.59	2,248.04	24.00	.00	-8,780.12	3,396.55	-4,046.93	20,242.85					
1997	-3,592.16	.00	-636.72	.00	24.38	-4,204.50	.82	-25.20	27.43	.00	.00	-7,765.28	28.61	-4,178.48	19,305.30					
1996	-1,283.74	.00	-528.23	.00	.00	-1,911.97	-61.45	-61.45	.00	.00	.00	-5,350.21	-61.45	-1,789.07	17,205.61					
27,460,955.48	153,837.71	-125,982.90	74,401.15	9,041.32	27,423,450.46	26,268,667.79	-82,261.15	297,478.22	4,992.00	54.00	-59,352.11	26,538,593.73	1,237,043.82	416,655.58						

TOP DELINQUENT TAXPAYERS as of 6/30/12

TAXPAYER	DUE
1 JACOBSON ALVIN & KAREN J	57,346.60
2 GERENT JOHN J	44,207.96
3 LAFLAMME EDMUND A SR	42,125.24
4 DECEW BARBARA	36,886.02
5 CARLSON DAVID E & MARGARET A	30,149.83
6 BRAGG CAROL	29,036.89
7 AINSWORTH SHARON A	26,033.76
8 SAMUELS DAVID V JR & SHARON	20,903.88
9 HASSETT LINDA S	20,632.02
10 DLA/TOG LLC	20,183.22

AUDITORS' REPORT

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West Hartford, CT 06127-2000

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Fax 860.521.9241
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BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Town Council
Town of Coventry, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Coventry, Connecticut, as of and for the year ended June 30, 2012, which collectively comprise the Town of Coventry, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Coventry, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Coventry, Connecticut's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Coventry, Connecticut, as of June 30, 2012 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-3 through A-11 and the budgetary comparison information on pages A-43 through A-46 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 consider 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.

Blum, Shapiro & Company, P.C.

December 19, 2012

**TOWN OF COVENTRY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

This discussion and analysis of the Town of Coventry, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2012. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX.

Financial Highlights

- Net assets of the Town of Coventry's governmental activities increased by \$.8 million. This increase is attributable to construction of the NCFD Fire station and a new Public Works facility.
- During the year, the Town had \$46.6 million in tax and other revenues for governmental programs (Table 2).
- Total cost of all of the Town's programs was \$45.9 million with no new programs added this year.
- The Town's total general obligation bonded debt increased by \$.3 million or 2%. The increase was the result of bonds issued in March 2012 to support the costs to construct a Fire Station for the North Coventry Fire Department.
- The General Fund reported a GAAP fund balance this year of \$3,862,955 less an assigned balance for encumbrances of \$621,768, nonspendable balance of \$38,762 reserved for prepaid items and committed balance of \$2,363 for matching funds, leaving an unassigned fund balance of \$3,200,062. The Fiscal Management policy of the Town Council sets a target of fund balance at 10%. At the close of the current fiscal year, unassigned fund balance for the General Fund when expressed as a percentage of final budget appropriation is 8.6%.
- The State of Connecticut contributed \$2,247,720 on behalf of Coventry certified staff to the teachers' retirement fund. This amount is reflected in both expenditures and revenues.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net assets and the statement of activities report information about the Town and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net assets and changes in them. The Town's net assets, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, human services, culture and recreation, insurance and sundry and education. The Town has no business-type activities.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by Charter. However, the Town establishes many other funds to help control and manage financial activities for particular purposes (such as the Coventry Regional Farmers Market) or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the State of Connecticut). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary Funds (Exhibits V to VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, 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. The Town's proprietary funds consist of the Town's internal service fund used to report activities to pay for the dental self-insurance costs.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The Town self-insures dental insurance for employees. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The Town's combined net assets increased from a year ago. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental activities.

**TABLE 1
NET ASSETS**

	Governmental Activities	
	2012	2011
Current assets	\$ 17,304,327	\$ 19,971,220
Capital assets, net of accumulated depreciation	119,255,338	117,234,088
Total assets	<u>136,559,665</u>	<u>137,205,308</u>
Long-term liabilities outstanding	27,343,797	27,270,485
Other liabilities	1,586,572	3,064,108
Total liabilities	<u>28,930,369</u>	<u>30,334,593</u>
Net Assets:		
Invested in capital assets, net of related debt	95,163,804	94,777,800
Restricted	3,562	3,224
Unrestricted	<u>12,461,930</u>	<u>12,089,691</u>
Total Net Assets	<u>\$ 107,629,296</u>	<u>\$ 106,870,715</u>

Overall, net assets increased by \$5.8 million or .7% over the prior year net assets, as adjusted (\$107.6 million compared to \$106.9 million). Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$12.090 million at June 30, 2011 to \$12.462 million at the end of this year. The largest portion of the Town of Coventry's net assets (\$95.2 million or 88%) reflects its investment in capital assets (e.g., land, buildings, vehicles, furniture and equipment, water systems and infrastructure) less related debt used to acquire those assets that is still outstanding. These capital assets are a fundamental part of our service delivery to our citizens but are not available for future spending since the capital assets themselves cannot be used to liquidate these liabilities.

Changes in governmental net assets can be explained as follows:

- Increase in current net assets of \$758,581 as outlined in Exhibit II is due to an increase in the value of capital assets. These increases are related to the completion of construction of the new Public Works facility and the substantial construction of the new Fire station for the North Coventry Fire Department.
- Capital assets decreased during the fiscal year. The added value of the Public Works facility and new Fire Station was less than the change in depreciation. In addition current assets also declined. Current assets consist of all but the capital assets found in Exhibit I. The decrease is due to lower cash and receivable balances caused by the completion of several construction projects including the School Roof replacement.
- Long-term and other liabilities decreased because the receipt of \$1.65 million in bond funds for the Fire Station was less than the annual debt service payment in the FY 2011-12 budget of \$1.9 million. Compensated absences, Bond premium, Net pension Obligation and the Landfill Postclosure Liability all declined. These decreases offset the increase to the Net Other Post

Employment Benefit Obligation. Other liabilities include significant decreases to accounts payable and unearned revenue, which was also related to the completion of the construction projects.

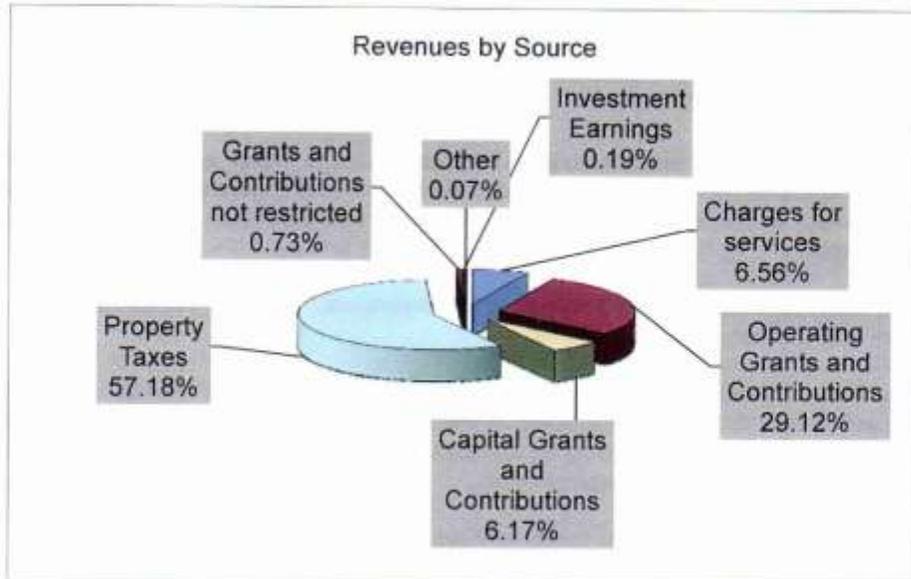
**TABLE 2
CHANGE IN NET ASSETS**

	Governmental Activities	
	2012	2011
Revenues:		
Program revenues:		
Charges for services	\$ 3,057,652	\$ 3,212,371
Operating grants and contributions	13,573,801	13,269,107
Capital grants and contributions	2,874,151	3,066,858
General revenues:		
Property taxes	26,656,212	25,699,911
Grants and contributions not restricted to specific purposes	338,568	215,403
Unrestricted investment earnings	89,170	83,872
Other general revenues	30,810	38,407
Total revenues	<u>46,620,364</u>	<u>45,585,929</u>
Expenses:		
General government	1,986,777	1,944,976
Public safety	3,407,329	3,175,894
Public works	6,120,802	6,311,688
Human services	456,821	1,305,469
Culture and recreation	782,877	991,766
Sundry		
Education	32,255,787	30,525,168
Debt service	851,390	740,068
Total expenses	<u>45,861,783</u>	<u>44,995,029</u>
Increase in Net Assets	<u>\$ 758,581</u>	<u>\$ 590,900</u>

Revenues

The Town's total revenues were \$46.6 million. Major revenue changes include the following:

- Program revenues: The Town received a one-time insurance reimbursement of \$214,533 in FY 2010/11. Without this entry charges for services would be essentially even with the charges for services in FY 2011/12.
- Capital grants decreased by \$.2 million. The largest part of the decrease (\$.5 million) was in Public Works which had received significant grants in the prior period for projects now completed. In FY2011/12 new projects for a sand/salt shed, a new firehouse, two bridges, a landfill reuse and a housing project rehab were all completed with grant funds.
- Property tax revenue increased over the previous year by \$1 million. The grand list showed growth and the Town announced plans to hold a tax sale, motivating some delinquent taxpayers.
- Grants and Contributions not restricted increased by .1 million due to the FEMA reimbursement for two storms, Hurricane Irene and Storm Alfred.



Expenditures

The total cost of all programs and services was \$45.9 million. The following is an explanation of the major changes:

- Net OPEB liability increased by \$424,083.
- Education expenditures increased by \$1,730,619 reflecting an increase in budget appropriation and the receipt of federal grants.
- Total interest on long-term debt increased by \$115,387.
- Public Safety increased by \$231,435 due to a construction grant for the Fire House.
- Public Works decreased by \$190,886 due to unfilled staff positions
- Human Services decreased by \$848,648 due to close out of several CDBG rehab projects.

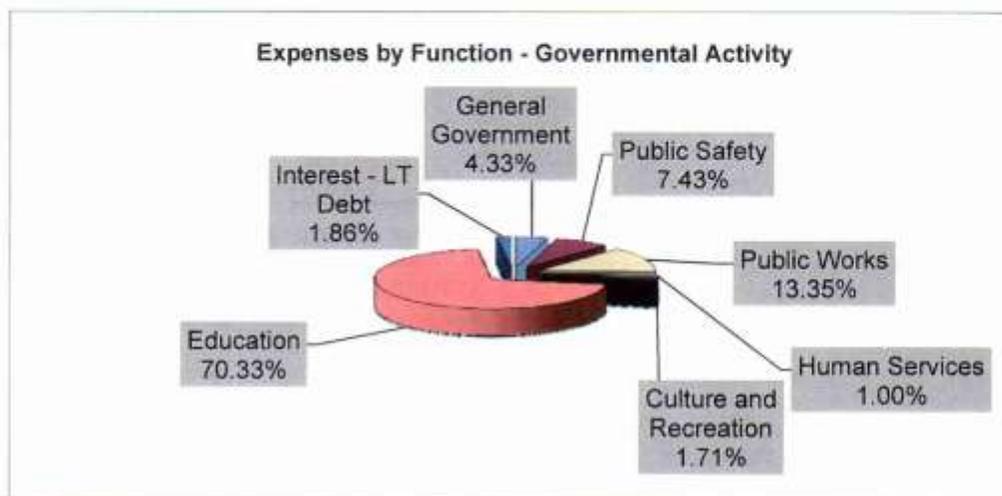


Table 3 presents the cost of each of the Town's programs - general government, public safety, public works, human services, culture and recreation, education and debt service - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

The general government function includes expenses related to overall governmental administration, and includes recording of legally required documents, computer system management, finance system management, assessment and collection of taxes, elections, land use planning and economic development.

Public safety encompasses a full service police department, volunteer fire services and an ambulance service with contracted paramedic services.

Public works includes the maintenance of Town roadways, repairs of the town fleet, maintenance at town parks and athletic facilities, management of the Town's cemeteries, code enforcement and engineering services. The solid waste program is supported by user fees. This program is self-supporting and reduces the overall burden on the property tax.

Human services includes general family services, youth services and elderly services. In addition, this function incorporates the Community Development Block Grant program, which provides grants and no-interest loans for home improvement and community construction projects.

Culture and recreation funds a grant to the Booth-Dimock Memorial Library and provides support for the full parks and recreation program. The General Fund provided 31% of the costs of recreation and park maintenance. The balance is supported by the fees charged for a variety of programs offered to Town residents, summer camps for youth, full waterfront services at Coventry Lake and miscellaneous programs offered at the Town parks.

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General government	\$ 1,986,777	\$ 1,944,976	\$ (1,535,877)	\$ (1,160,600)
Public safety	3,407,329	3,175,894	(2,928,222)	(3,098,636)
Public works	6,120,802	6,311,688	(3,080,933)	(2,875,607)
Human services	456,821	1,305,469	(95,561)	(317,502)
Culture and recreation	782,877	991,766	(457,360)	(632,479)
Education	32,255,787	30,525,168	(17,406,836)	(16,625,866)
Debt service	851,390	740,068	(851,390)	(736,003)
Total	<u>\$ 45,861,783</u>	<u>\$ 44,995,029</u>	<u>\$ (26,356,179)</u>	<u>\$ (25,446,693)</u>

Town Funds Financial Analysis

Governmental Funds

At the close of the fiscal year the Town of Coventry reported (as presented in the balance sheet - Exhibit III) a combined fund balance of \$7.4 million, which is an increase from last year's total of \$8.5 million. The changes are explained as follows:

- General Fund fund balance increased \$798,492 a 26% increase over last year's balance. Revenues exceeded budget estimates due to higher than anticipated tax collections and an unanticipated FEMA reimbursement. No unexpected expenditures were needed during the fiscal year.
- Sewer Assessment fund balance decreased \$132,665 or 14%. Upon the completion of the sewer expansion project around the lake, increased debt service requirements will cause this fund to shrink until all assessments have been collected and all debt has been paid.
- CDBG fund balance decreased \$14,447 or 59%. This fund uses grant monies to support its projects and only spends funds on hand. In FY 2011/12 no additional grant funding was received causing the available cash to be spent.
- Capital Projects fund balance decreased by \$1,871,202 or 66%. The Public Works Garage, North Coventry Fire Department Fire Station, and School Roofs projects were substantially completed.
- Nonmajor Governmental Funds fund balance increased \$101,761 or 6%. Town Aid Road did not spend all funds received and fund balance increased by 54%. Cemetery Commission did not spend any funds and fund balance increased by 20%. School Lunch increased fund balance by 19%. COVRRRA fund balance reduced by 8%. Recreation fund balance increased by 119%. Recreation program revenue exceeded program expenditures. The Sewer Operating fund balance decreased by 3% as work continued on several major maintenance projects to improve the sewer infrastructure.

The most significant expenditures were:

North Coventry Fire Station	\$2,013,517
School Roofs	1,722,649
Public Works Garage	1,434,069
Summer Road Program	359,220
Sand/Salt Shed	250,000
Miller Richardson Fields	200,000
Dump Truck	162,497
Orchard Hills Rehab	90,702
Pucker Street Bridge	73,338

General Fund Budget Highlights

Overall, revenues exceeded final budget appropriation by \$394,690. Tax revenues were higher by 230,176 due to the announcement of a tax sale for real property scheduled in FY 2012/13 which has motivated a higher than normal delinquent tax collection. Intergovernmental revenue was higher by \$136,847 because of the Municipal Revenue Sharing grant which was not announced by the State in time for it to be included in the budget. Local building permit and conveyance tax revenues also fell short by approximately \$80,000 reflecting the continued slow building and real estate markets. Miscellaneous revenue exceeded budget by \$123,044 primarily due to the FEMA reimbursements for Hurricane Irene and Storm Alfred.

Expenditures were within budget authorization. Throughout the fiscal year the Town Council approved appropriation increases of \$347,156, including \$200,000 transferred to the Capital Non-Recurring fund, \$72,406 from unanticipated education revenues and \$74,750 General Fund appropriation increases were made to support community celebration of our 300th anniversary, emergency repairs to a fire substation, emergency replacement of a police boat, and an appropriation to support an economic development initiative. Actual budgetary expenditures of \$36,776,014 were under the final budget appropriation by \$294,349.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2012, the Town had \$119.3 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads and bridges as shown in Table 4. This amount represents a net increase (including additions and deductions) of \$2.0 million, or 1.7%, over last year.

**TABLE 4
CAPITAL ASSETS (Net of Depreciation)**

	Governmental Activities	
	2012	2011
Land	\$ 1,932,026	\$ 1,931,626
Buildings	39,831,266	35,312,296
Improvements other than buildings	1,723,331	1,496,600
Equipment	2,794,136	2,785,427
Infrastructure	71,766,900	72,055,145
Construction in progress	1,207,679	3,652,994
Total	\$ 119,255,338	\$ 117,234,088

This year's major additions included:

- Public Works garage
- North Coventry Fire Station
- Sand/Salt shed
- Dump Truck
- Miller Richardson landfill reuse
- Landscaping tractor
- Senior Van
- Donation of land and roadways

More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

At June 30, 2012, the Town had \$16,595,000 in general obligation bonds outstanding versus \$16,320,000 last year - an increase of \$275,000. Clean Water Fund Loans of \$7,140,100 show a reduction of \$404,172 from the last fiscal year balance of \$7,544,272.

The Town's general obligation bond rating was affirmed as Aa3 in March 2012. The Town has held this rating since May of 2010. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below the state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal year 2013 budget tax rates. The relatively low ratio of commercial to residential property places a high burden on the residential taxpayer. Opportunities to relieve this burden through the implementation of fees or the application for grant monies are always pursued. The per capita taxes for the Town as reported by OPM are \$1,913 compared to the state average of \$2,424. Education spending per pupil is \$12,318 while the state average is \$13,568.

The budget process considered the promise of level support in State aid to municipalities, a slowing real estate market, low interest environment, unemployment rates and general taxpayer anxiety when adopting the General Fund budget for 2012-13. The budget was balanced in part using savings from a switch to a new health insurance carrier and the enrollment of the Town in a regional health insurance pool. The final proposed budget had a 1.35% increase for General Government, .31% for Education, 37.18% for Capital and 4.34% for Debt Service. The adopted budget General Fund budget is \$37,238,929. The property tax revenue increase needed was 2% from the previous year to fund this budget. The mil rate did not change from the prior year level of 27.0. The budget was approved by the voters at the first referendum.

The Town will use budget revenues to finance programs currently offered. No new programs are proposed. The adopted budget for 2012-13 includes no transfer of funds from fund balance to offset expenditures. Council policy has established a goal for fund balance of 10% of expenditures. Current fund balance is 8.6%. No transfer from fund balance is recommended.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director, Town of Coventry, 1712 Main Street, Coventry, Connecticut, 06238.

TOWN OF COVENTRY, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 7,036,926
Investments	832,236
Receivables, net	9,219,140
Inventory	12,268
Prepaid items	38,762
Deferred charges	164,995
Capital assets not being depreciated	3,139,705
Capital assets being depreciated, net of accumulated depreciation	116,115,633
Total assets	<u>136,559,665</u>
Liabilities:	
Accounts payable and accrued liabilities	980,099
Unearned revenue	606,473
Noncurrent liabilities:	
Due within one year	2,084,165
Due in more than one year	25,259,632
Total liabilities	<u>28,930,369</u>
Net Assets:	
Invested in capital assets, net of related debt	95,163,804
Restricted for:	
Trust purposes - nonexpendable	1,524
Trust purposes - expendable	2,038
Unrestricted	<u>12,461,930</u>
Total Net Assets	<u>\$ 107,629,296</u>

The accompanying notes are an integral part of the financial statements

TOWN OF COVENTRY, CONNECTICUT
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 1,986,777	\$ 417,958	\$ 32,942	\$	(1,535,877)
Public safety	3,407,329	68,005	6,102	405,000	(2,928,222)
Public works	6,120,802	1,625,592	30,577	1,383,700	(3,080,933)
Human services	456,821	183,267	83,298	94,695	(95,561)
Culture and recreation	782,877	299,852	21,335	4,330	(457,360)
Education	32,255,787	462,978	13,399,547	986,426	(17,406,836)
Interest on long-term debt	851,390				(851,390)
Total	\$ 45,861,783	\$ 3,057,652	\$ 13,573,801	\$ 2,874,151	(26,356,179)
General revenues:					
Property taxes					26,656,212
Grants and contributions not restricted to specific programs					338,568
Unrestricted investment earnings					89,170
Miscellaneous					30,810
Total general revenues					<u>27,114,760</u>
Change in net assets					758,581
Net Assets at Beginning of Year					<u>106,870,715</u>
Net Assets at End of Year					<u>\$ 107,629,296</u>

The accompanying notes are an integral part of the financial statements

TOWN OF COVENTRY, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>General</u>	<u>Sewer Assessment</u>	<u>CDBG Grant</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 3,510,586	\$ 319,431	\$ 9,988	\$ 813,763	\$ 2,175,296	\$ 6,829,064
Investments	305,071	500,000			27,165	832,236
Receivables, net	1,656,262	4,385,590	2,180,678	506,566	490,044	9,219,140
Other	38,762					38,762
Inventories					12,268	12,268
Total Assets	<u>\$ 5,510,681</u>	<u>\$ 5,205,021</u>	<u>\$ 2,190,666</u>	<u>\$ 1,320,329</u>	<u>\$ 2,704,773</u>	<u>\$ 16,931,470</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 187,096	\$	\$	\$ 341,195	\$ 166,258	\$ 694,549
Deferred revenue	1,460,630	4,385,590	2,180,678		809,905	8,836,803
Total liabilities	<u>1,647,726</u>	<u>4,385,590</u>	<u>2,180,678</u>	<u>341,195</u>	<u>976,163</u>	<u>9,531,352</u>
Fund balances:						
Nonspendable	38,762				13,792	52,554
Restricted		819,431	9,988	979,134	275,352	2,083,905
Committed	2,363				1,452,484	1,454,847
Assigned	621,768					621,768
Unassigned	3,200,062				(13,018)	3,187,044
Total fund balances	<u>3,862,955</u>	<u>819,431</u>	<u>9,988</u>	<u>979,134</u>	<u>1,728,610</u>	<u>7,400,118</u>
Total Liabilities and Fund Balances	<u>\$ 5,510,681</u>	<u>\$ 5,205,021</u>	<u>\$ 2,190,666</u>	<u>\$ 1,320,329</u>	<u>\$ 2,704,773</u>	<u>\$ 16,931,470</u>

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TOWN OF COVENTRY, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2012

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets (Exhibit I)
are different because of the following:

Fund balances - total governmental funds (Exhibit III)		\$ 7,400,118
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$ 156,303,620	
Less accumulated depreciation	<u>(37,048,282)</u>	
Net capital assets		119,255,338
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:		
Property tax receivables greater than 60 days		1,041,834
Interest receivable on property taxes		314,934
Assessments receivable		4,385,590
Sewer use receivable		90,694
Mortgage loans		2,180,678
Bond issuance costs		164,995
COVRRRA receivables		216,600
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net assets.		207,862
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and notes payable		(23,735,100)
Interest payable on bonds and notes		(285,550)
Compensated absences		(972,910)
Capital lease		(249,508)
Bond premium		(382,618)
Net pension obligation		(43,785)
Net other post employment benefit obligation		(1,830,206)
Deferred charges on refunding		111,530
Landfill postclosure liability		<u>(241,200)</u>
Net Assets of Governmental Activities (Exhibit I)		\$ <u>107,629,296</u>

The accompanying notes are an integral part of the financial statements

TOWN OF COVENTRY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Sewer Assessments</u>	<u>CDBG Grant</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 26,509,011					\$ 26,509,011
Intergovernmental	12,694,185		90,703	1,613,920	1,652,368	16,051,176
Charges for services	494,834	544,694	41,329	7,572	2,191,386	3,279,815
Investment earnings	61,888	7,393		5,356	14,533	89,170
Miscellaneous				60	64,786	64,846
Total revenues	<u>39,759,918</u>	<u>552,087</u>	<u>132,032</u>	<u>1,626,908</u>	<u>3,923,073</u>	<u>45,994,018</u>
Expenditures:						
Current:						
General government	1,506,318				6,062	1,512,380
Public safety	2,015,065				39,497	2,054,562
Public works	1,760,115				1,892,659	3,652,774
Human services	220,073		146,479		46,756	413,308
Culture and recreation	432,729				310,878	743,607
Insurance and sundry	2,255,480					2,255,480
Education	27,995,105				1,506,502	29,501,607
Debt service	2,684,819			61,828		2,746,647
Capital outlay	417,830			5,571,211	80,170	6,069,211
Total expenditures	<u>39,287,534</u>	<u>-</u>	<u>146,479</u>	<u>5,633,039</u>	<u>3,882,524</u>	<u>48,949,576</u>
Excess (Deficiency) of Revenues over Expenditures	<u>472,384</u>	<u>552,087</u>	<u>(14,447)</u>	<u>(4,006,131)</u>	<u>40,549</u>	<u>(2,955,558)</u>
Other Financing Sources (Uses):						
Issuance of bonds				1,675,000		1,675,000
Issuance of capital lease				162,497		162,497
Transfers in	691,540			297,432	68,000	1,056,972
Transfers out	(365,432)	(684,752)			(6,788)	(1,056,972)
Total other financing sources (uses)	<u>326,108</u>	<u>(684,752)</u>	<u>-</u>	<u>2,134,929</u>	<u>61,212</u>	<u>1,837,497</u>
Net Change in Fund Balances	798,492	(132,665)	(14,447)	(1,871,202)	101,761	(1,118,061)
Fund Balances at Beginning of Year	<u>3,064,463</u>	<u>952,096</u>	<u>24,435</u>	<u>2,850,336</u>	<u>1,626,849</u>	<u>8,518,179</u>
Fund Balances at End of Year	<u>\$ 3,862,955</u>	<u>\$ 819,431</u>	<u>\$ 9,988</u>	<u>\$ 979,134</u>	<u>\$ 1,728,610</u>	<u>\$ 7,400,118</u>

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TOWN OF COVENTRY, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV) \$ (1,118,061)

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay 3,922,205
Depreciation expense (2,495,629)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 652,299

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets. (57,625)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change 128,407
Property tax interest and lien revenue - accrual basis change 18,794
Sewer use and assessment receivable - accrual basis change (368,116)
Loans and other receivables - accrual basis change 141,938
Amortization of bond premiums 30,591
Other receivables 53,024

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments 1,804,172
Issuance of bonds and notes (1,675,000)
Capital lease payments 167,523
Capital lease financing (162,497)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences 211
Accrued interest (79,634)
Amortization of deferred charge on refunding (11,026)
Amortization of issuance costs (16,369)
Net other post employment benefit expense (424,083)
Net pension expense 176,697
Landfill postclosure care 20,100

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

50,660

Change in Net Assets of Governmental Activities (Exhibit II) \$ 758,581

The accompanying notes are an integral part of the financial statements

TOWN OF COVENTRY, CONNECTICUT
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2012

	<u>Governmental Activities Internal Service Fund</u>
Assets:	
Current:	
Cash and cash equivalents	\$ <u>207,862</u>
Net Assets:	
Unrestricted	\$ <u>207,862</u>

The accompanying notes are an integral part of the financial statements

TOWN OF COVENTRY, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Governmental</u> <u>Activities</u> <u>Internal</u> <u>Service Fund</u>
Operating Revenues:	
Employer contributions	\$ <u>250,421</u>
Operating Expenses:	
Administrative expense	18,462
Employee benefits	<u>181,299</u>
Total operating expenses	<u>199,761</u>
Operating Income	50,660
Net Assets at Beginning of Year	<u>157,202</u>
Net Assets at End of Year	\$ <u><u>207,862</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF COVENTRY, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Activities <hr style="border: 0.5px solid black;"/> Internal Service Fund <hr style="border: 0.5px solid black;"/>
Cash Flows from Operating Activities:	
Cash received from users	\$ 250,421
Cash payments to providers of benefits	<u>(199,761)</u>
Net cash provided by operating activities	<u>50,660</u>
Net Increase in Cash and Cash Equivalents	50,660
Cash and Cash Equivalents at Beginning of Year	<u>157,202</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 207,862</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ <u>50,660</u>
Net Cash Provided by Operating Activities	<u><u>\$ 50,660</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF COVENTRY, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2012

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$ 9,014	\$ 1,015,898
Investments - mutual funds	<u>8,856,716</u>	<u> </u>
Total assets	<u>8,865,730</u>	<u>\$ 1,015,898</u>
Liabilities:		
Due to others	<u> </u>	<u>\$ 1,015,898</u>
Net Assets:		
Held in trust for pension benefits	<u>\$ 8,865,730</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF COVENTRY, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS
PENSION TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2012

Additions:	
Contributions:	
Employer	\$ 1,267,988
Plan members	<u>168,392</u>
Total contributions	1,436,380
Investment income:	
Net investment loss	<u>(58,506)</u>
Total additions	<u>1,377,874</u>
Deductions:	
Benefits	351,563
Administration	<u>60,122</u>
Total deductions	<u>411,685</u>
Change in Net Assets	966,189
Net Assets - Beginning of Year	<u>7,899,541</u>
Net Assets - End of Year	<u>\$ 8,865,730</u>

The accompanying notes are an integral part of the financial statements

TOWN OF COVENTRY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Coventry, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

A. Reporting Entity

The Town was incorporated in 1712 and operates under a Council/Manager form of government adopted by Charter in 1967. The seven-member Town Council is the legislative body responsible for enacting ordinances, budget preparation and establishing a property tax mill rate. The Town Manager serves as the Chief Executive Officer in charge of the daily operation of the Town organization in accordance with Council policy and regulation. A seven-member Board of Education, a separately elected body, is responsible for the educational policy of the Coventry Public School system.

The Town provides the following services: general government, public safety, public works, human services, culture and recreation, and education.

The Town has the power to incur indebtedness by issuing bonds or notes as provided by the Connecticut General Statutes.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the pension trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

Agency funds use the accrual basis of accounting, but have no measurement focus since they report only assets and liabilities.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The *Sewer Assessment Fund* accounts for the extension and maintenance of sewer lines. The major source of revenue for this fund is sewer assessment charges.

The *CDBG Grant Fund* accounts for the Community Development Block Grant program grants and loans. The major sources of revenue for this fund are capital grants and repayments on loans.

The *Capital Projects Fund* accounts for financial resources to be used for capital expenditures or for the acquisition or construction of capital facilities, improvements and/or equipment. The major sources of financing for this fund are the issuance of general obligation bonds and capital grants.

Additionally, the Town reports the following fiduciary fund types:

The *Internal Service Fund* accounts for the self-insured activities of the Town.

The *Pension Trust Fund* accounts for resources held in trust for the members and beneficiaries of the Town of Coventry Retirement System.

The *Agency Funds* account for resources held by the Town in a purely custodial capacity. The Town maintains two agency funds, the School Activities Fund and the Escrow Deposit Fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

D. Deposits and Investments

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less when purchased.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." All property tax receivables are shown net of an allowance for uncollectibles. An amount of \$135,628 has been established as an allowance for uncollectible taxes. At June 30, 2012, this represents 10.90% of all property taxes receivable.

Property taxes become an enforceable lien and are assessed on property as of October 1; however, the legal right to attach property does not exist until July 1. Property assessments are made at 70% of the market value. Real estate taxes are billed on July 1 and are payable in semiannual installments on July 1 and January 1. Personal property and motor vehicle taxes are billed and due July 1, and motor vehicle supplement taxes are billed and due January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

Upon completion of projects, sewer assessments are levied and assessed to the users each October. Usage charges are billed in May and November. Assessments and user charges are due and payable within 30 days, and delinquent amounts are subject to interest at prevailing rates. Liens are filed on all properties until the assessment is paid in full.

F. Inventories and Prepaid Items

Inventories are reported at cost using the first-in first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 for land, \$5,000 for furniture and equipment, and \$100,000 for infrastructure. Such assets are recorded at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-50
System infrastructure	40-75
Furniture and equipment	3-20

H. Unearned/Deferred Revenue

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned. In the fund financial statements, this liability also represents revenues considered measurable but not available during the current period.

I. Compensated Absences

Town and Board of Education employees earn vacation and sick time based upon years of service and the terms of various union contracts.

All compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources.

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Equity

Equity in the government-wide financial statements is defined as “net assets” and is classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets - Net assets are restricted because they are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

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

The equity of the fund financial statements is defined as "fund balance" and is classified in the following categories:

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Coventry Town Council). The Town Council may commit resources, when a member puts forth a motion and this motion is passed by the Council, prior to the end of the fiscal year. Once adopted, the limitation imposed by the motion remains in place until a similar action is taken (the adoption of another motion) to remove or revise the limitation.

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by the Town Manager who has been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements:

- The Town Manager prepares an operating, capital and debt service budget from information provided by various Town departments. The Board of Education also prepares an operating budget. The budget includes the proposed expenditures and the means to finance them.
- These budgets are presented at a public hearing before being amended and adopted by the Town Council. The Council's operating or General Fund budget is submitted to a Town meeting that approves rejects or reduces the budget, which is subsequently adjourned to a referendum for ratification.
- Expenditures are budgeted by function, department and object. The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is established by function and department. Upon request, the Town Council may, by resolution, transfer any unencumbered appropriation, balance or portion thereof from one department, commission, board or office to another. No transfer shall be made from any appropriations for debt service and other statutory charges. Transfers between line items within a department may be made with the approval of the Town Manager.

- The Town Council can make additional appropriations, subject to fund balance availability and other restrictions, up to 1.5% of the current year's property tax levy. Additional appropriations can be made when unanticipated revenue is made available for specific purposes. Additional appropriations during the year were \$347,156, of which \$274,750 came from fund balance and \$72,406 came from unanticipated revenue. All additional appropriations were made in accordance with Charter provisions.
- Appropriations not encumbered at the end of the fiscal year lapse. Encumbrances for capital additions lapse at the end of three years (if there is no activity), and all other encumbrances lapse at the end of one year.
- Formal budgetary integration is employed as a management control device during the year for the General Fund.
- The General Fund budget is prepared on a modified accrual basis of accounting except for encumbrances, which are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued. Encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year. Additionally, the Town does not budget for revenues or expenditures associated with pension contributions made by the State of Connecticut on behalf of Town of Coventry teachers or for expenditures reimbursed by the State of Connecticut for excess costs related to certain special education students.

The Miscellaneous Grants fund (Nonmajor Special Revenue Fund) has a deficit fund balance of \$13,018. This deficit will be funded by future grants.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an "out of state bank," as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). This investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

A. Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$7,443,707 of the Town's bank balance of \$9,626,044 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 6,649,336
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>794,371</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 7,443,707</u>

Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

B. Investments

Investments as of June 30, 2012 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity Less Than 1 Year</u>
Interest-bearing investments:		
Certificates of deposit	\$ 829,519	\$ 829,519
Other investments:		
Common stock	2,717	
Pooled open-end mutual fund accounts:		
Pension investments held by administrator	<u>8,856,716</u>	
Total	<u>\$ 9,688,952</u>	

Interest Rate Risk - The Town's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Town's investment policy provides investment guidelines and lists prohibited investments.

Concentration of Credit Risk - The Town's investment policy does not allow for an investment in any one issuer that is in excess of 5% of the Town's total investments.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2012, the Town had \$2,717 in uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

Receivables as of year end for the Town’s individual major funds, and nonmajor funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Sewer Assessment</u>	<u>CDBG Grant</u>	<u>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Interest	\$ 498,493					\$ 498,493
Taxes	1,244,828					1,244,828
Accounts	232,128				333,826	565,954
Intergovernmental				506,566	156,218	662,784
Special assessments		4,385,590				4,385,590
Loans			2,180,678			2,180,678
Gross receivables	<u>1,975,449</u>	<u>4,385,590</u>	<u>2,180,678</u>	<u>506,566</u>	<u>490,044</u>	<u>9,538,327</u>
Less allowance for uncollectibles:						
Taxes	(135,628)					(135,628)
Delinquent interest	<u>(183,559)</u>					<u>(183,559)</u>
Net Total Receivables	<u>\$ 1,656,262</u>	<u>\$ 4,385,590</u>	<u>\$ 2,180,678</u>	<u>\$ 506,566</u>	<u>\$ 490,044</u>	<u>\$ 9,219,140</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 1,041,834	
Interest on delinquent property taxes	314,934	
Advanced collections on taxes		85,538
Sewer operating receivable	90,694	
Special assessments not yet due	4,385,590	
Grant drawdowns prior to meeting all eligibility requirements		407,962
Loans receivable	2,180,678	
Unearned program revenues		112,973
COVRRA receivables	<u>216,600</u>	
	<u>\$ 8,230,330</u>	<u>\$ 606,473</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,931,626	\$ 400	\$	\$	\$ 1,932,026
Construction in progress	<u>3,652,994</u>			<u>(2,445,315)</u>	<u>1,207,679</u>
Total capital assets not being depreciated	<u>5,584,620</u>	<u>400</u>	<u>-</u>	<u>(2,445,315)</u>	<u>3,139,705</u>
Capital assets being depreciated:					
Buildings	46,428,277	3,378,289		1,901,144	51,707,710
Improvements other than buildings	1,575,796	254,391		19,793	1,849,980
Furniture and equipment	5,975,636	272,720	(203,559)	94,087	6,138,884
Infrastructure	<u>92,399,898</u>	<u>668,704</u>	<u>(31,552)</u>	<u>430,291</u>	<u>93,467,341</u>
Total capital assets being depreciated	<u>146,379,607</u>	<u>4,574,104</u>	<u>(235,111)</u>	<u>2,445,315</u>	<u>153,163,915</u>
Less accumulated depreciation for:					
Buildings	(11,115,981)	(760,463)			(11,876,444)
Improvements other than buildings	(79,196)	(47,453)			(126,649)
Furniture and equipment	(3,190,209)	(319,010)	164,471		(3,344,748)
Infrastructure	<u>(20,344,753)</u>	<u>(1,368,703)</u>	<u>13,015</u>		<u>(21,700,441)</u>
Total accumulated depreciation	<u>(34,730,139)</u>	<u>(2,495,629)</u>	<u>177,486</u>	<u>-</u>	<u>(37,048,282)</u>
Total capital assets being depreciated, net	<u>111,649,468</u>	<u>2,078,475</u>	<u>(57,625)</u>	<u>2,445,315</u>	<u>116,115,633</u>
Governmental Activities Capital Assets, Net	<u>\$ 117,234,088</u>	<u>\$ 2,078,875</u>	<u>\$ (57,625)</u>	<u>\$ -</u>	<u>\$ 119,255,338</u>

Depreciation and amortization expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 32,937
Public safety	181,266
Public works	1,667,951
Culture and recreation	45,248
Education	<u>568,227</u>
Total Depreciation and Amortization Expense - Governmental Activities	<u>\$ 2,495,629</u>

6. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2012 are as follows:

	<u>Major Funds</u>				<u>Nonmajor Governmental Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>Sewer Assessments</u>	<u>CDBG Grant</u>	<u>Capital Projects</u>		
Fund balances:						
Nonspendable:						
Inventory	\$	\$	\$	\$	12,268	\$ 12,268
Prepaid items	38,762					38,762
Permanent fund principal					1,524	1,524
Restricted for:						
Capital projects		819,431		979,134		1,798,565
Unspent grant balances			9,988		194,240	204,228
Public safety					3,068	3,068
Public works					76,006	76,006
Permanent funds					2,038	2,038
Committed to:						
General government	2,363				177,585	179,948
Public safety					8,664	8,664
Public works					1,020,570	1,020,570
Human services					26,292	26,292
Culture and recreation					57,038	57,038
Education					162,335	162,335
Assigned to:						
General government	38,557					38,557
Public safety	54,518					54,518
Public works	140,103					140,103
Human services	3,509					3,509
Culture and recreation	1,000					1,000
Insurance and sundry	22,101					22,101
Education	278,003					278,003
Capital projects	83,977					83,977
Unassigned	<u>3,200,062</u>				<u>(13,018)</u>	<u>3,187,044</u>
Total Fund Balances	<u>\$ 3,862,955</u>	<u>\$ 819,431</u>	<u>\$ 9,988</u>	<u>\$ 979,134</u>	<u>\$ 1,728,610</u>	<u>\$ 7,400,118</u>

Encumbrances of \$622,568, \$117,479 and \$247,397 at June 30, 2012 are contained in the above table in the committed and assigned categories of the General Fund, the restricted category of the Capital Projects fund, and the restricted and committed categories of the Nonmajor Governmental funds, respectively.

7. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2012 consisted of the following:

	Transfers In			
	General Fund	Capital Projects	Nonmajor Governmental	Total
Transfers out:				
General Fund	\$	\$ 297,432	\$ 68,000	\$ 365,432
Sewer Assessment	684,752			684,752
Nonmajor governmental funds	<u>6,788</u>			<u>6,788</u>
	<u>\$ 691,540</u>	<u>\$ 297,432</u>	<u>\$ 68,000</u>	<u>\$ 1,056,972</u>

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

8. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and loans payable:					
General obligation bonds	\$ 16,320,000	\$ 1,675,000	\$ 1,400,000	\$ 16,595,000	\$ 1,455,000
Less deferred amounts:					
On refunding	(122,556)		(11,026)	(111,530)	
For issuance premiums	413,209		30,591	382,618	
Loans payable - Clean Water Fund	<u>7,544,272</u>		<u>404,172</u>	<u>7,140,100</u>	<u>412,330</u>
	<u>24,154,925</u>	<u>1,675,000</u>	<u>1,823,737</u>	<u>24,006,188</u>	<u>1,867,330</u>
Other liabilities:					
Capital leases	254,534	162,497	167,523	249,508	127,753
Landfill postclosure	261,300		20,100	241,200	20,100
Net OPEB obligation	1,406,123	424,083		1,830,206	
Net pension obligation	220,482		176,697	43,785	
Compensated absences	<u>973,121</u>	<u>21,736</u>	<u>21,947</u>	<u>972,910</u>	<u>68,982</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 27,270,485</u>	<u>\$ 2,283,316</u>	<u>\$ 2,210,004</u>	<u>\$ 27,343,797</u>	<u>\$ 2,084,165</u>

General obligation bonds allocable to sewer projects are secured by the full faith and credit of the Town but are substantially liquidated by sewer assessments. The remaining liabilities above have typically been liquidated by the General Fund.

General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2012 is as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2012</u>
2002 General Obligation	12/1/2002	2013	3.25-4%	\$ 270,000	\$ 35,000
2002 Refunding Bonds	12/1/2002	2022	3.25%-4.9%	1,350,000	440,000
2007 General Obligation	7/15/2006	2025	4.25-6.25%	465,000	379,000
2007 General Obligation	7/15/2006	2025	4.25-6.25%	455,000	373,000
2007 General Obligation	7/15/2006	2025	4.25-6.25%	215,000	176,000
2007 General Obligation	7/15/2006	2025	4.25-6.25%	100,000	82,000
2010 Refunding Bonds Series A	2/9/2010	2025	1%-3.5%	2,500,000	1,475,000
2010 Refunding Bonds Series B	2/9/2010	2025	2-4%	3,438,000	2,245,000
2010 Refunding Bonds Series B	2/9/2010	2025	2-4%	57,000	35,000
2010 Refunding Bonds Series B	2/9/2010	2025	2-4%	3,105,000	2,205,000
2010 Refunding Bonds Series B	2/9/2010	2025	2-4%	270,000	100,000
2010 Refunding Bonds Series B	2/9/2010	2025	2-4%	2,605,000	1,860,000
2010 Refunding Bonds Series B	2/9/2010	2025	2-4%	1,200,000	955,000
2011 General Obligation	3/18/2011	2031	2-4.125%	3,350,000	3,040,000
2011 General Obligation	3/18/2011	2031	2-4.125%	1,600,000	1,520,000
2012 General Obligation	3/15/2012	2032	2.884%	1,675,000	1,675,000
					<u>\$ 16,595,000</u>

Clean Water Fund Loan Payable

The Town is currently participating in the State of Connecticut Clean Water Fund Loan program. The loan matures on June 30, 2027, has an outstanding balance as of June 30, 2012 of \$7,140,100, and is payable monthly with interest at 2%.

Bonds and Notes Payable

Annual debt service requirements to maturity on general obligation bonds and Clean Water Fund loans are as follows as of June 30, 2012:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,867,330	\$ 704,988	\$ 2,572,318
2014	1,990,653	646,993	2,637,646
2015	1,889,143	587,695	2,476,838
2016	1,887,805	532,452	2,420,257
2017	1,891,642	471,034	2,362,676
2018-2022	7,632,133	1,530,699	9,162,832
2023-2027	5,191,394	639,977	5,831,371
2028-2032	1,385,000	139,062	1,524,062
	<u>\$ 23,735,100</u>	<u>\$ 5,252,900</u>	<u>\$ 28,988,000</u>

The Town's indebtedness does not exceed the legal debt limitations as required by the Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 59,807,723	\$ 6,115,707	\$ 53,692,016
Schools	119,615,445	10,197,610	109,417,835
Sewers	99,679,538	3,286,109	96,393,429
Urban renewal	86,388,933		86,388,933
Pension deficit	79,743,630		79,743,630

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$186,068,470.

Amounts above do not include \$379,000 of Water System Improvement bonds issued, which are excluded from the Town's statutory debt limit pursuant to Connecticut General Statutes.

Capital Leases

A summary of assets acquired through capital leases is as follows as of June 30, 2012:

	<u>Governmental Activities</u>
Buildings	\$ 85,920
Machinery and equipment	568,141
Less accumulated amortization	(168,231)
	<u>\$ 485,830</u>

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2013	\$ 135,675
2014	56,705
2015	33,474
2016	33,475
Total minimum lease payments	259,329
Less amount representing interest	(9,821)
Present Value of Minimum Lease Payments	<u>\$ 249,508</u>

Landfill Postclosure

State and federal laws and regulations require the Town to place a final cover on its landfill site and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The Town's landfill has stopped accepting waste, closure has been completed and monitoring is continuing. The remaining postclosure costs are estimated to be \$241,200 over the next 12 years. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The Town will appropriate the costs of monitoring on an ongoing basis through the General Fund budget.

9. PENSION PLANS

A. Defined Benefit Plan

Plan Description

The Town of Coventry Employee Retirement System (CERS or the Plan) is a single-employer retirement system established and administered by the Town to provide pension benefits to substantially all Town and Board of Education employees, except for professional employees of the Board of Education who are covered under the State of Connecticut Teachers Retirement System. The CERS is a defined benefit plan. The CERS is considered to be a part of the Town’s financial reporting entity and is included in the Town’s basic financial statements as a pension trust fund. Contribution provisions and benefit provisions of the CERS are established by and can be amended by the Town Council subject to ratification of various bargaining units. A separate stand-alone financial report for the CERS is not issued by the Town.

All employees except for sworn officers of the police department are included as participants in the Plan on the first July 1 following the attainment of age 21 and the completion of two years of service. Sworn officers of the police department are included on their dates of hire. No employees are included before the effective date. Police and nonunion employees are vested 100% after 5 years, and all other employees are vested after 10 years.

Benefits are calculated on a percentage of earnings times years of service. The percentage varies by group. The Plan also provides for early retirement, deferred retirement and disability retirement. Participants have a nonforfeitable right to accrued benefits at the date of termination of employment provided that they have completed the years required for 100% vesting. Normal retirement age varies from 45 to 62 based on the bargaining unit.

The accrued benefit is paid in the form of a monthly life annuity. Benefits will be actuarially adjusted to reflect any other form of annuity payable. Administrative costs for the plan are paid from the plan investment earnings.

The membership of the Plan consisted of the following at July 1, 2011, the date of the latest actuarial valuation:

Retired members	8
Terminated plan members entitled to but not yet receiving benefits	24
Active plan members	<u>149</u>
Total	<u><u>181</u></u>

Summary of Significant Accounting Policies

Plan financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized in the period in which employee services are performed. Employer contributions are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

All funds invested are reported at fair value.

Funding Policy

The Town's funding policy provides for periodic contributions at rates that, when expressed as a percentage of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The contribution rate for normal costs of the Plan was determined using the projected unit credit method. Town employees contribute 1.75% of covered payroll, except for police employees who are required to contribute a rate equal to 6.5% of covered payroll. For the year ended June 30, 2012, the Town contributed \$1,267,988 to the Plan.

Annual Pension Cost and Net Pension Asset

The Town's net pension obligation as of June 30, 2012 and its annual pension cost for the year then ended are as follows:

Annual required contribution	\$ 1,097,988
Interest on net pension obligation	16,536
Adjustment to annual required contribution	<u>(23,233)</u>
Annual pension cost	1,091,291
Contributions made	<u>1,267,988</u>
Decrease in net pension obligation	(176,697)
Net pension obligation - beginning of year	<u>220,482</u>
Net Pension Obligation - End of Year	<u>\$ 43,785</u>

Additional Information and Actuarial Assumptions

Following is a summary of certain significant actuarial assumptions and other CERS information:

Valuation date	July 1, 2011
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar
Remaining amortization period	15 years, open
Asset valuation method	4-year phase-in gains/losses
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increases*	3.0%
Cost of living adjustments	None

* Includes inflation at 2.0%

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	Actual Contribution
2012	\$ 1,091,291	116.2%	\$ 43,785	\$ 1,267,988
2011	1,030,887	110.6%	220,482	1,139,895
2010	822,534	101.3%	329,490	832,855

Schedule of Funding Progress

Actuarial Valuation Date July 1,	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost Method (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2011	\$ 7,449,103	\$ 12,084,080	\$ 4,634,977	61.6%	\$ 6,183,478	75.0%
2010	6,286,971	11,260,273	4,973,302	55.8%	6,161,861	80.7%
2009	5,940,132	10,659,218	4,719,086	55.7%	5,707,527	82.7%
2008	6,376,577	9,631,610	3,255,033	66.2%	5,519,736	59.0%
2007	6,176,432	9,066,240	2,889,808	68.1%	5,335,878	54.2%
2006	5,728,835	8,262,143	2,533,308	69.3%	5,254,769	48.2%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contributions	Percentage Contributed
2012	\$ 1,097,988	115%
2011	1,040,895	110%
2010	832,855	100%
2009	765,258	0%*
2008	736,564	107%
2007	693,822	106%

* Note that the accounting of contributions were realigned with the valuation, resulting in \$-0- reported contribution even though the Town did not change its pattern of contributing.

B. Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board.

Certain part-time and all full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan. After five years of service, teachers are fully vested in their own contributions. After 10 years of service, teachers are fully vested in the monthly pension benefit, which is payable at the age of 60. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual Town basis. For the year ended June 30, 2012, Town teachers contributed \$803,492 to the plan, and covered payroll for the year was \$10,882,907.

In accordance with the provisions of GASB Statement No. 24, the Town has reported on-behalf payments of \$2,247,720 made by the State of Connecticut into the plan as intergovernmental revenues and education expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of governmental funds.

The State of Connecticut Teachers Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's basic financial statements as a pension trust fund. Those financial statements may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

10. OTHER POST EMPLOYMENT BENEFITS

A. Plan Description

The Town, in accordance with various collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees and their spouses, under a single employer plan. The Post-Retirement Medical Program (RMP) covers Town and Board of Education employees. All Town of Coventry employees are eligible to purchase medical insurance. The benefits include individual, two-person or family coverage under the Blue Cross Health Plan (or equivalent), including hospitalization, surgical, prescriptions, dental and major medical. Employees who choose to participate must pay the full premium cost. Board of Education employees may also purchase life insurance at the full premium cost. Spouses can continue coverage after the retiree's death. The Town does not issue a separate stand-alone financial statement for this program.

At July 1, 2010, plan membership consisted of the following:

	<u>Post-Retirement Medical Program</u>
Retired participants and spouses	32
Active plan members	<u>340</u>
Total	<u><u>372</u></u>

B. Funding Policy

The Town funding and payment of post employment benefits are accounted for in the General Fund on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with post employment benefits in accordance with GASB guidelines. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund may not be established in the future to exclusively control the funding and reporting of post employment benefits, the Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers.

The Town's funding strategy for post employment obligations are based upon characteristics of benefits on four distinct groups of employees established within their respective collective bargaining units and/or contracts and include the following:

Teachers

- Eligible for Medical, Dental and Life Coverage if age 50 with 25 years of service or age 55 with 20 years of service or age 60 with 10 years of service.
- Retirees pay full cost of insurance and spouse can continue coverage after retiree's death.

Police

- Eligible for Medical and Dental Coverage if age 45 and 20 years for Sworn Police, age 62 and 10 years for nonsworn employees.
- Retirees pay full cost of insurance and spouse can continue coverage after retiree's death.

Town Employees (non-Police)

- Eligible for Medical and Dental Coverage if age 62 with 10 years of service.
- Retirees pay full cost of insurance and spouse can continue coverage after retiree's death.

Board of Education (other than Teachers)

- Eligible for Dental and Life Coverage if age 62 with 10 years of service.
- Retirees pay full cost of insurance and spouse can continue coverage after retiree's death.

C. Annual OPEB Cost and Net OPEB Obligations

The Town of Coventry's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), 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 amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

	Post-Retirement Medical Program
Annual required contribution (ARC)	\$ 549,000
Interest on net OPEB obligation	56,245
Adjustment to annual required contribution	<u>(54,162)</u>
Annual OPEB cost	551,083
Contributions made	<u>127,000</u>
Increase in net OPEB obligation	424,083
Net OPEB obligation, beginning of year	<u>1,406,123</u>
Net OPEB Obligation, End of Year	<u>\$ 1,830,206</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal years ended June 30, 2012, 2011 and 2010 is presented below.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/10	\$ 665,414	\$ 166,561	25.03%	\$ 1,013,228
6/30/11	514,895	122,000	23.69	1,406,123
6/30/12	551,083	127,000	23.05	1,803,206

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2008	\$ -	\$ 7,476,232	\$ 7,476,232	0.00%	\$ 17,349,100	43%
7/1/2010	-	4,808,000	4,808,000	0.00%	18,651,867	26%

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
6/30/2010	\$ 675,132	\$ 166,561	25%
6/30/2011	512,000	122,000	24%
6/30/2012	549,000	127,000	23%

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The initial inflation rate is calculated at 6.70% with an ultimate inflation rate of 4.70%. Salary increases as well as the discount rate is set at 4%. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized on a level dollar basis with a remaining amortization period at July 1, 2010 at 29 years. There was a significant decrease in the AAL as of July 1, 2010 due to the changes to retirement assumptions and trended medical costs of the actuary.

11. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors or omissions; injuries to employees or natural disasters. The Town purchases commercial insurance for all risks of loss. There are no significant reductions in insurance coverage from the prior year. The amount of claim settlements has not exceeded insurance coverage for each of the past three years.

The Town's self-insurance fund is used to account for dental insurance coverage for Town employees. The Town examines the coverage on a yearly basis to determine adequate coverage and minimize risk. A schedule of changes in the claims liability for the years ended June 30, 2011 and 2012, is presented below:

	<u>Claims Payable July 1</u>		<u>Claims and Changes in Estimates</u>		<u>Claims Paid</u>		<u>Claims Payable June 30</u>
2010-2011	\$ -		\$ 219,610		\$ 219,610		\$ -
2011-2012	-		199,761		199,761		-

12. COMMITMENTS AND CONTINGENCIES

The Town is currently a defendant in a number of lawsuits. The outcome and eventual liability to the Town, if any, in these matters is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

TOWN OF COVENTRY, CONNECTICUT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Property Taxes:				
Current taxes	\$ 25,578,835	\$ 25,578,835	\$ 25,634,954	\$ 56,119
Delinquent taxes	330,000	330,000	369,329	39,329
Interest and penalties	170,000	170,000	303,024	133,024
Supplemental motor vehicles	200,000	200,000	201,704	1,704
Total property taxes	<u>26,278,835</u>	<u>26,278,835</u>	<u>26,509,011</u>	<u>230,176</u>
Intergovernmental:				
General Government:				
Elderly circuit breaker	56,000	56,000	58,182	2,182
Disability exemption	1,700	1,700	1,674	(26)
Grant in lieu of taxes	50,857	50,857	50,878	21
Veterans additional tax relief	7,500	7,500	7,469	(31)
Emergency Management Performance Grant	5,600	5,600	6,102	502
Boat registration grant	5,000	5,000		(5,000)
Telephone access grant	35,000	35,000	41,056	6,056
Youth services grant	14,500	14,500	14,511	11
Pequot State Property	46,177	46,177	50,670	4,493
Municipal revenue sharing			128,639	128,639
Total general government	<u>222,334</u>	<u>222,334</u>	<u>359,181</u>	<u>136,847</u>
Education:				
Education cost sharing grant	8,845,691	8,845,691	8,819,476	(26,215)
Transportation	145,237	145,237	143,598	(1,639)
Adult education	10,848	10,848	11,046	198
Tuition		56,509	56,509	-
Medicaid reimbursement		15,897	15,897	-
Total education	<u>9,001,776</u>	<u>9,074,182</u>	<u>9,046,526</u>	<u>(27,656)</u>
Investment Earnings	<u>50,000</u>	<u>50,000</u>	<u>61,888</u>	<u>11,888</u>
Local Revenues:				
Housing Authority PILOT	16,500	16,500	17,775	1,275
Finance:				
Insurance reimbursement and claims	23,308	23,308	23,308	-
Conveyance tax	110,000	110,000	71,101	(38,899)
Town clerk:				
Office receipts	100,800	100,800	96,637	(4,163)
Assessor:				
Copy charges	1,500	1,500	1,284	(216)

(Continued on next page)

TOWN OF COVENTRY, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Development/Planning:				
Zoning permits	\$ 10,000	\$ 10,000	\$ 9,425	\$ (575)
Planning and zoning	2,000	2,000	1,563	(437)
Zoning board of appeals	1,000	1,000	748	(252)
Inland wetlands	1,500	1,500	1,390	(110)
Regulations and maps	1,000	1,000	597	(403)
Permits	100	100	88	(12)
Road inspection program	1,000	1,000		(1,000)
Engineering reimbursement			80	80
Building Department:				
Building permits	170,000	170,000	128,203	(41,797)
Fire inspection	1,500	1,500	1,965	465
Blasting permit	200	200		(200)
Penalty fees	100	100	250	150
Police Services:				
Warden receipts	1,200	1,200	825	(375)
Surcharge	10,500	10,500		(10,500)
Dog license	800	800	9,761	8,961
Fingerprinting	2,500	2,500	820	(1,680)
Local parking fines	300	300	270	(30)
Permits	3,000	3,000	4,700	1,700
Other	200	200	378	178
Judicial revenue distribution	500	500		(500)
Municipal surcharge	2,000	2,000	3,945	1,945
Miscellaneous:				
Miscellaneous unanticipated			119,728	119,728
Rents	24,000	24,000	27,316	3,316
Total local revenues	<u>485,508</u>	<u>485,508</u>	<u>522,157</u>	<u>36,649</u>
Total revenues	<u>36,038,453</u>	<u>36,110,859</u>	<u>36,498,763</u>	<u>387,904</u>
Other Financing Sources:				
Transfers in:				
Sewer Assessment Fund	684,754	684,754	684,752	(2)
Police Special Services			6,788	6,788
Total other financing sources	<u>684,754</u>	<u>684,754</u>	<u>691,540</u>	<u>6,786</u>
Total Revenues and Other Financing Sources	\$ <u>36,723,207</u>	\$ <u>36,795,613</u>	37,190,303	\$ <u>394,690</u>
Budgetary revenues are different from GAAP revenues because:				
Cancellation of prior year encumbrances are recognized as budgetary revenue			(27,323)	
Excess cost grants are netted for budgetary reporting			1,040,758	
State on-behalf payments			<u>2,247,720</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>40,451,458</u>	

TOWN OF COVENTRY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
General Government:				
Town Council	\$ 19,800	\$ 22,400	\$ 21,416	\$ 984
Town Manager	182,571	184,716	184,033	683
Finance Administration	101,415	103,615	103,464	151
Accounting	109,159	108,286	108,286	-
Tax Collector	102,454	106,515	105,041	1,474
Assessor	131,913	131,913	127,137	4,776
Assessment Appeals	750	750	286	464
Treasurer	21,897	18,709	17,927	782
Planning	130,136	130,291	128,984	1,307
Zoning Board of Appeals	23,964	23,874	21,189	2,685
Conservation	610	610	292	318
Economic Development	11,469	26,404	25,644	760
Regional grants	11,030	11,030	10,415	615
Inland Wetlands	42,313	42,313	41,157	1,156
Planning and Zoning Commission	5,150	5,150	5,086	64
Legal counsel	75,000	190,000	183,915	6,085
Probate court	4,243	4,243	4,243	-
Recording/licensing	148,999	148,999	148,652	347
Elections	44,620	44,620	35,811	8,809
Town Office building	73,414	76,514	72,776	3,738
Central services	62,200	60,200	52,169	8,031
Information technology	83,734	81,534	77,965	3,569
Total general government	<u>1,386,841</u>	<u>1,522,686</u>	<u>1,475,888</u>	<u>46,798</u>
Public Safety:				
Police Administration	163,168	163,119	153,319	9,800
Police Operations	1,077,050	1,057,300	1,053,079	4,221
Police supportive services	288,110	279,289	270,013	9,276
Police marine patrol	6,300	6,300	5,450	850
Police station	57,925	58,735	50,614	8,121
Fire Marshal	25,664	25,664	24,627	1,037
Coventry Volunteer Fire Association	146,033	144,413	144,392	21
North Coventry Volunteer Fire Department	126,658	118,312	118,301	11
Ambulance	9,150	9,150	9,145	5
N. Coventry substation	7,950	16,296	16,254	42
Joint Fire Budget	95,208	98,091	90,875	7,216
CVFA South Street Substation	12,330	11,067	11,065	2
Civil Emergency Preparedness	23,347	24,557	24,551	6
Animal Control	65,337	66,337	62,846	3,491
Total public safety	<u>2,104,230</u>	<u>2,078,630</u>	<u>2,034,531</u>	<u>44,099</u>
Public Works:				
Roads and drainage	519,053	521,216	517,262	3,954
Public works building	45,200	59,800	52,878	6,922
Snow removal	252,000	162,891	156,001	6,890
Facilities maintenance	215,250	200,139	187,448	12,691
Public works administration	228,829	229,029	208,696	20,333
Fleet maintenance	407,642	438,769	408,287	30,482
Street lights	39,000	41,010	41,010	-
Cemetery Commission	18,750	18,870	18,869	1
Tree Warden	20,450	20,450	19,788	662
Engineering	70,537	70,537	69,848	689
Building inspection	144,307	144,307	134,108	10199
Building code	45	45	45	-
Health Department	55,505	55,505	55,505	-
Total public works	<u>2,016,568</u>	<u>1,962,568</u>	<u>1,869,745</u>	<u>92,823</u>

(Continued on next page)

TOWN OF COVENTRY, CONNECTICUT

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Human Services:				
Visiting nurses	\$ 4,000	\$ 4,000	\$ 4,000	\$ -
Human services/general administration	168,131	168,131	163,412	4,719
Elderly services	65,776	62,776	51,532	11,244
Total human services	<u>237,907</u>	<u>234,907</u>	<u>218,944</u>	<u>15,963</u>
Culture and Recreation:				
Booth/Dimock Library	371,351	371,351	371,351	-
Parks and recreation, supervision	60,283	60,283	60,029	254
Memorial Day	2,175	2,675	2,349	326
Total culture and recreation	<u>433,809</u>	<u>434,309</u>	<u>433,729</u>	<u>580</u>
Insurance and Sundry:				
Municipal insurance	314,580	314,580	300,224	14,356
Pension/Social Security	1,038,020	1,133,020	1,108,939	24,081
Health insurance	987,790	809,045	787,999	21,046
Contingency	15,000	-	-	-
Claims and losses	20,000	80,000	73,361	6,639
Total insurance and sundry	<u>2,375,390</u>	<u>2,336,645</u>	<u>2,270,523</u>	<u>66,122</u>
Education	<u>24,889,828</u>	<u>24,962,234</u>	<u>24,936,828</u>	<u>25,406</u>
Capital Outlay	<u>428,993</u>	<u>484,743</u>	<u>484,075</u>	<u>668</u>
Debt Service	<u>2,686,709</u>	<u>2,686,709</u>	<u>2,684,819</u>	<u>1,890</u>
Total budgetary expenditures	<u>36,560,275</u>	<u>36,703,431</u>	<u>36,409,082</u>	<u>294,349</u>
Other Financing Uses:				
Transfers out:				
Matching funds	1,500	1,500	1,500	-
Park and recreation fund	34,000	34,000	34,000	-
Capital Projects	127,432	331,432	331,432	-
Total other financing uses	<u>162,932</u>	<u>366,932</u>	<u>366,932</u>	<u>-</u>
Total	\$ <u>36,723,207</u>	\$ <u>37,070,363</u>	36,776,014	\$ <u>294,349</u>
Budgetary expenditures are different from GAAP expenditures because:				
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes			(413,509)	
Reserve for matching fund expenditures and transfers, net			1,983	
Excess cost grants are netted for budgetary reporting			1,040,758	
State on-behalf payments			<u>2,247,720</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>39,652,966</u>	