



## **FINANCIAL**

*Above: Winter at the Town Hall*



# FINANCE DIVISION

## Annual Report 2010

### **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  
Rosemary Klambt, Assistant to the Collector  
Leo Mercado, Revenue Clerk  
Michael D'Amicol, Assessor  
Cynthia Roman, Assistant Assessor



*Elizabeth Bauer,  
Finance Director*

## **Goals and Accomplishments - Fiscal Year ending 6/30/2010**

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.

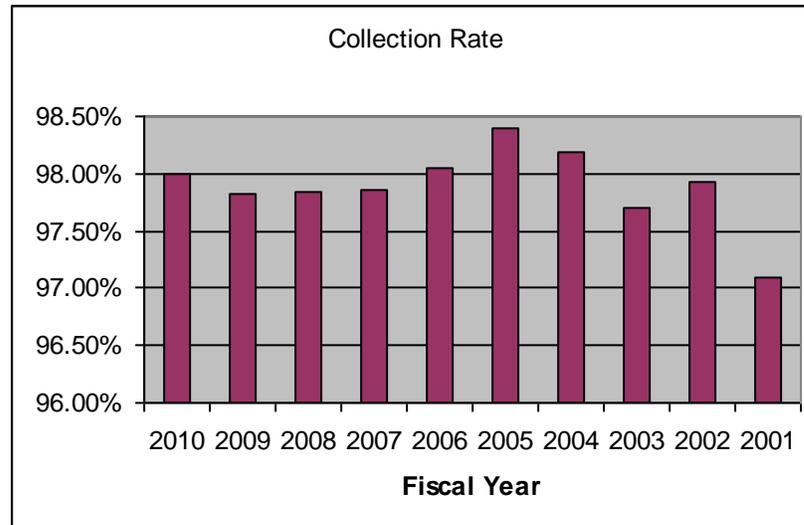
The Accounting office, striving to support the goals of the Town Council, worked to achieve a certificate of achievement for excellence in financial reporting from the Governmental Finance Officers Association. The Town of Coventry's comprehensive annual financial report for the year ended 6/30/2009 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 two years. Annual audits, budget documents and other financial reports are available for review on the web at [www.coventryct.org](http://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](mailto:financedirector@coventryct.org). Anyone who would prefer a face to face conversation is welcome to call to make an appointment.

## General Overview

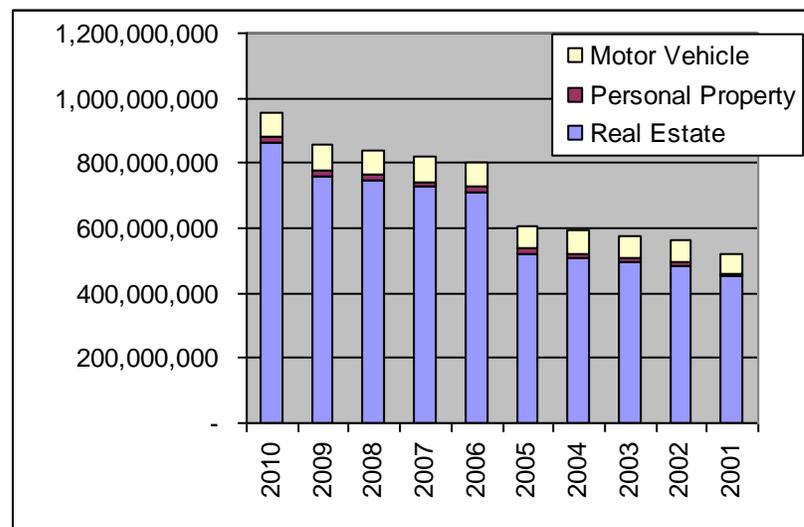
### Revenue Collection – 742-4066

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 6/30/10, the percentage of current year property taxes collected was 97.99%. As shown in Exhibit IV the collection of taxes provided 58% of the overall amount needed to support the services provided to the residents of Coventry.



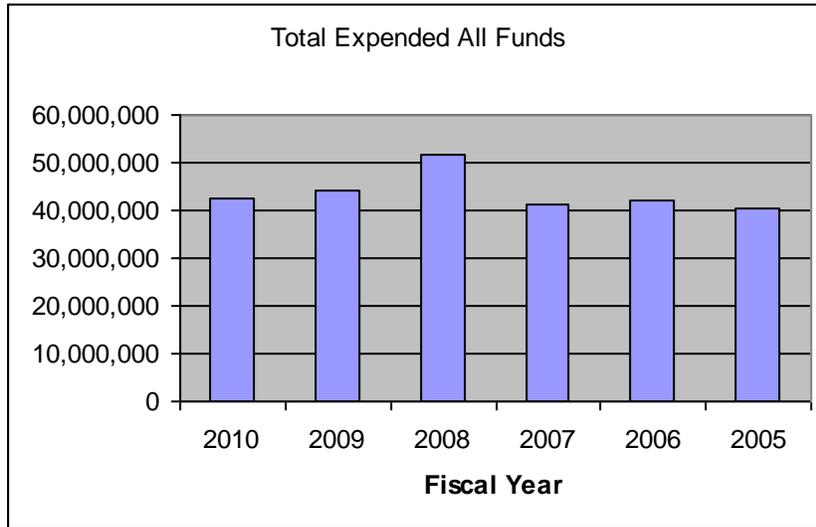
### Assessor – 742-4067

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 cannot 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.



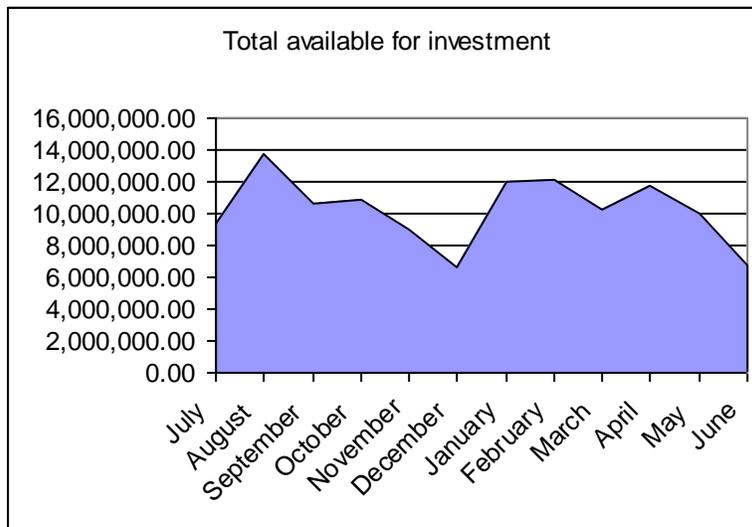
*Accounting – 742-3528*

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 6/30/2010 the total dollars expended exceeded 42 million. The Chart below shows the total annual expenditures for the last six years.



*Treasurer – 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 6.6 to 13.7 million during the last fiscal year.



*Information Technology – 742-3528*

The financial system of the general government of the Town of Coventry is maintained on an Alpha Server running OpenVMS, and uses an open source software program written in the ADMINS programming language. This system supports the full financial system with the exception of the computer assisted mass appraisal software used by the Assessor's office for tracking real estate data. Two new regional initiatives were started during the year. A contract for GIS support was entered into with the Town of South Windsor. Personnel from the town of South Windsor are available to provide advice, training, professional expertise and guidance to the staff of the Town of Coventry as we move to expand and improve our GIS data. The Town of Coventry entered into an agreement for on-line building permit system which is hosted remotely. The implementation of this software is the first computerization for the building file records.

## TREASURER'S REPORT

**Elizabeth E. Bauer, Treasurer**  
**Cheryl A McIntire, Assistant Treasurer**

The Treasurer is responsible for maintaining all fund accounts for the Town of Coventry. Numerous reports are prepared for the State of Connecticut, federal government, Moody's Investor service, Bureau of the Census, Canine control and others.

The rates earned on invested funds for the year ending 6/30/10 averaged .74% for the year. The rate of return declined through the year as higher rated CD's matured.

**REVENUE RECEIVED**  
**FROM**  
**THE INVESTMENT OF GENERAL FUND MONIES:**

2000-2001	219,216
2001-2002	101,431
2002-2003	68,368
2003-2004	82,318
2004-2005	96,602
2005-2006	220,132
2006-2007	338,312
2007-2008	259,242
2008-2009	106,855
2009-2010	61,184

## ASSESSOR'S OFFICE



*From left to right:  
Michael J. D'Amicol,  
(Assessor), Cynthia  
Roman (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 is in the process of conducting a town-wide revaluation for the October 1, 2009 Grand List. We have contracted with Vision Appraisal Technologies Service and have changed our software vendor. This new system will allow us to store the data we have in a better manor to be more user friendly and available to the public.

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. Both lists decreased in the number of accounts for this year's grand list. Many people reported closing their businesses due to the current economy. Most of those were service related businesses. Motor Vehicle was also down due to the overall depreciation on used SUV's.

The 2009 Grand List indicates 6,325 real property accounts, 862 personal property accounts, and 13,389 registered motor vehicles.

It is our responsibility to update the property cards when any changes occur. In the 2009-2010 fiscal year, 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 330 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. Remember that the large increase in real estate was due to the state mandated revaluation for the October 1, 2009 grand list.

### 2008 Adjusted Grand List

Motor Vehicles	\$ 75,225,710
Personal Property	\$ 16,992,851
Real Estate	<u>\$765,548,225</u>
Totals	\$857,766,786

### 2009 Adjusted Grand List

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

The difference in last year's grand list equates to an 11.6 percent increase over the prior year.



Fiscal Year 09/10

Elderly Applications Processed	110
Tax Deferrals	14
Additional Veterans Applications	64
Building Permits	380
New Dwellings	24
Certificate of Correction + Prorates	14
Transfers	340
Reports Filed State, Local	50
Motor Vehicle Priced (Regular)	13,389
Motor Vehicle Priced (Supplemental)	1,899
Personal Property Added	72
Farm, Forest, Open Space Applications	10
Disabled Applications Processed	3
Blind Applications Processed	1

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 1<sup>st</sup> on 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 31<sup>st</sup> 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 1<sup>st</sup> thru May 15<sup>th</sup> 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.

As the Assessor for the Town of Coventry I look forward to the challenges and the tasks for the upcoming fiscal year. I would like to thank my assistant Cindy Roman and Karen Mills for their support during this Revaluation year and to their insight to take our office into the future.

Respectfully submitted,

Michael J. D'Amicol  
Assessor  
Town of Coventry

## **BOARD OF ASSESSMENT APPEALS**

**BOARD MEMBERS: ROBERT MCMAHON, CHARIMAN; STEVEN ANDERSON SECRETARY; ERIN EMILY HENRY, MARCELLA C. FAHEY AND ROBERT KRAMER.**

The Board of Assessment Appeals met September 9, 2010 to hear appeals for motor vehicles on the 2009 Grand List. A total of 32 cases were scheduled. Of those 32, 1 failed to appear or withdrew their application. The remaining appeals resulted in 31 reductions and zero denials. The total reduction for the September Board of Assessment Appeals was \$142,600.

The Board of Assessment Appeals also met the 3, 9, 10, 13, 15, 18, 20 and the 25<sup>th</sup> of March of 2010 to hear appeals of the 2009 Grand List. A total of 117 cases were scheduled. Of those 117, 4 failed to appear or withdrew their application. The remaining appeals resulted in 66 reductions and 47 denials. The total reduction for the March Board of Assessment Appeals was \$1,543,110. The board had more appeals this year because it was a state mandated revaluation year for the Town of Coventry.

Respectfully submitted,

Robert McMahan, 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, state owned/leased rents 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 bills for Real Estate, Personal Property, Supplemental Motor Vehicle, COVRRRA, Sewer Assessment, and Sewer User are printed, and posted in house by the staff in this office. This year that number totaled approximately 15,400 bills. The Motor Vehicle tax bills are printed and stuffed by a commercial vendor due to the volume of bills required. This year 13,304 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 1,900 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 \$2,250 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 June.

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 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 COVENTRY COLLECTORS'S REPORT  
 FISCAL YEAR 2009 - 2010  
 COLLECTIONS THROUGH 30-Jun-2010

YEAR	BEGINNING COLLECTIBLE	ADDITIONS	DEDUCTIONS	TO_SUSP	FROM_SUSP	NET COLLECTIBLE	COLLECTIONS					TOTAL_PAID	UNCOLLECTED	TAXES	SUSPENSE BALANCE						
							TAXES	REFUNDS	INTEREST	LIEN	PENALTY					NEG_BAL					
2008	24,622,731.52	78,403.77	-93,708.58	.00	.00	24,607,426.71	24,112,743.94	.00	93,632.02	456.00	24.00	-13,615.58	24,206,855.96	494,682.77	.00						
2007	545,576.03	1,527.54	-5,497.08	.00	.00	541,606.49	317,410.07	-1,945.83	65,317.96	2,520.00	.00	-949.54	383,302.20	226,142.25	.00						
2006	203,131.05	21.52	-268.84	12,336.20	442.55	190,990.08	67,026.37	-167.31	27,099.05	696.00	6.00	.00	94,660.11	124,131.02	14,814.34						
2005	86,710.18	21.00	-394.10	11,821.29	1,591.80	76,107.59	16,128.14	.00	8,055.10	231.53	.00	-33.36	24,414.77	59,979.45	31,549.61						
2004	21,183.14	.00	-177.55	1,507.04	2,375.22	21,873.77	-4,872.59	.00	2,253.61	72.00	.00	-15,849.97	-2,546.98	26,746.36	35,586.28						
2003	24,623.48	.00	-123.61	212.44	1,822.43	26,109.86	2,604.12	.00	3,026.66	48.00	.00	-9,614.16	5,678.78	23,505.74	43,484.73						
2002	12,221.15	.00	-132.33	798.18	1,042.70	12,333.34	2,417.08	.00	3,551.11	48.00	.00	-12,226.82	6,016.19	9,916.26	35,701.05						
2001	2,982.90	.00	-184.43	281.82	634.06	3,150.71	290.42	.00	661.91	24.00	.00	-12,835.53	976.33	2,860.29	38,265.56						
2000	-4,088.72	.00	-29.30	96.81	217.90	-3,996.93	-606.89	.00	1,150.63	24.00	.00	-16,684.82	567.74	-3,390.04	37,444.81						
1999	1,066.16	.00	-24.20	233.20	427.30	1,236.06	-1,736.54	.00	3,421.40	24.00	.00	-6,560.18	1,708.86	2,972.60	25,348.61						
1998	-8,460.82	.00	-22.75	356.25	506.25	-8,333.57	415.00	.00	979.36	.00	.00	-15,562.92	1,394.36	-8,748.57	20,094.35						
1997	-6,449.45	.00	-21.84	25.63	234.35	-6,262.57	1,093.07	.00	3,310.87	.00	.00	-12,553.51	4,403.94	-7,355.64	19,466.05						
1996	-3,009.58	.00	-21.55	.00	213.52	-2,817.61	191.97	.00	469.79	.00	.00	-7,147.50	661.76	-3,009.58	17,205.61						
1995	3,070.07	.00	-21.11	.00	220.24	3,269.20	186.13	.00	513.44	.00	.00	-933.10	699.57	3,083.07	15,281.11						
1994	4,610.76	.00	-20.48	.00	102.45	4,692.73	100.48	.00	133.80	.00	.00	-106.18	234.28	4,592.25	14,239.74						
							25,505,897.87	79,973.83	-100,647.75	27,668.86	9,830.77	25,467,385.86	24,513,390.77	-2,113.14	213,576.71	4,143.53	30.00	-124,673.17	24,729,027.87	956,108.23	348,481.85

REPORT OF TOP DELINQUENT TAXPAYERS

TAXPAYER	DUE
1 JACOBSON ALVIN & KAREN J	42,695.11
2 GERENT JOHN J	41,247.54
3 DECEW BARBARA	32,097.60
4 BECHTOLD MERIANNE F	31,540.62
5 CARLSON DAVID E & MARGARET A	24,980.79
6 LAFLAMME EDMUND A SR	21,710.24
7 BRAGG CAROL	21,666.54
8 DAYTON BIRGEL & ISABELLE M	17,839.06
9 SAMUELS DAVID V JR & SHARON	16,499.64
10 AINSWORTH SHARON A	14,948.45

**TOWN OF COVENTRY, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

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, 2010. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to VI.

**Financial Highlights**

- Net assets of the Town of Coventry's governmental activities increased by \$.7 million primarily due to better than expected revenues and conservative spending.
- During the year, the Town had \$42.8 million in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$42.1 million with no new programs added this year.
- The Town's total general obligation bonded debt decreased by \$1.9 million or 12.9%. During the fiscal year, the Town refunded 10.78 million. No new bonded debt was incurred.
- The General Fund reported a GAAP fund balance this year of \$3,037,517 less encumbrances of \$335,277 and \$32,813 reserved for prepaid items, leaving an undesignated fund balance of \$2,669,427. The Fiscal Management policy of the Town Council requires a minimum fund balance of 5%. The Town's bond rating agency has suggested a target of 10% to preserve the Town's bond rating. At the close of the current fiscal year, unreserved fund balance for the General Fund when expressed as a percentage of final budget appropriation is 7.8%.

**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 VI. 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 as a whole 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 two categories: governmental 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 and are used to report activities that provide supplies and services for the Town's other programs and activities, such as the Town's Data Processing Fund and risk management internal service funds.
- *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**

	<b>Governmental Activities</b>	
	<u>2010</u>	<u>2009</u>
Current assets	\$ 17,091,995	\$ 16,310,098
Capital assets, net of accumulated depreciation	<u>115,568,692</u>	<u>116,561,645</u>
Total assets	<u>132,660,687</u>	<u>132,871,743</u>
Long-term liabilities outstanding	24,204,404	25,587,272
Other liabilities	<u>2,176,468</u>	<u>1,723,460</u>
Total liabilities	<u>26,380,872</u>	<u>27,310,732</u>
Net Assets:		
Invested in capital assets, net of related debt	94,010,187	93,201,542
Restricted	2,469	2,178
Unrestricted	<u>12,267,159</u>	<u>12,357,291</u>
Total Net Assets	<u>\$ 106,279,815</u>	<u>\$ 105,561,011</u>

Overall, net assets increased by \$.7 million or .7% over the prior year net assets, as adjusted (\$106.3 million compared to \$105.6 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 \$12.357 million at June 30, 2009 to \$12.267 million at the end of this year.

### **Changes in governmental net assets can be explained as follows:**

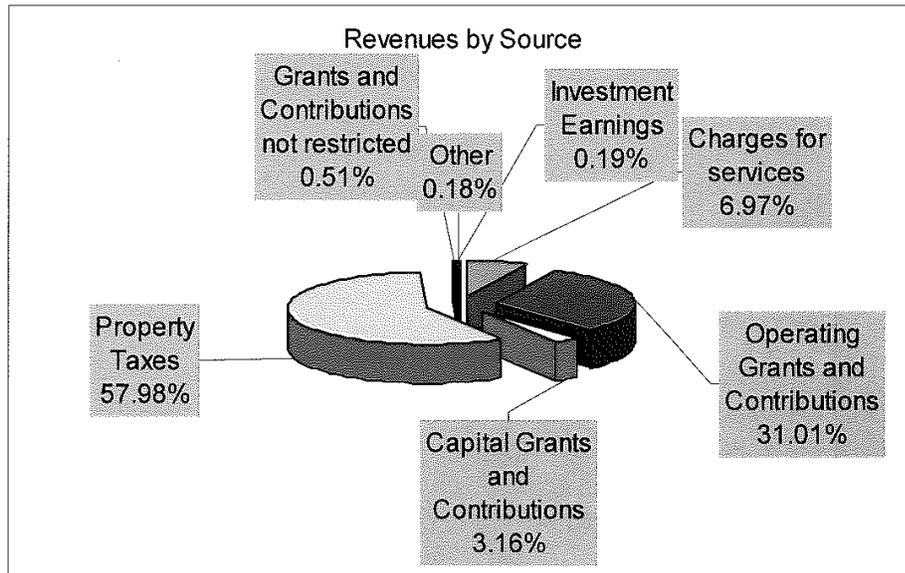
- Increase in current net assets of \$718,804 as outlined in Exhibits I is primarily due to an increase in cash on hand. This resulted from higher than expected tax receipts, a bond refunding which reduced current year debt service expense, lower than budgeted expenditures in the general fund, sewer user, school lunch and town aid road funds.
- Capital assets decreased during the fiscal year. Adds to the list for purchase of equipment, donations of land and roadways and the completion of a bridge project did not exceed the depreciation in the fiscal year.
- Decreases in long-term and other liabilities are due to the reduction of bonded debt. In addition to the regular debt service payments the Town of Coventry refunded outstanding bonds and realized additional savings in fiscal year 2009/10.
- Other liabilities increased reflecting the increase in the other post employment benefit obligation from 514,375 to 1,013,228.

**TABLE 2  
CHANGE IN NET ASSETS**

	<b>Governmental Activities</b>	
	<u>2010</u>	<u>2009</u>
Revenues:		
Program revenues:		
Charges for services	\$ 2,983,777	\$ 3,039,383
Operating grants and contributions	13,279,083	12,979,265
Capital grants and contributions	1,354,230	2,378,253
General revenues:		
Property taxes	24,824,120	24,303,484
Grants and contributions not restricted to specific purposes	218,729	305,300
Unrestricted investment earnings	81,947	177,221
Other general revenues	75,581	29,326
Total revenues	<u>42,817,467</u>	<u>43,212,232</u>
Expenses:		
General government	1,947,349	2,136,818
Public safety	2,903,254	3,105,918
Public works	5,675,470	6,024,860
Human services	776,674	638,070
Culture and recreation	910,242	869,990
Education	28,845,981	27,875,003
Debt service	1,039,693	925,065
Total expenses	<u>42,098,663</u>	<u>41,575,724</u>
Increase in Net Assets	<u>\$ 718,804</u>	<u>\$ 1,636,508</u>

The Town's total revenues were \$42.8 million. Major revenue changes include the following:

- Operating grants increased by \$.3 million due to an increase in education grant revenue, energy grants, and public safety grants. Most of the new grant revenue is ARRA money.
- The Town received \$1 million less in capital grants due to the close out of most of the active capital projects in the prior budget year.
- Property tax revenue increased over the previous year by \$.5 million.



The total cost of all programs and services was \$42.1 million. The following is an explanation of the major changes:

- OPEB liability increased by \$498,853.
- Education expenditures increased by \$1 million.
- Total debt service increased by \$114,628.
- Human Services increased by \$138,604 due to a CDBG grant project.

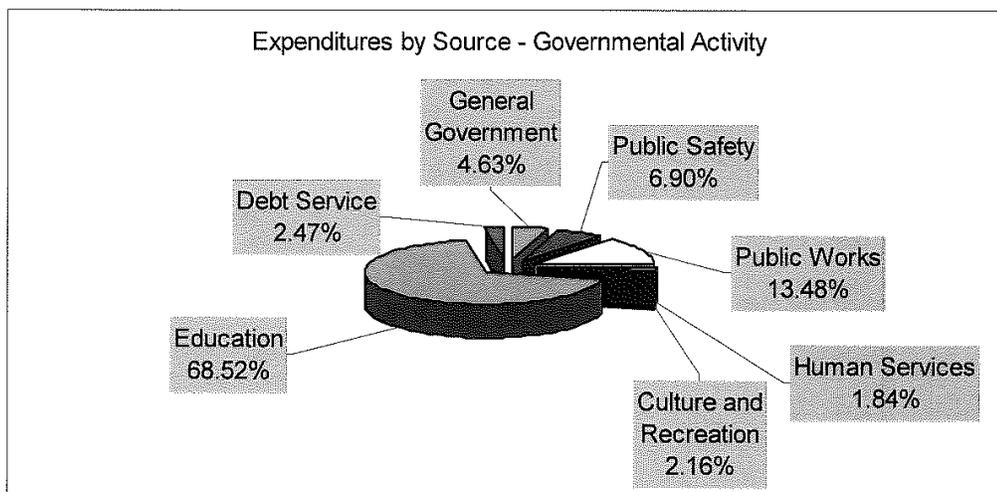


Table 3 presents the cost of each of the Town's programs - general government, public safety, public works, human services, culture and recreation, education and debt service - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial 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 on a fee and a pay-as-you-throw basis. 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 38% 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
General government	\$ 1,947,349	\$ 2,136,818	\$ (1,181,959)	\$ (1,682,374)
Public safety	2,903,254	3,105,918	(2,829,657)	(3,057,346)
Public works	5,675,470	6,024,860	(3,171,611)	(2,349,890)
Human services	776,674	638,070	(209,178)	(110,554)
Culture and recreation	910,242	869,990	(554,472)	(552,452)
Education	28,845,981	27,875,003	(15,507,200)	(14,521,499)
Debt service	1,039,693	925,065	(1,027,496)	(904,708)
Total	<u>\$ 42,098,663</u>	<u>\$ 41,575,724</u>	<u>\$ (24,481,573)</u>	<u>\$ (23,178,823)</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 \$6.4 million, which is an increase from last year's total of \$5.9 million. The changes are explained as follows:

- General Fund fund balance increased \$381,631 a 14.4% increase over last year's balance. This increase resulted from continued strength in tax revenues, reduction of debt service expense due to a refunding, and general spending reductions.
- Sewer Assessment fund balance decreased \$127,142 or -10.2%. 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 increased \$13,729 or 55.4%. This increase reflects several payoffs of mortgage obligations, and a small cash flow posting for the Kings Road construction.
- Non-major Governmental Funds fund balance increased \$265,820 or 13.8%. Town Aid Road had unspent funds which were scheduled for projects in the subsequent year, Miscellaneous Highway shows an increase to a higher than normal receipts from sale of goods, and the Sewer Operating fund balance is explained by a change in plant operators. The contract was brought in-house bringing significant cost savings.

The most significant expenditures were:

Parker Bridge Road Bridge	\$	296,418
Bleacher Installation		185,000
Kings Road Installation		313,178
Town Hall HVAC		63,206

### **General Fund Budget Highlights**

Overall, revenues were more than budget expectations by \$107,963. This was due to higher than anticipated tax receipts and planning and building department revenues.

Expenditures were within budget authorization. Actual budgetary expenditures of \$33,818,535 were less than the original budget of \$35,344,782 by \$1,526,247. Major changes to appropriation included the reduction of the Board of Education's appropriations by \$1,261,970 to accommodate the changes made by the State of Connecticut ARRA funding. In addition the appropriation for the Board of Education was increased by \$74,073, an amount equal to tuition received for special education services from other school districts and Medicaid reimbursement. The Town Council allocated \$9,534 in supplemental appropriation for the general fund to purchase a boat, and to pay membership dues to the Connecticut Coalition for Justice in Education. The final comparison of expenditures to budget shows a surplus of \$347,884.

## **Capital Asset and Debt Administration**

### ***Capital Assets***

At June 30, 2010, the Town had \$115.6 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 decrease (including additions and deductions) of \$.9 million, or -.8%, from last year.

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

	<b>Governmental</b>	
	<b>Activities</b>	
	<b>2010</b>	<b>2009</b>
Land	\$ 1,924,926	\$ 1,867,474
Buildings	35,677,438	36,410,418
Improvements other than buildings	1,342,747	1,314,918
Equipment	2,748,049	2,851,115
Infrastructure	72,166,044	71,492,031
Construction in progress	1,709,488	2,625,689
Total	<u>\$ 115,568,692</u>	<u>\$ 116,561,645</u>

This year's major additions included:

- Closeout of Parker Bridge Road Bridge project
- Purchase of a dump truck
- Purchase of a student activity bus
- Purchase of a Police cruiser
- Police department CAD software
- Underground Water Tank purchase and installation
- Installation of Wind Turbine and Solar panels
- Acceptance of various land open space conveyances
- Acceptance of various roads (lake association and developments)

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, 2010, the Town had \$12,965,000 in general obligation bonds outstanding versus \$14,890,000 last year - a decrease of \$1,925,000. Clean Water Fund Loans of \$7,940,448 show a reduction of \$388,337 from the last fiscal year balance of \$8,328,785.

The Town's general obligation bond rating was raised from A2 to Aa3 in May 2010. This change was part of the recalibration that was done by Moody's to move municipalities to their global rating scale. 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 2011 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 Coventry are \$1,913 compared to the state average of \$2,308. Education spending per pupil is \$10,921 while the state average is \$12,518.

The budget process considered the projected decline in state aid to municipalities, a slowing real estate market, rising unemployment rates and general taxpayer anxiety when adopting the General Fund budget for 2010-11. The final proposed budget had a 4.89% increase for General Government, 3.74% for Education (including ARRA funds), and 1.16% for Capital, with an 11.44% decrease in Debt Service. The adopted budget available for appropriation in the General Fund budget is \$35,325,420. If the ARRA funding is taken into consideration, the education expenditures are \$36,274,212, an increase of 2.63% over the original 2009 budget of \$35,344,782. The property tax revenue increase needed was 3.9% from the previous year to fund this budget. Revaluation was implemented in the 2010-11 budget, and the mil rate dropped from 28.54 to 26.58. 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 2010-11 includes no transfer of funds from fund balance to offset expenditures. Council policy has established a goal for fund balance of not less than 5% of expenditures. Current fund balance is 7.8%. Moody's, the bond rating agent for the Town, has indicated that a fund balance of 10% is desirable. At this time, no transfer 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, 2010

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 6,170,716
Investments	1,325,465
Receivables, net	9,345,070
Inventory	20,198
Prepaid items	32,813
Deferred charges	197,733
Capital assets not being depreciated	3,634,414
Capital assets being depreciated, net of accumulated depreciation	111,934,278
Total assets	<u>132,660,687</u>
Liabilities:	
Accounts payable and accrued liabilities	1,215,740
Unearned revenue	960,728
Noncurrent liabilities:	
Due within one year	2,188,850
Due in more than one year	22,015,554
Total liabilities	<u>26,380,872</u>
Net Assets:	
Invested in capital assets, net of related debt	94,010,187
Restricted for:	
Trust purposes - expendable	2,469
Unrestricted	<u>12,267,159</u>
Total Net Assets	<u>\$ 106,279,815</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, 2010**

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	\$ 1,947,349	\$ 485,517	\$ 279,719	\$ 154	\$ (1,181,959)
Public safety	2,903,254	41,597	32,000		(2,829,657)
Public works	5,675,470	1,464,653		1,039,206	(3,171,611)
Human services	776,674	141,978	110,648	314,870	(209,178)
Culture and recreation	910,242	326,705	29,065		(554,472)
Education	28,845,981	523,327	12,815,454		(15,507,200)
Interest on long-term debt	1,039,693		12,197		(1,027,496)
<b>Total</b>	<b>\$ 42,098,663</b>	<b>\$ 2,983,777</b>	<b>\$ 13,279,083</b>	<b>\$ 1,354,230</b>	<b>(24,481,573)</b>
General revenues:					
Property taxes					24,824,120
Grants and contributions not restricted to specific programs					218,729
Unrestricted investment earnings					81,947
Miscellaneous					75,581
Total general revenues					<u>25,200,377</u>
Change in net assets					718,804
Net Assets at Beginning of Year.					<u>105,561,011</u>
Net Assets at End of Year					<u>\$ 106,279,815</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF COVENTRY, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2010**

	<u>General</u>	<u>Sewer Assessment</u>	<u>CDBG Grant</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,545,840	\$ 1,114,829	\$ 41,973	\$ 2,381,586	\$ 6,084,228
Investments	1,300,000			25,465	1,325,465
Receivables, net	1,203,238	5,152,707	2,202,508	786,617	9,345,070
Due from other funds	29,060				29,060
Other	32,813				32,813
Inventories				20,198	20,198
<b>Total Assets</b>	<u>\$ 5,110,951</u>	<u>\$ 6,267,536</u>	<u>\$ 2,244,481</u>	<u>\$ 3,213,866</u>	<u>\$ 16,836,834</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts and other payables	\$ 395,100		\$ 231,444	\$ 462,914	\$ 1,089,458
Due to other funds				29,060	29,060
Deferred revenue	1,678,334	5,152,707	1,974,525	523,941	9,329,507
<b>Total liabilities</b>	<u>2,073,434</u>	<u>5,152,707</u>	<u>2,205,969</u>	<u>1,015,915</u>	<u>10,448,025</u>
<b>Fund balances:</b>					
Reserved	368,090			137,399	505,489
Unreserved, reported in:					
General Fund	2,669,427				2,669,427
Special Revenue Funds		1,114,829	38,512	1,762,576	2,915,917
Capital Projects Funds				297,976	297,976
<b>Total fund balances</b>	<u>3,037,517</u>	<u>1,114,829</u>	<u>38,512</u>	<u>2,197,951</u>	<u>6,388,809</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 5,110,951</u>	<u>\$ 6,267,536</u>	<u>\$ 2,244,481</u>	<u>\$ 3,213,866</u>	<u>\$ 16,836,834</u>

(Continued on next page)

## TOWN OF COVENTRY, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2010

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)	\$ 6,388,809
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Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 148,129,376	
Less accumulated depreciation	<u>(32,560,684)</u>	
Net capital assets		115,568,692

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	710,391
Interest receivable on property taxes	261,374
Assessments receivable	5,152,707
Sewer use receivable	48,608
Mortgage loans	1,974,525
Bond issuance costs	197,733
Receivable from the state for school construction projects	112,261
COVRRRA receivables	108,913

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.

86,488

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	(20,905,448)
Interest payable on bonds and notes	(126,282)
Compensated absences	(1,021,781)
Capital lease	(386,274)
Bond premium	(400,789)
Net pension obligation	(329,490)
Net other post employment benefit obligation	(1,013,228)
Deferred charges on refunding	134,006
Landfill postclosure liability	<u>(281,400)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 106,279,815</u>
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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, 2010

	General	Sewer Assessments	CDBG Grant	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 24,691,171	\$	\$	\$	\$ 24,691,171
Intergovernmental	10,890,396		378,826	3,163,280	14,432,502
Charges for services	493,399	557,717	70,057	2,174,305	3,295,478
Investment earnings	61,184	3,493		17,270	81,947
Miscellaneous			340	101,276	101,616
Total revenues	<u>36,136,150</u>	<u>561,210</u>	<u>449,223</u>	<u>5,456,131</u>	<u>42,602,714</u>
Expenditures:					
Current:					
General government	1,294,779			111,613	1,406,392
Public safety	1,899,323			135,154	2,034,477
Public works	1,869,458			1,617,980	3,487,438
Human services	226,963		435,494	39,717	702,174
Culture and recreation	420,122			402,557	822,679
Insurance and sundry	2,060,965				2,060,965
Education	25,029,076			2,746,414	27,775,490
Debt service	3,086,120				3,086,120
Capital outlay	531,976			406,419	938,395
Total expenditures	<u>36,418,782</u>	<u>-</u>	<u>435,494</u>	<u>5,459,854</u>	<u>42,314,130</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(282,632)</u>	<u>561,210</u>	<u>13,729</u>	<u>(3,723)</u>	<u>288,584</u>
Other Financing Sources (Uses):					
Issuance of capital lease				110,000	110,000
Issuance of bonds - refunding	10,635,000				10,635,000
Premium on bond refunding	411,569				411,569
Payments to escrow agents	(10,911,115)				(10,911,115)
Transfers in	691,036			162,227	853,263
Transfers out	(162,227)	(688,352)		(2,684)	(853,263)
Total other financing sources (uses)	<u>664,263</u>	<u>(688,352)</u>		<u>269,543</u>	<u>245,454</u>
Net Change in Fund Balances	381,631	(127,142)	13,729	265,820	534,038
Fund Balances at Beginning of Year	<u>2,655,886</u>	<u>1,241,971</u>	<u>24,783</u>	<u>1,932,131</u>	<u>5,854,771</u>
Fund Balances at End of Year	<u>\$ 3,037,517</u>	<u>\$ 1,114,829</u>	<u>\$ 38,512</u>	<u>\$ 2,197,951</u>	<u>\$ 6,388,809</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, 2010**

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) \$ 534,038

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	886,196
Depreciation expense	(2,383,273)

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. 505,765

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. (1,641)

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:

School building grant receipts	(112,261)
Property tax receivable - accrual basis change	67,348
Property tax interest and lien revenue - accrual basis change	65,601
Sewer use and assessment receivable - accrual basis change	(412,638)
Loans and other receivables - accrual basis change	71,921
Amortization of bond premiums	28,543
Other receivables	29,016

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	2,168,337
Capital lease payments	165,411
Capital lease financing	(110,000)
Refunding bonds issued	(10,635,000)
Payments to bond refunding agent	10,911,115
Premium on refunding	(411,569)
Bond issuance costs	135,454

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	49,702
Accrued interest	(5,248)
Amortization of deferred charge on refunding	(315,239)
Amortization of issuance costs	(130,830)
Net other post employment benefit expense	(498,853)
Net pension expense	10,321
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.

86,488

Change in Net Assets of Governmental Activities (Exhibit II)

\$ 718,804

The accompanying notes are an integral part of the financial statements

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

**JUNE 30, 2010**

		<u>Governmental Activities Internal Service Fund</u>
Assets:		
Current:		
Cash and cash equivalents	\$	<u>86,488</u>
Total current assets		<u>86,488</u>
Total assets		<u>86,488</u>
Net Assets:		
Unrestricted		<u>86,488</u>
Total Net Assets	\$	<u><u>86,488</u></u>

The accompanying notes are an integral part of the financial statements

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

JUNE 30, 2010

	<b>Governmental Activities Internal Service Fund</b>
Assets:	
Current:	
Cash and cash equivalents	\$ <u>86,488</u>
Total current assets	<u>86,488</u>
Total assets	<u>86,488</u>
Net Assets:	
Unrestricted	<u>86,488</u>
Total Net Assets	\$ <u><u>86,488</u></u>

The accompanying notes are an integral part of the financial statements