

**Town of Coventry, Connecticut
Comprehensive Annual Financial Report**

**For the Fiscal Year Ended
June 30, 2010**

**Department of Finance
Elizabeth Bauer
Finance Director**

TOWN OF COVENTRY, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010

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Introductory Section



Town of Coventry

1712 Main Street • Coventry, CT 06238 • Fax (860) 742-8911

December 8, 2010

To the Members of the Town Council, Board of Education, Superintendent of Schools and Citizens of the Town of Coventry:

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to the requirement, we hereby issue the Comprehensive Annual Financial Report of the Town of Coventry for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of the Town of Coventry. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Coventry has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Coventry's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the Town of Coventry's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Coventry's financial statements have been audited by Blum, Shapiro and Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Coventry for the fiscal year ended June 30, 2010 are free of material misstatement. The independent audit involved examining, on a test basis, evidence to support the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Coventry's financial statements for the fiscal year ended June 30, 2010 are fairly presented in conformity with GAAP. The independent auditors report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the forms of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Coventry's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town of Coventry

Incorporated in 1712 and named after the City of Coventry in Warwickshire, England, the Town encompasses approximately 37.3 square miles within Tolland County, with an estimated population of 12,500. The Town is located within Tolland County, and is known as the "gateway to the quiet corner". Bounded by the Towns of Vernon and Bolton on the west, Mansfield on the east, Tolland on the north and Andover and Columbia on the south, the Town is located 19 miles east of Hartford and 6 miles northwest of Willimantic.

Coventry traditionally has been both an agricultural and industrial community, as there are several mills along the rivers of the Town which were active in the 19th and early 20th centuries. Little industry remains in Town. During the early part of this century, the Town became a tourist destination when many vacation homes were developed along the shores of Coventry Lake (Lake Wangambug). The Town currently enjoys two public beaches and a public boat launch on this 375-acre lake. Also in town are two 18-hole golf courses. The Town has seen a great deal of residential growth in recent years but possesses strong rural and historic character, honoring our status as the birthplace of revolutionary war hero Nathan Hale.

The Town adopted its first charter on October 2, 1967, effective November 4, 1969. A seven-member Town Council with a Chief Administrative Officer replaced a three-person Board of Selectmen, Board of Finance form of government. Revisions to the Charter were adopted on November 6, 1973, at which time the title of Chief Administrative Office was changed to Town Manager. Policy-making and legislative authority are vested in the governing Town Council. The Council elects a Council Chair, and appoints a Town Manager to administer the non-educational functions of the Town. An elected Board of Education appoints a Superintendent of Schools to administer the Town's school system. An organizational chart outlining the town government, as well as a listing of principal town officials, can be found later in this section.

The Town of Coventry provides its residents with a complete level of municipal services in the functional areas of police, public works, health and social services, recreations and parks, planning and zoning and a K-12 public education system. In addition, the Town is the primary support for two volunteer fire services and the Booth and Dimock Library. Sewers are provided to approximately 1,000 homeowners and businesses primarily in the area around Coventry Lake. The Town contracts for refuse and recyclable collection, as well as health and sanitation services available from membership in the Eastern Highland Health district.

The annual budget serves as the foundation for the Town's financial planning and control. Budgetary controls are maintained with the objective to ensure compliance with legal provisions embodied in the annual appropriated budget, approved by budget referendum. The Town maintains an encumbrance accounting system as one technique of accomplishing budgetary controls. As seen in the schedules in the financial section of this report, the Town continues to meet its responsibility for sound financial management. In addition to budgetary schedules, Note 2 in the Notes to Basic Financial Statements describes the budget process used by the Town.

Local Economy

Coventry offers a happy mix of residential rural living while providing easy access to the full spectrum of conveniences and opportunities available in the diverse market place found east of the Connecticut River. The Town's commitment to economic development has been realized by recent significant improvements to zoning regulations which include new and expanded districts to accommodate the needs of the community and new mechanisms for clear and streamlined processes. The Town has a diversity of land and property to support future growth and development, while at the same time taking care to maintain the character of the community.

The Town has several focus areas for development. Two areas are the Route 44 corridor with convenient access to routes 1-84 and 1-384, and a traffic count of 20,000 per day. The other area is the historic Coventry Village with its multiple mill sites, shops and restaurants, and access to water and sewer. Currently, the economic base is primarily dominated by home-based businesses.

The Town continues to offer affordable land and housing, and maintains a stronger housing market than other area communities. Subdivision activity continues to occur, although at a slower pace than several years ago. The Grand List continues to show growth and is expected to increase in the next year. The Building Department reports steady permit activity, reflecting the continued prosperity of the tax base.

A profile generated by the Connecticut Economic Resource Center shows the Town of Coventry has a median household income (2009) of \$81,253, much higher than the state level of \$68,055. The Town is served by two banks, several bed and breakfast facilities, one grocery store and two chain pharmacies.

Long-Term Financial Planning

The Town Council reviewed and revised its adopted Fiscal Management Policy in FY 2009/10. The plan was modified to reflect the debt management practices utilized by the Town of Coventry, and to define a funding methodology for capital projects and purchases. The Fiscal Management Policy sets an undesignated fund balance goal equal to 5% of General Fund expenditures. This has been underscored by the current Town Council, who included a reaching the target of 10% in their annual goals. No use of Undesignated General Fund resources was included in the 2010/11 budget.

The Town of Coventry prepares a six-year capital improvement plan to assist management and policy decision makers in the capital budget setting process. The capital budget is funded through a combination of current operating appropriation, long-term bonding, short-term borrowing, and grants and contributions. Management has been very successful in acquiring grants to reduce the burden on the local property tax base. In FY 09/10 the Town of Coventry received \$94,225 in grant monies for non-educational expenditures. Opportunities for grant funding are pursued whenever they are presented.

Financial Planning and Policies

During FY 09/10 the Town of Coventry invested its available cash in short-term certificates of deposit, in municipal money markets and the Connecticut State Treasury Short Term Investment Fund (STIF). STIF is an investment pool managed by the State of Connecticut, Office of the State Treasurer. These options were chosen because they offer liquidity of investments and competitive yields, and offer the combination with low risk. This is compliant with the guidelines set forth in the Investment Policy adopted by the Town Council.

Interest income for the General Fund in FY 09/10 totaled \$61,184 compared to \$106,855 in 2009. The decrease was a result of the decline in interest rates through the fiscal year.

Major Initiatives

During FY 09/10 the Town began several projects. A sidewalk installation linking a commercial center with an elderly housing project and the high school/middle school was undertaken. A project to promote housing and economic opportunities for low and moderate income residents offered by the State of Connecticut DECD allowed the installation of a new road and drainage in a small residential neighborhood, improving the access to home owners on the street. These projects were completed using grant funds. The Parker Bridge Road Bridge was completed upgrading the linkage between the Town of Coventry and its neighbor, the Town of Columbia. This project is supported with a combination of grant and bond proceeds. Additional projects which have reached substantial completion are noted in Note 5 of the Notes to Basic Financial Statements.

The update to the Plan of Conservation and Development was finalized and adopted in the spring of FY 09/10. This update is required by State statute to qualify the Town to be eligible for certain grant funds. The costs to update the plan have been substantially supported with grant money from the State of Connecticut.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Coventry for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the second year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Programs requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Finance Department, in particular Town Accountant Donna Ferree and Assistant to the Town Accountant Marcia Biase. Recognition is also due to the School Business Manager for the Board of Education Gregg Blackstone and his staff, Cindy Amelotte, Karen Leamon and Barbara LeClair. A special note of thanks goes to the audit team of Blum, Shapiro & Company, P.C. for their guidance and assistance. Due credit should also be given to the Superintendent of Schools, the Town Council and the Board of Education for their interest and support in planning and conducting the operations of the government in a responsible and progressive manner.

Respectfully submitted,

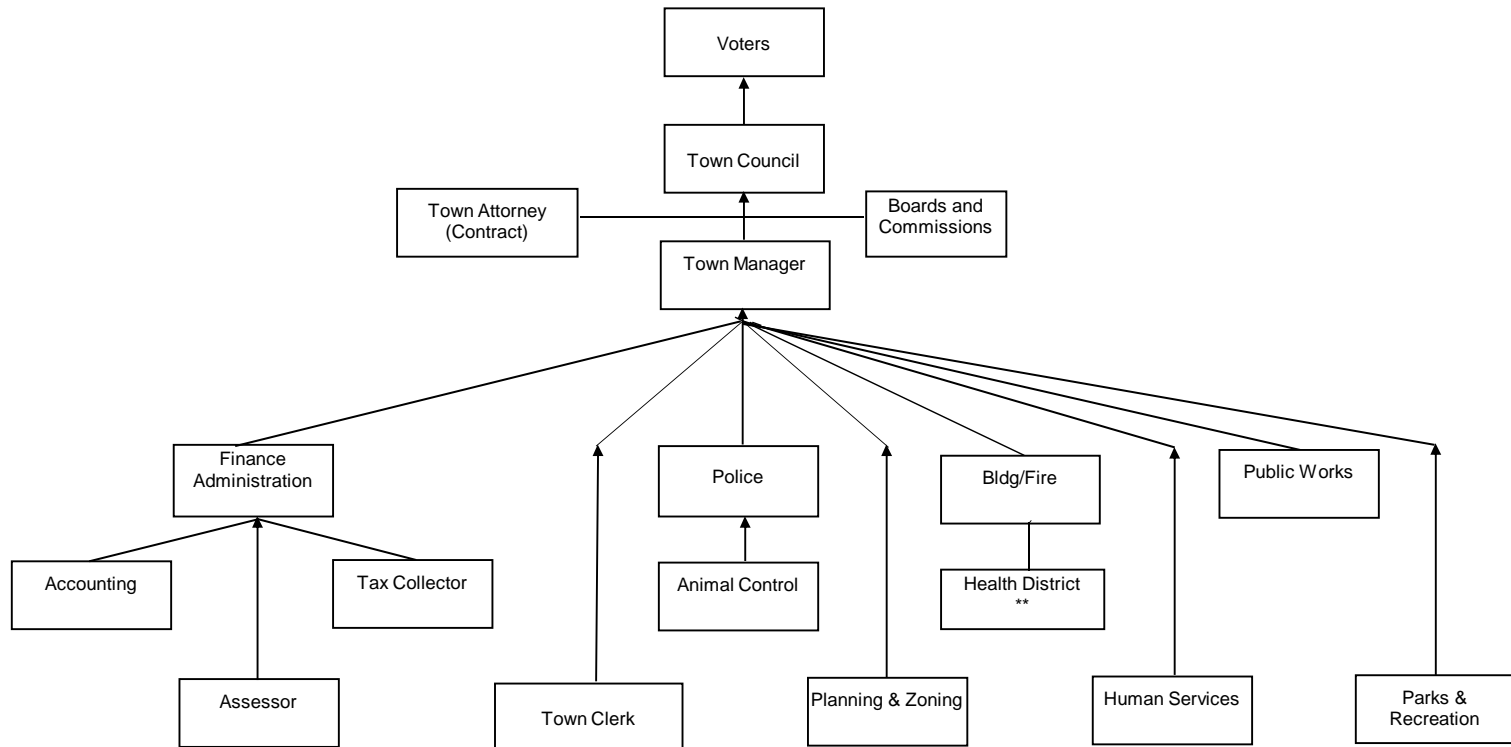


Elizabeth E. Bauer
Finance Director



John A. Elsesser
Town Manager

Organization Chart
Town of Coventry, Connecticut
FY 2009/10



**Employee of Eastern Highlands Health District

TOWN OF COVENTRY, CONNECTICUT

Listing of Principal Officials

Town Council

Elizabeth Woolf (Council chair)
William J. Zenko (Vice chair)
Julie A. Blanchard (Secretary)
Steven Hall

Lisa Thomas
Valdis Vinkels
Richard Williams, Jr.

Registrar of Voters

Inge Pope
Marge Roach

Town Manager
Finance Director
 Town Accountant
 Tax Assessor
 Collector of Revenue
Building Official
Fire Marshall
Human Services Director
 Youth Services Coordinator
Police Chief
Public Works Director
 Town Engineer
Parks and Recreation Director
Director of Planning and Development
 Zoning Enforcement Officer
Town Clerk

John Elsesser
Elizabeth Bauer
Donna Ferree
Michael D'Amicol
Linda Greenbacker
Joe Callahan
Noel Waite
Courtney Chan
Crystal Morawitz
Mark Palmer
Tim Webb
Todd Penney
Wendy Rubin
Eric Trott
Bonnie Potocki
Susan Cyr

Board of Education

Larry A. Pietrantonio, Chairman
Cheryl Trudon, Vice-Chairman
Mary Ann Emanuele, Secretary
John Barrett
Superintendent of Schools

Jennifer Beausoleil
Mary Kortmann
Mark Malcolm
Donna Bernard

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Coventry
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Financial Section



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, 2010, 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'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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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'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, 2010 and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2010 on our consideration of the Town of Coventry, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 11, and the budgetary comparison information on pages 44 through 47, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Coventry, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Blum, Shapiro & Company, P.C.

December 8, 2010

**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

	Governmental Activities	
	2010	2009
Current assets	\$ 17,091,995	\$ 16,310,098
Capital assets, net of accumulated depreciation	115,568,692	116,561,645
Total assets	<u>132,660,687</u>	<u>132,871,743</u>
Long-term liabilities outstanding	24,204,404	25,587,272
Other liabilities	2,176,468	1,723,460
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:

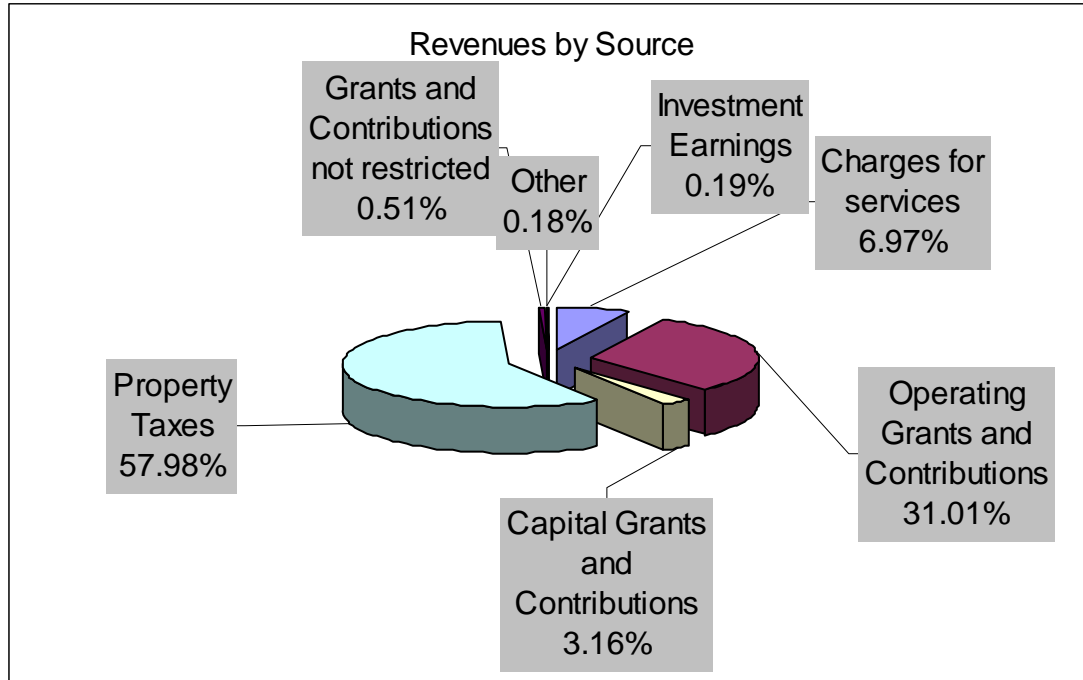
- Increase in current net assets of \$718,804 as outlined in Exhibits I is primarily due to an increase in cash on hand. This resulted from higher than expected tax receipts, a bond refunding which reduced current year debt service expense, lower than budgeted expenditures in the general fund, sewer 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

	Governmental	
	Activities	
	2010	2009
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.

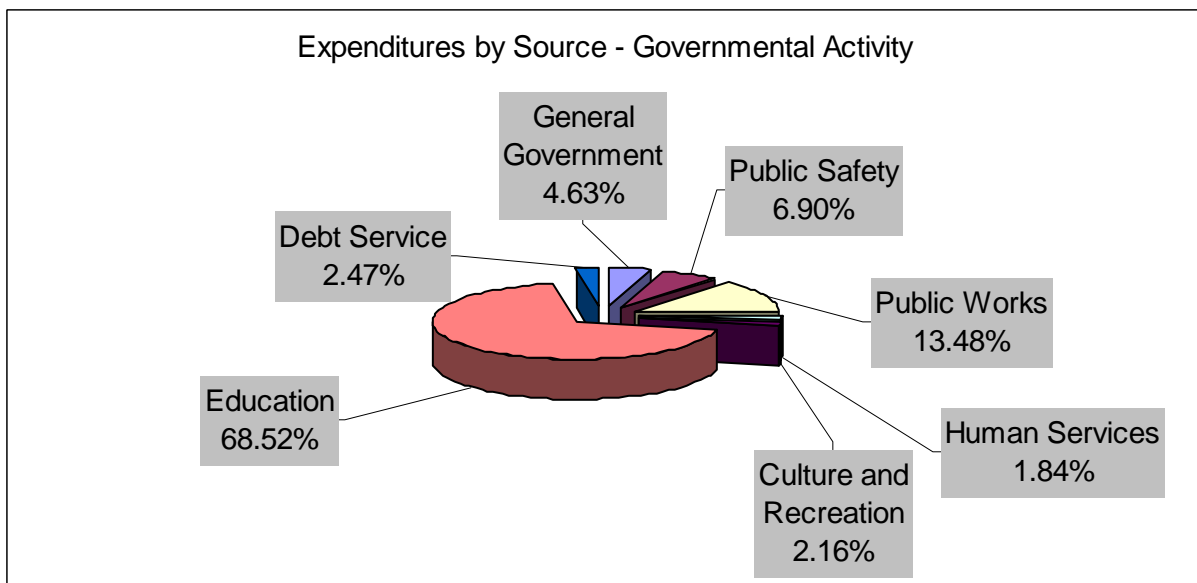


Table 3 presents the cost of each of the Town’s programs - general government, public safety, public works, human services, culture and recreation, education and debt service - as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial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

	Governmental	
	Activities	
	2010	2009
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	<u>1,709,488</u>	<u>2,625,689</u>
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.

Basic Financial Statements

TOWN OF COVENTRY, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Governmental Activities
	<u> </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	12,267,159
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
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)
Total	<u>\$ 42,098,663</u>	<u>\$ 2,983,777</u>	<u>\$ 13,279,083</u>	<u>\$ 1,354,230</u>	<u>(24,481,573)</u>
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>
ASSETS					
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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<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>
LIABILITIES AND FUND BALANCES					
Liabilities:					
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
Total liabilities	<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>
Fund balances:					
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
Total fund balances	<u>3,037,517</u>	<u>1,114,829</u>	<u>38,512</u>	<u>2,197,951</u>	<u>6,388,809</u>
Total Liabilities and Fund Balances	<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>

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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	(32,560,684)	
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
COVRRA 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	(281,400)

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

	<u>General</u>	<u>Sewer Assessments</u>	<u>CDBG Grant</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
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

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

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, 2010

	Governmental Activities <hr/> Internal Service Fund <hr/>
Operating Revenues:	
Employer contributions	\$ <u>313,708</u>
Operating Expenses:	
Administrative expense	26,481
Employee benefits	<u>200,739</u>
Total operating expenses	<u>227,220</u>
Operating Income	<u>86,488</u>
Change in Net Assets	86,488
Net Assets at Beginning of Year	<u>-</u>
Net Assets at End of Year	\$ <u><u>86,488</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF COVENTRY, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
JUNE 30, 2010

	Governmental Activities <hr/> Internal Service Fund <hr/>
Cash Flows from Operating Activities:	
Cash received from users	\$ 313,708
Cash payments to providers of benefits	(227,220)
Net cash provided by operating activities	<hr/> 86,488 <hr/>
Net Increase in Cash and Cash Equivalents	86,488
Cash and Cash Equivalents at Beginning of Year	<hr/>
Cash and Cash Equivalents at End of Year	\$ <hr/> <hr/> 86,488 <hr/>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ <hr/> 86,488 <hr/>
Net Cash Provided by Operating Activities	\$ <hr/> <hr/> 86,488 <hr/>

The accompanying notes are an integral part of the financial statements

TOWN OF COVENTRY, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2010

	Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 56,352	\$ 856,503
Investments - mutual funds	5,404,023	
Accounts receivable	311,343	
	<u> </u>	<u> </u>
Total assets	<u>5,771,718</u>	<u>\$ 856,503</u>
Liabilities:		
Due to others		<u>\$ 856,503</u>
Net Assets:		
Held in trust for pension benefits	<u>\$ 5,771,718</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, 2010

Additions:		
Contributions:		
Employer	\$	832,855
Plan members		<u>175,087</u>
Total contributions		1,007,942
Investment income:		
Net investment gain		<u>665,086</u>
Total additions		<u>1,673,028</u>
Deductions:		
Benefits		797,645
Administration		<u>53,776</u>
Total deductions		<u>851,421</u>
Change in Net Assets		821,607
Net Assets - Beginning of Year		<u>4,950,111</u>
Net Assets - End of Year	\$	<u><u>5,771,718</u></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 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 funds 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 collection of sewer assessment activity.

The *CDBG Grant Fund* accounts for the Community Development Block Grant program grants and loans.

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.

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 \$128,104 has been established as an allowance for uncollectible taxes. At June 30, 2010, this represents 13.40% 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 monthly. 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
Public domain infrastructure	40-60
System infrastructure	45-75
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. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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 which 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. The Town reduced appropriations by \$1,261,970 during the fiscal year as a result of changes in intergovernmental grants at the state and federal level as a result of the American Recovery and Reinvestment Act. Additional appropriations during the year were \$83,607, of which \$9,534 came from fund balance and \$74,073 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 \$12,890. 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) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are 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*, \$4,315,264 of the Town’s bank balance of \$6,268,668 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,758,737
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>556,527</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 4,315,264</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.

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>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 422,594	\$	\$	\$	\$ 422,594
Taxes	943,092				943,092
Accounts	14,615			172,021	186,636
Intergovernmental	112,261		227,983	614,596	954,840
Special assessments		5,152,707			5,152,707
Loans			1,974,525		1,974,525
Pension contribution				311,343	311,343
Gross receivables	<u>1,492,562</u>	<u>5,152,707</u>	<u>2,202,508</u>	<u>1,097,960</u>	<u>9,945,737</u>
Less allowance for uncollectibles:					
Taxes	(128,104)				(128,104)
Delinquent interest	<u>(161,220)</u>				<u>(161,220)</u>
Net Total Receivables	<u>\$ 1,203,238</u>	<u>\$ 5,152,707</u>	<u>\$ 2,202,508</u>	<u>\$ 1,097,960</u>	<u>\$ 9,656,413</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	\$ 710,391	\$
Advanced tax collections		
Interest on delinquent property taxes	261,374	573,831
Sewer operating receivable	48,608	
Special assessments not yet due	5,152,707	
Grant drawdowns prior to meeting all eligibility requirements		135,011
School building grants	112,261	
Loans receivable	1,974,525	
Unearned program revenues		152,244
COVRRR receivables	108,913	
Advanced collections on COVRRR billings		<u>99,642</u>
	<u>\$ 8,368,779</u>	<u>\$ 960,728</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 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	\$ 1,867,474	\$ 57,452	\$	\$	\$ 1,924,926
Construction in progress	2,625,689	676,587		(1,592,788)	1,709,488
Total capital assets not being depreciated	<u>4,493,163</u>	<u>734,039</u>	<u>-</u>	<u>(1,592,788)</u>	<u>3,634,414</u>
Capital assets being depreciated:					
Buildings	46,067,725				46,067,725
Improvements other than buildings	1,330,051	55,375			1,385,426
Furniture and equipment	5,644,617	201,822	(13,554)		5,832,885
Infrastructure	89,215,413	400,725		1,592,788	91,208,926
Total capital assets being depreciated	<u>142,257,806</u>	<u>657,922</u>	<u>(13,554)</u>	<u>1,592,788</u>	<u>144,494,962</u>
Less accumulated depreciation for:					
Buildings	(9,657,307)	(732,980)			(10,390,287)
Improvements other than buildings	(15,133)	(27,546)			(42,679)
Furniture and equipment	(2,793,502)	(303,247)	11,913		(3,084,836)
Infrastructure	(17,723,382)	(1,319,500)			(19,042,882)
Total accumulated depreciation	<u>(30,189,324)</u>	<u>(2,383,273)</u>	<u>11,913</u>	<u>-</u>	<u>(32,560,684)</u>
Total capital assets being depreciated, net	<u>112,068,482</u>	<u>(1,725,351)</u>	<u>(1,641)</u>	<u>1,592,788</u>	<u>111,934,278</u>
Governmental Activities Capital Assets, Net	<u>\$ 116,561,645</u>	<u>\$ (991,312)</u>	<u>\$ (1,641)</u>	<u>\$ -</u>	<u>\$ 115,568,692</u>

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

Governmental Activities:	
General government	\$ 26,733
Public safety	155,698
Public works	1,587,943
Culture and recreation	40,493
Education	<u>572,406</u>
Total Depreciation and Amortization Expense - Governmental Activities	<u>\$ 2,383,273</u>

The Town has various construction projects in progress. Following is a summary of significant construction commitments as of June 30, 2010:

<u>Description</u>	<u>Total Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2010</u>
Sewer extension	\$ 17,800,000	\$ 17,182,807	\$ 617,193
South/Skinner	516,300	441,061	75,239
Water systems	1,300,000	1,243,191	56,809
Parker Bridge Road bridge	1,600,000	1,594,074	5,926
Asbestos abatement	600,000	590,006	9,994
Kings Road reconstruction	500,000	347,996	152,004
Total	<u>\$ 22,316,300</u>	<u>\$ 21,399,135</u>	<u>\$ 917,165</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances at June 30, 2010 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ <u>29,060</u>

The above balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund transfers for the year ended June 30, 2010 consisted of the following:

	<u>Transfers In</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers out:			
General Fund	\$	\$ 162,227	\$ 162,227
Sewer Assessment	688,352		688,352
Nonmajor governmental funds	<u>2,684</u>		<u>2,684</u>
	<u>\$ 691,036</u>	<u>\$ 162,227</u>	<u>\$ 853,263</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.

7. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds and loans payable:					
General obligation bonds	\$ 14,890,000	\$ 10,635,000	\$ 12,560,000	\$ 12,965,000	\$ 1,595,000
Less deferred amounts:					
On refunding	(318,130)	(131,115)	(315,239)	(134,006)	
For issuance premiums	17,763	411,569	28,543	400,789	
Loans payable - Clean Water Fund	<u>8,328,785</u>		<u>388,337</u>	<u>7,940,448</u>	<u>396,176</u>
	22,918,418	10,915,454	12,661,641	21,172,231	1,991,176
Other liabilities:					
Capital leases	441,685	110,000	165,411	386,274	131,740
Landfill postclosure	301,500		20,100	281,400	20,100
Net OPEB obligation	514,375	498,853		1,013,228	
Net pension obligation	339,811		10,321	329,490	
Compensated absences	<u>1,071,483</u>	<u>11,529</u>	<u>61,231</u>	<u>1,021,781</u>	<u>45,834</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 25,587,272</u>	<u>\$ 11,535,836</u>	<u>\$ 12,918,704</u>	<u>\$ 24,204,404</u>	<u>\$ 2,188,850</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, 2010 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, 2010</u>
1990 General Obligation	6/15/2002	2010	6.6-6.7%	\$ 4,560,000	\$ 240,000
1997 General Obligation	12/15/1997	2011	4.2-5.65%	1,915,000	150,000
2010 Refunding Bonds Series A	2/9/2010	2025	1%-3.5%	1,100,000	150,000
2010 Refunding Bonds Series A	2/9/2010	2025	1%-3.5%	2,500,000	1,690,000
2002 General Obligation	12/1/2002	2013	3.25-4%	270,000	95,000
2002 Refunding Bonds	12/1/2002	2022	3.25%-4.9%	1,350,000	660,000
2010 Refunding Bonds Series B	2/9/2010	2025	2-4%	3,438,000	2,820,000
2010 Refunding Bonds Series B	2/9/2010	2025	2-4%	57,000	44,000
2010 Refunding Bonds Series B	2/9/2010	2025	2-4%	3,105,000	2,770,000
2010 Refunding Bonds Series B	2/9/2010	2025	2-4%	270,000	141,000
2010 Refunding Bonds Series B	2/9/2010	2025	2-4%	2,605,000	2,011,000
2010 Refunding Bonds Series B	2/9/2010	2025	2-4%	1,200,000	1,009,000
2006 General Obligation	8/1/2005	2025	4.125-6%	1,200,000	50,000
2007 General Obligation	7/15/2006	2025	4.25-6.25%	465,000	427,000
2007 General Obligation	7/15/2006	2025	4.25-6.25%	455,000	419,000
2007 General Obligation	7/15/2006	2025	4.25-6.25%	215,000	197,000
2007 General Obligation	7/15/2006	2025	4.25-6.25%	100,000	<u>92,000</u>
					<u>\$ 12,965,000</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. The loan currently bears 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, 2010:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,991,176	\$ 581,235	\$ 2,572,411
2012	1,414,172	542,036	1,956,208
2013	1,667,330	499,441	2,166,771
2014	1,650,653	445,931	2,096,584
2015	1,549,143	395,933	1,945,076
2016-2020	7,259,196	1,259,823	8,519,019
2021-2025	4,143,692	405,140	4,548,832
2026-2027	1,230,086	25,833	1,255,919
	<u>\$ 20,905,448</u>	<u>\$ 4,155,372</u>	<u>\$ 25,060,820</u>

Refundings

On January 26, 2010, the Town issued \$10,635,000 in general obligation bonds, with an average interest rate of 3.58% to refund outstanding bonds with an average rate of 4.08%. The bonds refunded were as follows: \$1,800,000 of outstanding 2001 general obligation bonds, \$5,805,000 of outstanding 2004 general obligation refunding bonds, \$2,175,000 of outstanding 2004 general obligation bonds, and \$1,000,000 of outstanding 2005 general obligation bonds. The net proceeds of \$10,911,115 (after payment of \$135,453) were deposited with an escrow agent in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by the United States of America, to provide all future debt service payments on the refunded bonds. The refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net assets. The transaction generated a cash flow savings of \$720,957 and a present value savings of \$533,715.

In prior years, the Town has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. As of June 30, 2010, \$1,020,203 of outstanding bonds are considered defeased.

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	\$ 55,775,858	\$ 1,928,000	\$ 53,847,858
Schools	111,551,715	9,845,739	101,705,976
Sewers	92,959,763	3,447,741	89,512,022
Urban renewal	80,565,128		80,565,128
Pension deficit	74,367,810		74,367,810

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$173,524,890.

School building grant commitments include \$112,261 from old bonded projects. Amounts above do not include \$419,000 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, 2010:

	<u>Governmental Activities</u>
Buildings	\$ 85,920
Machinery and equipment	1,541,594
Less accumulated amortization	<u>(729,793)</u>
	<u>\$ 897,721</u>

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2011	\$ 142,793
2012	142,792
2013	102,202
2014	<u>23,231</u>
Total minimum lease payments	411,018
Less amount representing interest	<u>(24,744)</u>
Present Value of Minimum Lease Payments	<u>\$ 386,274</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 \$281,400 over the next 15 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.

8. 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 year ended June 30, 2010 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>
2009-2010	\$ -	\$ 227,220	\$ 227,220	\$ -

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, 2009, the date of the latest actuarial valuation:

Retired members	4
Terminated plan members entitled to but not yet receiving benefits	23
Active plan members	<u>143</u>
 Total	 <u><u>170</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, 2010, the town contributed \$832,855 to the plan.

Annual Pension Cost and Net Pension Asset

The Town's net pension obligation as of June 30, 2010 and its annual pension cost for the year then ended are as follows:

Annual required contribution	\$ 832,855
Interest on net pension obligation	25,486
Adjustment to annual required contribution	<u>(35,807)</u>
 Annual pension cost	 822,534
Contributions made	<u>832,855</u>
 Decrease in net pension obligation	 (10,321)
Net pension obligation - beginning of year	<u>339,811</u>
 Net Pension Obligation - End of Year	 \$ <u><u>329,490</u></u>

Additional Information and Actuarial Assumptions

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

Valuation date	July 1, 2009
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 (Asset) Obligation	Actual Contribution
2010	\$ 822,534	101.3%	\$ 329,490	\$ 832,855
2009	778,585	0.0%	339,811	-
2008	748,623	105.6%	(438,774)	790,404

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)
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%
2005	5,102,210	7,586,181	2,483,971	67.3%	4,830,202	51.4%
2004	4,785,764	6,994,210	2,208,446	68.4%	4,475,306	49.3%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contributions	Percentage Contributed
2010	\$ 832,855	100.0%
2009	765,258	0%*
2008	736,564	107.0%
2007	693,822	106.0%
2006	630,801	110.0%
2005	577,638	109.2%

* Note that the accounting of contributions were realigned with the valuation, resulting in a \$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, 2010, Town teachers contributed \$807,651 to the plan, and covered payroll for the year was \$11,084,841.

In accordance with the provisions of GASB Statement No. 24, the Town has reported on-behalf payments of \$1,714,764 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, 2008, plan membership consisted of the following:

	<u>Post-Retirement Medical Program</u>
Retired participants and spouses	30
Active plan members	<u>311</u>
Total Participants	<u><u>341</u></u>

B. Funding Policy

The Town funding and payment of postemployment 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 postemployment 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 postemployment 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 postemployment 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 non-sworn 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 postemployment 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:

	<u>Post-Retirement Medical Program</u>
Annual required contribution (ARC)	\$ 675,132
Interest on net OPEB obligation	20,575
Adjustment to annual required contribution	<u>(30,293)</u>
Annual OPEB cost	665,414
Contributions made	<u>166,561</u>
Increase in net OPEB obligation	498,853
Net OPEB obligation, beginning of year	<u>514,375</u>
Net OPEB Obligation, End of Year	<u><u>\$ 1,013,228</u></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 year ended June 30, 2010 is presented below. The year of transition was June 30, 2009.

<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>
6/30/09	\$ 665,794	\$ 151,419	22.7%	\$ 514,375
6/30/10	665,414	166,561	25.03	1,013,228

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 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%

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
6/30/2009	\$ 665,794	\$ 151,419	23%
6/30/2010	675,132	166,561	25%

In the July 1, 2008 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 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, 2008 at 30 years.

11. 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.

12. FUND BALANCE - RESERVATIONS

Descriptions of the various reservations of the Town's governmental funds' fund balance accounts are as follows:

Reserved for Inventory - to segregate a portion of fund balance equal to the inventory.

Reserved for Encumbrances - to segregate a portion of fund balance for expenditure upon vendor performance.

Reserved for Trust Purposes - to segregate a portion of fund balance which is nonexpendable.

A summary of reserved fund balance at June 30, 2010 is presented below:

General Fund:	
Reserved for Encumbrances	\$ 335,277
Reserved for prepaid items	32,813
Special Revenue Funds:	
Reserved for Encumbrances	114,732
Reserved for Inventory	20,198
Permanent Funds:	
Reserved for Trust Principal	<u>2,469</u>
Total Governmental Funds	\$ <u><u>505,489</u></u>

Required Supplementary Information

TOWN OF COVENTRY, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Property Taxes:				
Current taxes	\$ 23,920,308	\$ 23,920,308	\$ 23,918,167	\$ (2,141)
Delinquent taxes	330,000	330,000	374,292	44,292
Interest and penalties	160,000	160,000	217,750	57,750
Supplemental motor vehicles	190,000	190,000	180,962	(9,038)
Total property taxes	<u>24,600,308</u>	<u>24,600,308</u>	<u>24,691,171</u>	<u>90,863</u>
Intergovernmental:				
General Government:				
Elderly circuit breaker	60,000	60,000	57,644	(2,356)
Disability exemption	1,825	1,825	1,912	87
Grant in lieu of taxes	49,094	49,177	49,177	-
Veterans additional tax relief	9,700	9,700	7,476	(2,224)
Emergency Management Performance Grant	5,600	5,600	485	(5,115)
Boat registration grant		2,741	2,741	-
Telephone access grant	70,000	48,833	48,832	(1)
Youth services grant	14,500	14,500	14,511	11
Pequot State Property	66,368	46,294	46,155	(139)
Manufacturer's PILOT	5,000	5,000	4,792	(208)
Total general government	<u>282,087</u>	<u>243,670</u>	<u>233,725</u>	<u>(9,945)</u>
Education:				
Education cost sharing grant	8,845,691	7,583,721	7,608,905	25,184
Transportation	321,437	306,038	184,065	(121,973)
Adult education	11,248	11,248	11,790	542
Cost plan CGS/CNHS	124,457	124,457	124,457	-
Tuition		28,182	35,551	7,369
Medicaid reimbursement		35,168	38,556	3,388
Total education	<u>9,302,833</u>	<u>8,088,814</u>	<u>8,003,324</u>	<u>(85,490)</u>
Investment Earnings	<u>70,000</u>	<u>70,000</u>	<u>61,184</u>	<u>(8,816)</u>
Local Revenues:				
Housing Authority PILOT	16,500	16,500	16,817	317
Finance:				
Conveyance tax	116,000	116,000	119,217	3,217
Town clerk:				
Office receipts	80,000	80,000	92,268	12,268
Assessor:				
Copy charges	1,500	1,500	1,731	231

(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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Development/Planning:				
Zoning permits	\$ 7,500	\$ 7,500	\$ 12,625	\$ 5,125
Planning and zoning	2,500	2,500	3,183	683
Zoning board of appeals	500	500	1,560	1,060
Inland wetlands	2,500	2,500	1,820	(680)
Regulations and maps	500	500	838	338
Permits	100	100	128	28
Road inspection program			10197	10,197
Engineering reimbursement			3,522	3,522
Building Department:				
Building permits	125,000	125,000	165,869	40,869
Fire inspection	1,500	1,500	960	(540)
Blasting permit	200	200	30	(170)
Penalty fees			150	150
Police Services:				
Fingerprinting	750	750	749	(1)
Local parking fines	300	300	65	(235)
Permits	1,500	1,500	3,550	2,050
Other	600	600	270	(330)
Judicial revenue distribution	500	500	175	(325)
Municipal surcharge	750	750	3,909	3,159
Human Services:				
Miscellaneous unanticipated			55,976	55,976
Rents	40,000	40,000	24,260	(15,740)
Total local revenues	<u>398,700</u>	<u>398,700</u>	<u>519,869</u>	<u>121,169</u>
Total revenues	<u>34,653,928</u>	<u>33,401,492</u>	<u>33,509,273</u>	<u>107,781</u>
Other Financing Sources:				
Transfers in:				
Sewer Assessment Fund	688,354	688,354	688,352	(2)
Police Special Services	2,500	2,500	2,684	184
Total other financing sources	<u>690,854</u>	<u>690,854</u>	<u>691,036</u>	<u>182</u>
Total Revenues and Other Financing Sources	<u>\$ 35,344,782</u>	<u>\$ 34,092,346</u>	34,200,309	<u>\$ 107,963</u>
Budgetary revenues are different from GAAP revenues because:				
Cancellation of prior year encumbrances are recognized as budgetary revenue			(26,470)	
Excess cost grants are netted for budgetary reporting			938,583	
Refunding bond issuance			10,635,000	
Premium on refunding			411,569	
State on-behalf payments			<u>1,714,764</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>\$ 47,873,755</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
General Government:				
Town Council	\$ 17,350	\$ 23,687	\$ 22,701	\$ 986
Town Manager	179,100	179,100	176,315	2,785
Finance Administration	97,435	97,580	96,967	613
Accounting	103,958	104,538	104,016	522
Tax Collector	98,360	98,360	96,293	2,067
Assessor	126,113	126,113	121,735	4,378
Assessment Appeals	1,925	1,925	1,556	369
Treasurer	17,850	17,850	17,547	303
Planning	117,039	116,835	115,992	843
Zoning Board of Appeals	20,635	21,860	21,859	1
Conservation	610	464	182	282
Economic Development	10,982	11,663	11,658	5
Regional grants	10,404	9,727	9,722	5
Inland Wetlands	39,770	39,187	39,098	89
Planning and Zoning Commission	5,700	5,658	5,367	291
Legal counsel	60,000	97,300	96,679	621
Probate court	2,850	2,850	2,850	-
Recording/licensing	133,061	137,336	136,172	1,164
Elections	39,850	34,850	29,977	4,873
Town Office building	80,490	76,568	74,734	1,834
Central services	59,600	59,522	57,844	1,678
Information technology	75,653	62,478	60,261	2,217
Total general administration	<u>1,298,735</u>	<u>1,325,451</u>	<u>1,299,525</u>	<u>25,926</u>
Public Safety:				
Police Administration	155,158	154,648	148,863	5,785
Police Operations	1,016,856	1,019,760	1,008,186	11,574
Police supportive services	273,911	273,135	259,907	13,228
Police marine patrol	5,800	9,211	8,304	907
Police station	61,325	60,796	52,534	8,262
Fire Marshal	24,600	24,600	24,507	93
Coventry Volunteer Fire Association	151,500	151,500	150,561	939
North Coventry Volunteer Fire Department	100,340	100,340	93,041	7,299
Ambulance	9,150	9,150	9,144	6
Rescue service	20,700	20,700	15,477	5,223
N. Coventry substation	20,230	20,230	17,030	3,200
Joint Fire Budget	99,100	99,100	98,089	1,011
CVFA South Street Substation	14,026	14,026	13,996	30
Civil Emergency Preparedness	22,094	21,094	21,029	65
Total public safety	<u>1,974,790</u>	<u>1,978,290</u>	<u>1,920,668</u>	<u>57,622</u>
Public works:				
Roads and drainage	543,184	537,314	529,226	8,088
Public works building	46,625	44,858	44,221	637
Snow removal	225,800	266,358	263,360	2,998
Facilities maintenance	231,304	228,938	212,753	16,185
Public works administration	150,754	149,092	145,221	3,871
Fleet maintenance	392,340	360,192	350,997	9,195
Street lights	34,000	39,010	39,009	1
Cemetery Commission	18,700	18,700	16,151	2549
Tree Warden	25,675	24,625	22,565	2060
Engineering	71,581	72,083	69,036	3047
Building inspection	138,660	138,660	138,178	482
Building code	45	45	45	-
Health Department	55,000	55,000	54,999	1
Total public works	<u>1,933,668</u>	<u>1,934,875</u>	<u>1,885,761</u>	<u>49,114</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Human Services:				
Visiting nurses	\$ 5,811	\$ 3,811	\$ 3,811	\$ -
Human services/general administration	159,046	159,046	158,872	174
Elderly services	73,401	65,830	63,285	2,545
Total human services	<u>238,258</u>	<u>228,687</u>	<u>225,968</u>	<u>2,719</u>
Culture and Recreation:				
Booth/Dimock Library	359,556	359,556	359,556	-
Parks and recreation, supervision	58,792	58,792	58,690	102
Memorial Day	1,525	1,525	1,326	199
Total culture and recreation	<u>419,873</u>	<u>419,873</u>	<u>419,572</u>	<u>301</u>
Insurance and Sundry:				
Municipal insurance	305,000	297,000	296,926	74
Pension/Social Security	854,143	833,820	807,552	26,268
Health insurance	905,216	908,791	908,645	146
Contingency	21,948	434	434	-
Claims and losses	20,000	53,910	53,699	211
Total insurance and sundry	<u>2,106,307</u>	<u>2,093,955</u>	<u>2,067,256</u>	<u>26,699</u>
Education	<u>23,604,105</u>	<u>22,416,242</u>	<u>22,374,119</u>	<u>42,123</u>
Capital Outlay	<u>512,773</u>	<u>512,773</u>	<u>512,773</u>	<u>-</u>
Debt Service	<u>3,094,046</u>	<u>3,094,046</u>	<u>2,950,666</u>	<u>143,380</u>
Total budgetary expenditures	<u>35,182,555</u>	<u>34,004,192</u>	<u>33,656,308</u>	<u>347,884</u>
Other Financing Uses:				
Transfers out:				
Animal control	77,500	77,500	77,500	-
Matching funds	1,500	1,500	1,500	-
Park and recreation fund	34,000	34,000	34,000	-
Capital Projects	49,227	49,227	49,227	-
Total other financing uses	<u>162,227</u>	<u>162,227</u>	<u>162,227</u>	<u>-</u>
Total	<u>\$ 35,344,782</u>	<u>\$ 34,166,419</u>	33,818,535	<u>\$ 347,884</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

(26,327)

Excess cost grants are netted for budgetary reporting

938,583

Refunding bond payments to escrow agent

10,911,115

Bond issuance cost on refunding

135,454

State on-behalf payments

1,714,764

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues,
Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 47,492,124

Combining and Individual Fund Statements and Schedules

General Fund

GENERAL FUND

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund budget is legally adopted at the Annual Town Meeting. The General Fund utilizes the modified accrual basis of accounting.

TOWN OF COVENTRY, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 2,545,840	\$ 3,456,983
Investments	1,300,000	
Property taxes receivable, (net of allowance of \$128,104 in 2010 and \$116,732 in 2009)	814,988	770,893
Accounts receivable	388,250	442,871
Due from other funds	29,060	73,530
Prepaid items	<u>32,813</u>	<u>23,333</u>
Total Assets	<u>\$ 5,110,951</u>	<u>\$ 4,767,610</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 395,100	\$ 1,025,010
Deferred revenues	<u>1,678,334</u>	<u>1,086,714</u>
Total liabilities	<u>2,073,434</u>	<u>2,111,724</u>
Fund balance:		
Reserved for encumbrances	335,277	335,420
Reserved for prepaid items	32,813	23,333
Unreserved:		
Undesignated	<u>2,669,427</u>	<u>2,297,133</u>
Total fund balance	<u>3,037,517</u>	<u>2,655,886</u>
Total Liabilities and Fund Balance	<u>\$ 5,110,951</u>	<u>\$ 4,767,610</u>

TOWN OF COVENTRY, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2010

Grand List	Uncollected Taxes July 1, 2009	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2010
		Additions	Deductions			Taxes	Interest	Liens	Total	
2008	\$ 24,622,732	\$ 78,404	\$ 93,709		\$ 24,607,427	\$ 24,099,128	\$ 93,632	\$ 480	\$ 24,193,240	\$ 508,299
2007	545,576	1,528	5,497		541,607	325,510	65,318	2,520	393,348	216,097
2006	203,127	22	269	12,336	190,544	71,160	27,099	702	98,961	119,384
2005	86,127	21	394	11,821	73,933	17,997	8,055	232	26,284	55,936
2004	21,183		178	1,507	19,498	(4,873)	2,254	72	(2,547)	24,371
2003	24,623		124	212	24,287	2,604	3,027	48	5,679	21,683
2002	12,221		132	798	11,291	2,417	3,551	48	6,016	8,874
2001	2,982		184	282	2,516	290	662	24	976	2,226
2000	(4,089)		29	97	(4,215)	(607)	1,151	24	568	(3,608)
1999	1,066		24	233	809	(1,737)	3,421	24	1,708	2,546
1998	(8,461)		23	356	(8,840)	415	979		1,394	(9,255)
1997	(6,449)		22	26	(6,497)	1,093	3,311		4,404	(7,590)
1996	(3,010)		22		(3,032)	192	470		662	(3,224)
1995	3,070		21		3,049	186	513		699	2,863
1994	4,611		21		4,590	100	134		234	4,490
1993	4,465		4,465	*					-	
	<u>\$ 25,509,774</u>	<u>\$ 79,975</u>	<u>\$ 105,114</u>	<u>\$ 27,668</u>	<u>\$ 25,456,967</u>	<u>\$ 24,513,875</u>	<u>\$ 213,577</u>	<u>\$ 4,174</u>	24,731,626	<u>\$ 943,092</u>

Property taxes receivable considered available:

June 30, 2009	(127,856)
June 30, 2010	<u>104,597</u>

Total Property Tax Revenue \$ 24,708,367

Note: Beginning with the Grand list of 2005, the Town has begun recording overcollections as a liability.

* Per operation of law

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes. The Special Revenue Funds utilize the modified accrual basis of accounting. The nature and purpose of each Special Revenue Fund is as follows:

Fund	Funding Source	Function
Town Aid Road	State grant	Construction/maintenance of public roads
Cemetery Commission	Sale of lots	Maintenance and improvements
Dog License	Intergovernmental revenue	Sales of dog tags and the expenditures of the dog warden
School Lunch	Charges for services/facility rental	School food service program
Special Education Grants	State and federal grants	Educational purposes
Food Bank	Donations	Assistance to those in need
Tri-Centennial	Donations	Community tri-centennial celebration
Veterans Memorial Commission	Donations	Erect and repair war memorials
Highway Funds	Various sources	Misc public works improvements
Youth Services	State and federal grants	Drug and alcohol abuse prevention
Capital and Nonrecurring	Intergovernmental revenue	Capital project expenditures
Police Special Services	Charges for services	Police traffic control
Narcotics Forfeiture	Drug enforcement activity	Drug enforcement and education
LOCIP	State grant	Capital Project expenditures
COVRRRA	Charges for services	Solid waste collection/disposal
DARE	Donations and grants	Drug and alcohol abuse prevention
Miscellaneous Grants	State and federal grants	General community services
Recreation	Charges for services	Recreational leisure programs
Land Acquisition	Donations	Purchase of land for open space
Reserve for Matching Funds	Intergovernmental revenue	Repair of lake association roads
Crime Watch	State and federal grants	Crime prevention
Sewer Operating	Charges for service	Sewer system operations
Special Police	Donations	Coventry Police and/or survivors
Cemetery Trust	Trust and investment income	Perpetual Care
Regional Farmers Market	Charges for service/donations	Weekend Farmers Market June-October
Historic Preservation	State grant	Document preservation
Education User Fees	Charges for services	Fees for use of buildings

Capital Projects Fund

The Capital Projects fund is used to account for the financial resources for the acquisition or construction of major capital facilities.

Fund	Funding Source	Function
Capital Projects	Bonds and state grants	Construction Commitments

Permanent Fund

The permanent fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Fund	Funding Source	Function
Loyzim Memorial and Scholarship	Trust and investment income	Scholarships to Coventry High School Seniors

TOWN OF COVENTRY, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	Special Revenue Funds							
	Town Aid Road	Cemetery Commission	Dog License	School Lunch	Special Education Grants	Food Bank	Tri- Centennial	Veterans Memorial Commission
ASSETS								
Cash and cash equivalents	\$ 150,776	\$ 39,816	\$ 17,034	\$ 52,485	\$ 105,601	\$ 25,507	\$ 27,721	\$ 12,376
Investments								
Receivables:								
Grants and contracts receivable				33,809	14,826			
Accounts receivable				517				
Other assets								
Inventories				12,824				
Total Assets	<u>\$ 150,776</u>	<u>\$ 39,816</u>	<u>\$ 17,034</u>	<u>\$ 99,635</u>	<u>\$ 120,427</u>	<u>\$ 25,507</u>	<u>\$ 27,721</u>	<u>\$ 12,376</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 8,166		\$ 10,169	\$ 648	\$ 3,207	\$ 260		\$
Due to other funds								
Deferred revenue				11,165	116,877			
Total liabilities	<u>8,166</u>	<u>-</u>	<u>10,169</u>	<u>11,813</u>	<u>120,084</u>	<u>260</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Reserved for:								
Encumbrances						30		12,050
Inventories				12,824				
Permanent endowment								
Unreserved:								
Undesignated	142,610	39,816	6,865	74,998	343	25,217	27,721	326
Total fund balances	<u>142,610</u>	<u>39,816</u>	<u>6,865</u>	<u>87,822</u>	<u>343</u>	<u>25,247</u>	<u>27,721</u>	<u>12,376</u>
Total Liabilities and Fund Balances	<u>\$ 150,776</u>	<u>\$ 39,816</u>	<u>\$ 17,034</u>	<u>\$ 99,635</u>	<u>\$ 120,427</u>	<u>\$ 25,507</u>	<u>\$ 27,721</u>	<u>\$ 12,376</u>

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TOWN OF COVENTRY, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	Special Revenue Funds							
	Highway Funds	Youth Services	Capital and Nonrecurring	Police Special Services	Narcotics Forfeiture	LOCIP	COVRA	
ASSETS								
Cash and cash equivalents	\$ 128,189	\$ 4,201	\$ 26,057	\$	\$ 3,068	\$ 7,773	\$ 718,930	\$
Investments								
Receivables:								
Grants and contracts receivable						62,470		
Accounts receivable	1,000			5,702			116,066	
Other assets								
Inventories							7,374	
Total Assets	\$ 129,189	\$ 4,201	\$ 26,057	\$ 5,702	\$ 3,068	\$ 70,243	\$ 842,370	\$ -
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 3,058	\$	\$	\$ 645	\$	\$ 45,909	\$ 72,824	\$
Due to other funds				2,039		24,334		
Deferred revenue	21,000						215,055	
Total liabilities	24,058	-	-	2,684	-	70,243	287,879	-
Fund Balances:								
Reserved for:								
Encumbrances	450	225					61,213	
Inventories							7,374	
Permanent endowment								
Unreserved:								
Undesignated	104,681	3,976	26,057	3,018	3,068		485,904	
Total fund balances	105,131	4,201	26,057	3,018	3,068	-	554,491	-
Total Liabilities and Fund Balances	\$ 129,189	\$ 4,201	\$ 26,057	\$ 5,702	\$ 3,068	\$ 70,243	\$ 842,370	\$ -

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TOWN OF COVENTRY, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	Special Revenue Funds							
	Miscellaneous Grants	Recreation	Land Acquisition	Reserve for Matching	Crime Watch	Sewer Operating	Special Police	Cemetery Trust
ASSETS								
Cash and cash equivalents	\$	\$ 169,972	\$ 87,740	\$ 4,448	\$ 892	\$ 617,890	\$ 1,902	\$
Investments								23,681
Receivables:								
Grants and contracts receivable	272,038							
Accounts receivable		110				48,608		
Other assets								
Inventories								
Total Assets	\$ <u>272,038</u>	\$ <u>170,082</u>	\$ <u>87,740</u>	\$ <u>4,448</u>	\$ <u>892</u>	\$ <u>666,498</u>	\$ <u>1,902</u>	\$ <u>23,681</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 264,107	\$ 27,348	\$	\$ 583	\$	\$ 22,627	\$	\$
Due to other funds	2,687							
Deferred revenue	18,134	93,102				48,608		
Total liabilities	<u>284,928</u>	<u>120,450</u>	<u>-</u>	<u>583</u>	<u>-</u>	<u>71,235</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Reserved for:								
Encumbrances		19,836				7,746		
Inventories								
Permanent endowment								
Unreserved:								
Undesignated	(12,890)	29,796	87,740	3,865	892	587,517	1,902	23,681
Total fund balances	<u>(12,890)</u>	<u>49,632</u>	<u>87,740</u>	<u>3,865</u>	<u>892</u>	<u>595,263</u>	<u>1,902</u>	<u>23,681</u>
Total Liabilities and Fund Balances	\$ <u>272,038</u>	\$ <u>170,082</u>	\$ <u>87,740</u>	\$ <u>4,448</u>	\$ <u>892</u>	\$ <u>666,498</u>	\$ <u>1,902</u>	\$ <u>23,681</u>

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TOWN OF COVENTRY, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>Special Revenue Funds</u>				<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Regional Farmers Market</u>	<u>Historic Preservation</u>	<u>Education User Fees</u>	<u>Total</u>		<u>Loyzim Memorial and Scholarship</u>	
ASSETS							
Cash and cash equivalents	\$ 41,599	\$ 30,176	\$ 25,931	\$ 2,300,084	\$ 80,835	\$ 667	\$ 2,381,586
Investments				23,681		1,784	25,465
Receivables:							-
Grants and contracts receivable				383,143	231,453		614,596
Accounts receivable				172,003		18	172,021
Other assets				-			-
Inventories				20,198			20,198
Total Assets	<u>\$ 41,599</u>	<u>\$ 30,176</u>	<u>\$ 25,931</u>	<u>\$ 2,899,109</u>	<u>\$ 312,288</u>	<u>\$ 2,469</u>	<u>\$ 3,213,866</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 1,558		\$ 675	\$ 461,784	\$ 1,130		\$ 462,914
Due to other funds				29,060			29,060
Deferred revenue				523,941			523,941
Total liabilities	<u>1,558</u>	<u>-</u>	<u>675</u>	<u>1,014,785</u>	<u>1,130</u>	<u>-</u>	<u>1,015,915</u>
Fund Balances:							
Reserved for:							
Encumbrances				101,550	13,182		114,732
Inventories				20,198			20,198
Permanent endowment				-		2,469	2,469
Unreserved:							
Undesignated	40,041	30,176	25,256	1,762,576	297,976		2,060,552
Total fund balances	<u>40,041</u>	<u>30,176</u>	<u>25,256</u>	<u>1,884,324</u>	<u>311,158</u>	<u>2,469</u>	<u>2,197,951</u>
Total Liabilities and Fund Balances	<u>\$ 41,599</u>	<u>\$ 30,176</u>	<u>\$ 25,931</u>	<u>\$ 2,899,109</u>	<u>\$ 312,288</u>	<u>\$ 2,469</u>	<u>\$ 3,213,866</u>

TOWN OF COVENTRY, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Special Revenue Funds</u>							
	<u>Town Aid Road</u>	<u>Cemetery Commission</u>	<u>Dog License</u>	<u>School Lunch</u>	<u>Special Education Grants</u>	<u>Food Bank</u>	<u>Tri- Centennial</u>	<u>Veterans Memorial Commission</u>
Revenues:								
Intergovernmental	\$ 146,117			\$ 233,083	\$ 2,050,157			\$
Charges for services			14,311	503,984				
Investments earnings		316		199		189	220	102
Miscellaneous		3,900	886			14,108	1,500	
Total revenues	<u>146,117</u>	<u>4,216</u>	<u>15,197</u>	<u>737,266</u>	<u>2,050,157</u>	<u>14,297</u>	<u>1,720</u>	<u>102</u>
Expenditures:								
Current:								
General government								
Public safety			90,298					
Public works	60,378							
Human services						10,362		
Culture and recreation								
Education				694,281	2,050,155			
Human services								
Capital outlays								
Total expenditures	<u>60,378</u>	<u>-</u>	<u>90,298</u>	<u>694,281</u>	<u>2,050,155</u>	<u>10,362</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>85,739</u>	<u>4,216</u>	<u>(75,101)</u>	<u>42,985</u>	<u>2</u>	<u>3,935</u>	<u>1,720</u>	<u>102</u>
Other Financing Source (Uses):								
Issuance of capital lease								
Transfer in			77,500					
Transfer out								
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>77,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	85,739	4,216	2,399	42,985	2	3,935	1,720	102
Fund Balances at Beginning of Year	<u>56,871</u>	<u>35,600</u>	<u>4,466</u>	<u>44,837</u>	<u>341</u>	<u>21,312</u>	<u>26,001</u>	<u>12,274</u>
Fund Balances at End of Year	<u>\$ 142,610</u>	<u>\$ 39,816</u>	<u>\$ 6,865</u>	<u>\$ 87,822</u>	<u>\$ 343</u>	<u>\$ 25,247</u>	<u>\$ 27,721</u>	<u>\$ 12,376</u>

(Continued on next page)

TOWN OF COVENTRY, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds							
	Highway Funds	Youth Services	Capital and Nonrecurring	Police Special Services	Narcotics Forfeiture	LOCIP	COVRRRA	DARE
Revenues:								
Intergovernmental	\$	\$ 2,400	\$	\$	\$	\$ 92,684	\$	\$
Charges for services	46,969			17,578			946,749	
Investments earnings	1,479		1,108	4			7,092	2
Miscellaneous	62,257						31	
Total revenues	<u>110,705</u>	<u>2,400</u>	<u>1,108</u>	<u>17,582</u>	<u>-</u>	<u>92,684</u>	<u>953,872</u>	<u>2</u>
Expenditures:								
Current:								
General government								
Public safety				14,564				292
Public works	73,517					92,684	959,493	
Human services		1,721						
Culture and recreation								
Education								
Human services								
Capital outlays			110,000					
Total expenditures	<u>73,517</u>	<u>1,721</u>	<u>110,000</u>	<u>14,564</u>	<u>-</u>	<u>92,684</u>	<u>959,493</u>	<u>292</u>
Excess (Deficiency) of Revenues over Expenditures	<u>37,188</u>	<u>679</u>	<u>(108,892)</u>	<u>3,018</u>	<u>-</u>	<u>-</u>	<u>(5,621)</u>	<u>(290)</u>
Other Financing Source (Uses):								
Issuance of capital lease			110,000					
Transfer in								
Transfer out				(2,684)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>110,000</u>	<u>(2,684)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	37,188	679	1,108	334	-	-	(5,621)	(290)
Fund Balances at Beginning of Year	<u>67,943</u>	<u>3,522</u>	<u>24,949</u>	<u>2,684</u>	<u>3,068</u>	<u>-</u>	<u>560,112</u>	<u>290</u>
Fund Balances at End of Year	<u>\$ 105,131</u>	<u>\$ 4,201</u>	<u>\$ 26,057</u>	<u>\$ 3,018</u>	<u>\$ 3,068</u>	<u>\$ -</u>	<u>\$ 554,491</u>	<u>\$ -</u>

(Continued on next page)

TOWN OF COVENTRY, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Special Revenue Funds</u>							
	<u>Miscellaneous Grants</u>	<u>Recreation</u>	<u>Land Acquisition</u>	<u>Reserve For Matching</u>	<u>Crime Watch</u>	<u>Sewer Operating</u>	<u>Special Police</u>	<u>Cemetery Trust</u>
Revenues:								
Intergovernmental	\$ 341,418							
Charges for services		302,650				290,743		
Investments earnings	126		771		7	5,330	5	29
Miscellaneous		2,623	154					
Total revenues	<u>341,544</u>	<u>305,273</u>	<u>925</u>	<u>-</u>	<u>7</u>	<u>296,073</u>	<u>5</u>	<u>29</u>
Expenditures:								
Current:								
General government	103,613		8,000					
Public safety	30,000							
Public works	185,873					246,035		
Human services	21,901			5,733				
Culture and recreation	30	382,162						
Education								
Human services								
Capital outlays								
Total expenditures	<u>341,417</u>	<u>382,162</u>	<u>8,000</u>	<u>5,733</u>	<u>-</u>	<u>246,035</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>127</u>	<u>(76,889)</u>	<u>(7,075)</u>	<u>(5,733)</u>	<u>7</u>	<u>50,038</u>	<u>5</u>	<u>29</u>
Other Financing Source (Uses):								
Issuance of capital lease								
Transfer in		34,000		1,500				
Transfer out								
Total other financing sources (uses)	<u>-</u>	<u>34,000</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	127	(42,889)	(7,075)	(4,233)	7	50,038	5	29
Fund Balances at Beginning of Year	<u>(13,017)</u>	<u>92,521</u>	<u>94,815</u>	<u>8,098</u>	<u>885</u>	<u>545,225</u>	<u>1,897</u>	<u>23,652</u>
Fund Balances at End of Year	<u>\$ (12,890)</u>	<u>\$ 49,632</u>	<u>\$ 87,740</u>	<u>\$ 3,865</u>	<u>\$ 892</u>	<u>\$ 595,263</u>	<u>\$ 1,902</u>	<u>\$ 23,681</u>

(Continued on next page)

TOWN OF COVENTRY, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Special Revenue Funds</u>				<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Regional Farmers Market</u>	<u>Historic Preservation</u>	<u>Education User Fees</u>	<u>Total</u>		<u>Loyzim Memorial and Scholarship</u>	
Revenues:							
Intergovernmental	\$ 2,781			\$ 2,868,640	\$ 294,640		\$ 3,163,280
Charges for services	24,055	5,348	19,343	2,171,730	2,575		2,174,305
Investments earnings				16,979		291	17,270
Miscellaneous	9,848			95,307	5,969		101,276
Total revenues	<u>36,684</u>	<u>5,348</u>	<u>19,343</u>	<u>5,152,656</u>	<u>303,184</u>	<u>291</u>	<u>5,456,131</u>
Expenditures:							
Current:							
General government				111,613			111,613
Public safety				135,154			135,154
Public works				1,617,980			1,617,980
Human services				39,717			39,717
Culture and recreation	20,365			402,557			402,557
Education			1,978	2,746,414			2,746,414
Human services				-			-
Capital outlays				110,000	296,419		406,419
Total expenditures	<u>20,365</u>	<u>-</u>	<u>1,978</u>	<u>5,163,435</u>	<u>296,419</u>	<u>-</u>	<u>5,459,854</u>
Excess (Deficiency) of Revenues over Expenditures	<u>16,319</u>	<u>5,348</u>	<u>17,365</u>	<u>(10,779)</u>	<u>6,765</u>	<u>291</u>	<u>(3,723)</u>
Other Financing Source (Uses):							
Issuance of capital lease				110,000			110,000
Transfer in				113,000	49,227		162,227
Transfer out				(2,684)			(2,684)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>220,316</u>	<u>49,227</u>	<u>-</u>	<u>269,543</u>
Net Change in Fund Balance	16,319	5,348	17,365	209,537	55,992	291	265,820
Fund Balances at Beginning of Year	<u>23,722</u>	<u>24,828</u>	<u>7,891</u>	<u>1,674,787</u>	<u>255,166</u>	<u>2,178</u>	<u>1,932,131</u>
Fund Balances at End of Year	<u>\$ 40,041</u>	<u>\$ 30,176</u>	<u>\$ 25,256</u>	<u>\$ 1,884,324</u>	<u>\$ 311,158</u>	<u>\$ 2,469</u>	<u>\$ 2,197,951</u>

Fiduciary Funds

AGENCY FUNDS

Agency Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature and do not involve measurement of results and operations.

- Student Activities Fund was established to receive student funds and promote the educational and student activities of students.
- Escrow of Deposits was established to receive deposits from contractors and others.

TOWN OF COVENTRY, CONNECTICUT

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

JUNE 30, 2010

	<u>Student Activities</u>	<u>Escrow of Deposits</u>	<u>Total Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ 283,304	\$ 573,199	\$ 856,503
Liabilities:			
Due to others	\$ 283,304	\$ 573,199	\$ 856,503

TOWN OF COVENTRY, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Student Activities				
Assets:				
Cash and cash equivalents	\$ 337,025	\$ 577,261	\$ 630,982	\$ 283,304
Liabilities:				
Due to others	\$ 337,025	\$ 577,261	\$ 630,982	\$ 283,304
Escrow of Deposits				
Assets:				
Cash and cash equivalents	\$ 408,629	\$ 425,622	\$ 261,052	\$ 573,199
Liabilities:				
Due to others	\$ 408,629	\$ 425,622	\$ 261,052	\$ 573,199
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 745,654	\$ 1,002,883	\$ 892,034	\$ 856,503
Liabilities:				
Due to other groups	\$ 745,654	\$ 1,002,883	\$ 892,034	\$ 856,503

Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment, and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

TOWN OF COVENTRY, CONNECTICUT

NET ASSETS BY COMPONENT

LAST EIGHT FISCAL YEARS

	FISCAL YEAR							
	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities								
Invested in capital assets, net of related debt	\$ 94,010,187	\$ 93,201,542	\$ 88,972,324	\$ 86,516,023	\$ 84,690,163	\$ 25,871,000	\$ 21,865,000	\$ 17,913,000
Restricted	2,469	2,178	2,338	2,800	2,120	2,000	2,000	2,000
Unrestricted	<u>12,267,159</u>	<u>12,357,291</u>	<u>14,949,841</u>	<u>9,864,711</u>	<u>5,285,445</u>	<u>4,775,000</u>	<u>6,848,000</u>	<u>9,194,000</u>
Total Governmental Activities Net Assets	<u>\$ 106,279,815</u>	<u>\$ 105,561,011</u>	<u>\$ 103,924,503</u>	<u>\$ 96,383,534</u>	<u>\$ 89,977,728</u>	<u>\$ 30,648,000</u>	<u>\$ 28,715,000</u>	<u>\$ 27,109,000</u>

Note: Information for years prior to the implementation of GASB Statement No. 34 has not been restated.

TOWN OF COVENTRY, CONNECTICUT

CHANGES IN NET ASSETS

LAST EIGHT FISCAL YEARS

	FISCAL YEAR							
	2010	2009	2008*	2007	2006	2005	2004	2003
Program expenses:								
General government	\$ 1,947,349	\$ 2,136,818	\$ 1,870,899	\$ 1,299,815	\$ 1,274,376	\$ 1,294,000	\$ 1,357,000	\$ 1,355,000
Public safety	2,903,254	3,105,918	2,886,021	1,929,630	1,896,074	1,775,000	2,086,000	1,673,000
Public works	5,675,470	6,024,860	5,917,448	5,046,843	4,087,224	3,160,000	2,828,000	2,859,000
Human services	776,674	638,070	659,356	417,681	671,547	973,000	601,000	393,000
Culture and recreation	910,242	869,990	776,371	691,863	726,873	586,000	601,000	593,000
Sundry				1,945,961	1,818,860	1,632,000	1,393,000	1,450,000
Education	28,845,981	27,875,003	33,192,244	24,865,374	23,887,917	22,216,000	20,934,000	19,797,000
Debt service	1,039,693	925,065	832,532	961,352	953,232	1,280,000	996,000	1,273,000
Total governmental activities expenses	<u>42,098,663</u>	<u>41,575,724</u>	<u>46,134,871</u>	<u>37,158,519</u>	<u>35,316,103</u>	<u>32,916,000</u>	<u>30,796,000</u>	<u>29,393,000</u>
Program revenues:								
Charges for services:								
General government	485,517	420,950	485,489	549,696	911,466	561,000	601,000	501,000
Public safety	41,597	40,355	1,127,410	1,016,089	38,670	18,000	37,000	51,000
Public works	1,464,653	1,465,654	1,885,527	5,444,596	1,196,684	1,162,000	991,000	943,000
Human services	141,978	307,863	155,501	214,338	2,635	1,000	9,000	2,000
Culture and recreation	326,705	285,077	266,542	243,047	270,952	151,000	210,000	177,000
Education	523,327	519,484	544,075	538,485	618,356	563,000	572,000	622,000
Operating grants and contributions:								
General government	279,719	32,474	7,250	7,000	102,331		11,000	5,000
Public safety	32,000	8,217	18,185	37,164	20,669	2,000	41,000	16,000
Public works	-	6,900	156,659	153,040	226,950	120,000	101,000	153,000
Human services	110,648	44,836	172,702	235,351	206,678	1,048,000	501,000	228,000
Culture and recreation	29,065	32,461	32,947	26,534	131,110	54,000	52,000	17,000
Education	12,815,454	12,834,020	18,410,810	10,398,848	10,488,287	9,462,000	9,118,000	9,141,000
Interest on long-term debt	12,197	20,357	29,417	38,452		56,000	12,000	4,000
Capital grants and contributions:								
General government	154	1,020					15,000	
Public safety			166,747	178,263	350,000		72,000	
Public works	1,039,206	2,202,416	5,063,087	1,144,693	2,896,352	1,642,000	1,140,000	2,810,000
Human services	314,870	174,817	725,000	29,197	34,149		2,000	
Education					214,886		121,000	
Total governmental activities program revenues	<u>17,617,090</u>	<u>18,396,901</u>	<u>29,247,348</u>	<u>20,254,793</u>	<u>17,710,175</u>	<u>14,840,000</u>	<u>13,606,000</u>	<u>14,670,000</u>
Net governmental expense	<u>(24,481,573)</u>	<u>(23,178,823)</u>	<u>(16,887,523)</u>	<u>(16,903,726)</u>	<u>(17,605,928)</u>	<u>(18,076,000)</u>	<u>(17,190,000)</u>	<u>(14,723,000)</u>
General revenues:								
Property taxes	24,824,120	24,303,484	23,510,789	22,385,444	20,780,780	19,506,000	18,284,000	16,792,000
Grants and contributions not restricted to specific purposes	218,729	305,300	331,825	396,567	113,649	221,000	322,000	427,000
Unrestricted investment earnings	81,947	177,221	464,075	504,974	420,215	160,000	150,000	197,000
Miscellaneous	75,581	29,326	121,803	22,547		121,000	40,000	34,000
Total general revenues	<u>25,200,377</u>	<u>24,815,331</u>	<u>24,428,492</u>	<u>23,309,532</u>	<u>21,314,644</u>	<u>20,008,000</u>	<u>18,796,000</u>	<u>17,450,000</u>
Change in net assets	<u>\$ 718,804</u>	<u>\$ 1,636,508</u>	<u>\$ 7,540,969</u>	<u>\$ 6,405,806</u>	<u>\$ 3,708,716</u>	<u>\$ 1,932,000</u>	<u>\$ 1,606,000</u>	<u>\$ 2,727,000</u>

* Sundry expenditures were reclassified by function starting in 2008.

Note: Information for years prior to the implementation of GASB Statement No. 34 has not been restated.

TOWN OF COVENTRY, CONNECTICUT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Fund:										
Reserved	\$ 368,090	\$ 358,753	\$ 142,626	\$ 199,230	\$ 162,917	\$ 155,712	\$ 355,990	\$ 100,263	\$ 136,115	\$ 82,748
Unreserved	<u>2,669,427</u>	<u>2,297,133</u>	<u>2,346,413</u>	<u>2,096,940</u>	<u>1,866,861</u>	<u>1,261,969</u>	<u>1,165,837</u>	<u>1,548,239</u>	<u>1,822,341</u>	<u>1,495,203</u>
Total General Fund	<u>\$ 3,037,517</u>	<u>\$ 2,655,886</u>	<u>\$ 2,489,039</u>	<u>\$ 2,296,170</u>	<u>\$ 2,029,778</u>	<u>\$ 1,417,681</u>	<u>\$ 1,521,827</u>	<u>\$ 1,648,502</u>	<u>\$ 1,958,456</u>	<u>\$ 1,577,951</u>
All other governmental funds:										
Reserved	\$ 137,399	\$ 421,459	\$ 606,302	\$ 1,602,781	\$ 1,497,065	\$ 352,805	\$ 789,871	\$ 2,356,444	\$ 148,788	\$ 224,979
Unreserved:										
Special revenue funds	2,915,917	2,756,157	3,204,541	2,782,366	584,959	2,011,668	1,771,648	1,696,287	1,609,564	1,521,976
Capital projects funds	<u>297,976</u>	<u>21,269</u>	<u>1,543,464</u>	<u>(9,128,944)</u>	<u>(5,863,847)</u>	<u>(5,763,725)</u>	<u>(3,824,238)</u>	<u>(3,099,167)</u>	<u>1,573,948</u>	<u>(1,376,933)</u>
Total All Other Governmental Funds	<u>\$ 3,351,292</u>	<u>\$ 3,198,885</u>	<u>\$ 5,354,307</u>	<u>\$ (4,743,797)</u>	<u>\$ (3,781,823)</u>	<u>\$ (3,399,252)</u>	<u>\$ (1,262,719)</u>	<u>\$ 953,564</u>	<u>\$ 3,332,300</u>	<u>\$ 370,022</u>

TOWN OF COVENTRY, CONNECTICUT
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues:										
Property taxes	\$ 24,691,171	\$ 24,121,508	\$ 23,328,579	\$ 22,390,138	\$ 21,021,915	\$ 19,642,876	\$ 18,314,784	\$ 16,705,618	\$ 16,242,792	\$ 14,274,189
Intergovernmental	14,432,502	14,348,470	24,742,775	12,621,526	14,062,470	12,612,784	11,571,905	10,722,433	10,776,247	10,662,383
Charges for services	3,295,478	3,191,460	3,275,015	3,603,629	2,979,276	2,487,009	2,544,145	2,410,550	2,129,506	1,903,365
Investment earnings	81,947	177,221	464,075	504,974	420,215	159,895	150,318	196,741	258,942	472,163
Miscellaneous	101,616	50,051	251,120	60,682	227,408	406,811	176,826	193,270	160,951	288,793
Total revenues	<u>42,602,714</u>	<u>41,888,710</u>	<u>52,061,564</u>	<u>39,180,949</u>	<u>38,711,284</u>	<u>35,309,375</u>	<u>32,757,978</u>	<u>30,228,612</u>	<u>29,568,438</u>	<u>27,600,893</u>
Expenditures:										
General government	1,406,392	1,318,291	1,262,455	1,225,902	1,216,379	1,111,900	1,212,974	1,218,622	1,104,916	1,021,762
Public safety	2,034,477	2,035,716	1,974,570	1,870,068	1,736,544	1,630,578	1,603,506	1,501,618	1,414,394	1,392,966
Public works	3,487,438	3,856,811	3,535,187	3,483,966	2,979,454	3,221,441	2,572,226	2,427,344	2,638,034	2,609,825
Human services	702,174	548,026	1,312,145	417,681	713,193	1,263,344	774,340	534,040	174,743	171,425
Culture and recreation	822,679	782,392	671,518	668,965	701,305	571,054	577,601	518,942	489,435	430,085
Insurance and sundry	2,060,965	1,902,113	1,980,551	1,977,606	1,818,860	1,677,295	1,496,288	1,314,754	1,238,477	1,102,444
Education	27,775,490	27,333,859	32,629,298	24,214,157	23,387,638	21,648,997	20,269,214	19,116,667	18,500,504	17,170,299
Debt service:										
Principal	2,279,041	3,412,113	1,920,063	1,918,246	3,854,999	3,658,852	1,526,231	1,619,190	1,057,616	928,949
Interest	807,079	910,673	874,334	861,198	980,625	1,247,284	1,141,594	881,932	1,224,789	899,940
Capital outlay	938,395	2,149,613	5,618,078	4,555,125	4,486,477	4,433,377	3,203,123	4,262,037	2,243,501	4,898,990
Total expenditures	<u>42,314,130</u>	<u>44,249,607</u>	<u>51,778,199</u>	<u>41,192,914</u>	<u>41,875,474</u>	<u>40,464,122</u>	<u>34,377,097</u>	<u>33,395,146</u>	<u>30,086,409</u>	<u>30,626,685</u>
Excess (Deficiency) of Revenues over Expenditures	<u>288,584</u>	<u>(2,360,897)</u>	<u>283,365</u>	<u>(2,011,965)</u>	<u>(3,164,190)</u>	<u>(5,154,747)</u>	<u>(1,619,119)</u>	<u>(3,166,534)</u>	<u>(517,971)</u>	<u>(3,025,792)</u>
Other Financing Sources (Uses):										
Proceeds from bonds issued	10,635,000		9,815,810	1,235,000	3,115,925	2,875,000	2,409,828	270,000	3,600,000	5,000,000
Premium on bond refunding	411,569									
Paymnets to escrow agents	(10,911,115)									
Proceeds from leases	110,000	372,322	191,798	81,383	221,561	39,068	183,984	117,410	267,403	114,547
Transfers in	853,263	1,234,403	285,584	216,777	264,355	199,349	291,377	146,329	327,736	292,643
Transfers out	(853,263)	(1,234,403)	(285,584)	(216,777)	(264,355)	(199,349)	(291,377)	(146,329)	(334,385)	(298,886)
Total other financing sources	<u>245,454</u>	<u>372,322</u>	<u>10,007,608</u>	<u>1,316,383</u>	<u>3,337,486</u>	<u>2,914,068</u>	<u>2,593,812</u>	<u>387,410</u>	<u>3,860,754</u>	<u>5,108,304</u>
Net Change in Fund Balances	534,038	(1,988,575)	10,290,973	(695,582)	173,296	(2,240,679)	974,693	(2,779,124)	3,342,783	2,082,512
Fund Balances at Beginning of Year	<u>5,854,771</u>	<u>7,843,346</u>	<u>(2,447,627)</u>	<u>(1,752,045)</u>	<u>(1,925,341)</u>	<u>259,108</u>	<u>(715,585)</u>	<u>5,381,190</u>	<u>1,947,973</u>	<u>(134,539)</u>
Fund Balances at End of Year	<u>\$ 6,388,809</u>	<u>\$ 5,854,771</u>	<u>\$ 7,843,346</u>	<u>\$ (2,447,627)</u>	<u>\$ (1,752,045)</u>	<u>\$ (1,981,571)</u>	<u>\$ 259,108</u>	<u>\$ 2,602,066</u>	<u>\$ 5,290,756</u>	<u>\$ 1,947,973</u>
Debt Service as a percentage of non-capital expenditures	7.4%	10.3%	6.1%	7.6%	12.9%	13.6%	8.6%	8.6%	8.2%	7.1%

Fund Balances at the Beginning of Year in columns 2006, 2004 and 2003 are amounts as adjusted.

TOWN OF COVENTRY, CONNECTICUT

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Real Estate	Personal Property	Motor Vehicle	Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Value
2010	\$ 861,756,230	\$ 18,264,822	\$ 76,999,770	\$ 61,589,400	\$ 957,020,822	26.58	\$ 1,367,172,603	70%
2009	757,402,835	17,410,346	80,465,400	53,077,840	855,278,581	28.09	1,221,826,544	70%
2008	744,307,565	18,143,159	77,735,230	43,699,140	840,185,954	27.59	1,200,265,649	70%
2007	726,459,725	17,389,260	76,320,220	53,668,130	820,169,205	26.92	1,171,670,293	70%
2006	712,513,585	17,694,845	72,813,190	42,744,090	803,021,620	25.92	1,147,173,743	70%
2005	520,993,800	15,274,845	67,598,640	31,793,720	603,867,285	31.85	862,667,550	70%
2004	508,991,820	13,026,900	68,986,730	31,708,600	591,005,450	30.35	844,293,500	70%
2003	497,477,540	13,547,685	66,412,010	31,747,450	577,437,235	28.33	824,910,336	70%
2002	485,682,770	12,700,395	62,890,980	31,372,740	561,274,145	27.90	801,820,207	70%
2001	450,715,585	11,462,625	59,228,975	29,115,940	521,407,185	26.59	744,867,407	70%

Source: Assessor and Revenue Collector

TOWN OF COVENTRY, CONNECTICUT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Connecticut Light & Power	\$ 6,940,430	1	0.81	\$ 3,806,225	1	0.68
14 Grant Hill Road LLC	2,763,800	2	0.32			
White Mountain-Coventry LLC	2,702,200	3	0.32			
CIL Development of Coventry, Inc.	1,904,300	4	0.22			
Coventry Self Storage LLC	1,677,700	5	0.20			
Meadow Brook of Coventry LLC	1,670,600	6	0.20			
McDermott George & Violet	1,638,100	7	0.19			
Connecticut Water Company	1,554,570	8	0.18	854,290	7	0.15
Imperial Development LLC	1,419,200	9	0.17			
S D Williams LLC	1,390,300	10	0.16			
Algonquin Gas Transmission Co.				1,559,360	2	0.28
Louise C. England				1,197,070	3	0.21
Zocco Builders LLC				1,110,410	4	0.20
General Motors Acceptance Corp.				962,380	5	0.17
Laidlaw Transit, Inc.				856,620	6	0.15
George E. & Violet A. McDermott				803,950	8	0.14
Chase Manhattan Auto Finance Corp.				787,413	9	0.14
Norman and Ronald Nadeau				771,190	10	0.14

Source: Grand list

TOWN OF COVENTRY, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 24,607,144	\$ 24,112,744	97.99%	\$	\$ 24,112,744	97.99%
2009	24,067,778	23,544,879	97.83%	317,410	23,862,289	99.15%
2008	23,351,562	22,847,462	97.84%	409,834	23,257,296	99.60%
2007	22,253,461	21,774,153	97.85%	357,080	22,131,233	99.45%
2006	20,969,618	20,560,763	98.05%	326,850	20,887,613	99.61%
2005	19,440,406	19,130,046	98.40%	232,830	19,362,876	99.60%
2004	18,145,086	17,817,529	98.19%	273,739	18,091,268	99.70%
2003	16,554,477	16,173,522	97.70%	330,029	16,503,551	99.69%
2002	15,851,495	15,522,181	97.92%	289,604	15,811,785	99.75%
2001	14,047,597	13,640,380	97.10%	351,428	13,991,808	99.60%

TOWN OF COVENTRY, CONNECTICUT
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	(b) Percentage of Estimated Actual Taxable Value of Property	(a) Debt Per Capita
2010	\$ 20,774	2.17%	\$ 1,680
2009	22,918	2.68%	1,797
2008	26,152	3.11%	2,089
2007	18,115	2.21%	1,447
2006	19,115	2.38%	1,565
2005	19,655	3.25%	1,612
2004	20,496	3.47%	1,685
2003	18,835	3.26%	1,556
2002	19,527	3.48%	1,636
2001	16,810	3.22%	1,440

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

a: See Table "Demographic and Economic Statistics" for personal income and population data. These ratios are calculated using person income and population for the prior calendar year.

b: See Table "Assessed Value and Estimated Actual Value of Taxable Property" for taxable property value data.

TOWN OF COVENTRY, CONNECTICUT
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Bonded Debt</u>	<u>Other Bonds</u>	<u>Percentage of Actual Taxable Value of Property(a)</u>	<u>Capital Lease</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income(b)</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>						
2010	\$ 20,774	n/a	2.17%	\$ 442	\$ 21,216	5.63%	\$ 1,716
2009	22,918	n/a	2.68%	249	23,167	6.14%	1,816
2008	26,152	n/a	3.11%	220	26,372	7.52%	2,107
2007	18,115	n/a	2.21%	106	18,221	5.56%	1,455
2006	19,115	n/a	2.38%	234	19,349	6.01%	1,584
2005	19,655	n/a	3.25%	346	20,001	6.83%	1,641
2004	20,496	n/a	3.47%	363	20,859	7.14%	1,715
2003	18,835	n/a	3.26%	338	19,173	6.59%	1,583
2002	19,527	n/a	3.48%	380	19,907	6.94%	1,668
2001	16,810	n/a	3.22%	286	17,096	6.10%	1,464

Notes: Details regarding the Town’s outstanding debt can be found in the notes to the financial statements.

a: See Table “Assessed Value and Estimated Actual Value of Taxable Property” for taxable property value data.

b: See Table “Demographic and Economic Statistics” for personal income and population data.
 These ratios are calculated using personal income and population for the prior calendar year.

TOWN OF COVENTRY, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

FOR THE YEAR ENDED JUNE 30, 2010

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2010					\$ 24,731,626
Reimbursement for revenue loss on, tax relief for the elderly					<u>57,644</u>
Total:					<u>\$ 24,789,270</u>
	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Debt limitation:					
2-1/4 times base	\$ 55,775,858	\$	\$	\$	\$
4-1/2 times base		111,551,715			
3-3/4 times base			92,959,763		
3-1/4 times base				80,565,128	
3 times base					74,367,810
Total debt limitation	<u>55,775,858</u>	<u>111,551,715</u>	<u>92,959,763</u>	<u>80,565,128</u>	<u>74,367,810</u>
Indebtedness:					
Bonds payable	1,928,000	9,958,000	8,600,448		
Authorized, unissued bonds					
Total indebtedness	<u>1,928,000</u>	<u>9,958,000</u>	<u>8,600,448</u>	<u>-</u>	<u>-</u>
Less amounts to be provided by the state and other		(112,261)	(5,152,707)		
Net indebtedness	<u>1,928,000</u>	<u>9,845,739</u>	<u>3,447,741</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 53,847,858</u>	<u>\$ 101,705,976</u>	<u>\$ 89,512,022</u>	<u>\$ 80,565,128</u>	<u>\$ 74,367,810</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$173,524,890).

Note 2: School building grant commitments include \$112,261 from old bonded projects.

Note 3: Amounts above do not include \$419,000 of Water System Improvement bonds issued which are excluded from statutory debt limit pursuant to Connecticut General Statutes.

Note 4: Sewer assessment receivable of \$5,152,707 billed on an annual basis to benefiting property owners will be used to offset the cost of the debt service for sewer projects.

TOWN OF COVENTRY, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(In Thousands)

Legal Debt Margin Calculation for Fiscal Year 2010:

Revenue Base	\$ <u>24,789</u>
Debt limit (Revenue Base x7)	\$ <u>173,525</u>
Debt applicable to limit:	
General obligation bonds	20,486
Plus: bonds authorized, unissued	
Less: Grant commitments	<u>(5,265)</u>
Total debt applicable to limit	<u>15,221</u>
Legal Debt Margin	\$ <u>158,304</u>

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	FISCAL YEAR									
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Debt Limit	\$ 173,525	\$ 168,903	\$ 163,345	\$ 156,438	\$ 147,089	\$ 137,592	\$ 128,191	\$ 116,624	\$ 114,714	\$ 98,594
Total net debt applicable to limit	<u>15,221</u>	<u>18,815</u>	<u>21,580</u>	<u>23,122</u>	<u>19,746</u>	<u>26,836</u>	<u>31,934</u>	<u>29,358</u>	<u>18,427</u>	<u>17,925</u>
Legal Debt Margin	<u>\$ 158,304</u>	<u>\$ 150,088</u>	<u>\$ 141,765</u>	<u>\$ 133,316</u>	<u>\$ 127,343</u>	<u>\$ 110,756</u>	<u>\$ 96,257</u>	<u>\$ 87,266</u>	<u>\$ 96,287</u>	<u>\$ 80,669</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.77%	11.14%	13.21%	14.78%	13.42%	19.50%	24.91%	25.17%	16.06%	18.18%

TOWN OF COVENTRY, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population</u>	<u>Personal Income (1) (thousands of dollars)</u>	<u>Per Capita Personal Income (1)</u>	<u>School Enrollment</u>	<u>Unemployment Rate (2)</u>
2010	12,362	\$ 377,013	\$ 30,880	1,906	4.9
2009	12,755	377,548	29,600	1,972	4.1
2008	12,519	350,707	28,014	2,013	4.1
2007	12,519	327,885	26,191	2,043	4.1
2006	12,215	321,926	26,355	2,123	3.7
2005	12,190	292,767	24,017	2,126	4.3
2004	12,166	292,191	24,017	2,117	4.2
2003	12,108	290,798	24,017	2,101	4.5
2002	11,938	286,715	24,017	2,053	3.8
2001	11,676	280,422	24,017	2,070	2.4

Notes:

- (1) Per Capita Income Source: Connecticut Economic Resource Center, Inc. and Connecticut Public Expenditures Council
(2) Unemployment Source: State of Connecticut Department of Labor
(3) Demographic and Economic Statistics Source: Connecticut Economic Resource Center, Inc.

TOWN OF COVENTRY, CONNECTICUT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2010			2001		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Coventry	376	1	28.59	355	1	19.72
Highland Park Market	75	2	5.70	60	2	3.33
Pelletier Builders	32	3	2.43	60	3	3.33
Sabrina Pools	30	4	2.28	35	4	1.94
Dimitri's	30	5	2.28			
Teleflex Medical (formerly Genzyme Surgical)	28	6	2.13	18	6	1.00
Bidwell Tavern	27	7	2.05	25	5	1.39
Dunkin Donuts	26	8	1.98			
Walgreens	20	9	1.52			
NewAlliance Bank	16	10	1.22			

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Source: Town Manager's Office

TOWN OF COVENTRY, CONNECTICUT

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Town Government:										
General Administration	17	16	15	15	15	15	15	17	17	18
Public Safety	20	20	20	20	19	19	19	20	20	20
Public Works	18	21	23	23	23	24	24	20	20	17
Human Services	3	3	3	3	3	3	3	3	3	3
Civic and Cultural	2	2	2	2	1	1	1	1	1	1
Subtotal Town	<u>60</u>	<u>62</u>	<u>63</u>	<u>63</u>	<u>61</u>	<u>62</u>	<u>62</u>	<u>61</u>	<u>61</u>	<u>59</u>
Board of Education:										
Non Certified Staff	144	137	140	134	132	124	124	130	114	107
Certified Staff	172	185	184	183	181	185	185	184	177	174
Subtotal Board of Education	<u>316</u>	<u>322</u>	<u>324</u>	<u>317</u>	<u>313</u>	<u>309</u>	<u>309</u>	<u>314</u>	<u>291</u>	<u>281</u>
Total - All Employees	<u>376</u>	<u>384</u>	<u>387</u>	<u>380</u>	<u>374</u>	<u>371</u>	<u>371</u>	<u>375</u>	<u>352</u>	<u>340</u>

Source: Annual Budget Document

TOWN OF COVENTRY, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Building Department:										
Construction permits	934	897	852	1,049	1,149	1,057	1,098	981	992	1,044
Zoning permits	200	176	196	251	314	300	342	301	333	287
C/O's	148	178	180	213	171	184	219	200	190	161
Planning										
Special permit	7	9	13	18	18	24	11	30	15	15
Subdivision	7	6	12	11	9	12	10	9	13	10
Zoning changes	4	-	3	4	5	8	9	9	10	4
Police										
Medical calls	373	478	447	453	458	447	435	359	21	
Motor vehicle stops	1,440	1,408	1,457	1,164	1,293	1,587	1,583	2,010	281	
Animal complaints	373	385	405	478	530	540	536	509	26	
Animal Control (Town Clerk)										
Dog licenses	1,626	1,648	1,712	1,578	1,658	1,654	1,636	1,810	1,923	1,995
Kennel licenses	15	15	16	19	16	19	10	15	15	10
Library										
Total circulation	95,641	99,001	91,000	94,293	87,948	83,471	86,384	93,804	95,429	84,475
Annual attendance	40,000	42,729	41,000	42,000	41,000	45,000	50,000	50,000	50,000	50,000
Interlibrary loans	3,381	2,634	2,359	2,162	2,028	1,655	1,436	1,464	1,065	895
Internet users	3,001	3,800	3,600	3,609	2,650	1,801	1,663	1,181	917	760
Refuse Collection										
Tonnage at Transfer station										
Construction/stumps/brush	223	245	232	253	211	210	210	139	124	109
Metal	23	26	37	27	19	20	16	11	12	6
Leaves	116	84	44	33	91	80	47	78	16	20
Electronics (units)	795	896	559	567	171	19				
Freon (units)	75	62	242	188	41	4				
Curbside bulk	248	209	211	247	261	182	167			
Curbside metal	42	60	51	89	112	113	153			
Registrar of Voters										
Total registered voters	7,701	7,961	7,686	7,476	7,569	7,593	7,299	6,829	6,695	6,779
Revenue Services										
Total taxes collected	\$ 24,513,391	\$ 24,129,134	\$ 23,179,572	\$ 22,169,650	\$ 20,829,807	\$ 19,455,892	\$ 18,199,561	\$ 16,500,763	\$ 16,072,654	\$ 13,947,964
Education										
Total student enrollment	1,906	1,972	2,013	2,043	2,123	2,126	2,117	2,101	2,053	2,070

Source: Departmental Annual Reports

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TOWN OF COVENTRY, CONNECTICUT
CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Municipal Buildings	9	9	9	9	9	7	7	7	7	7
Fire Stations/Substations	4	4	4	4	4	4	4	4	4	4
Water										
Fire Ponds	7	7	7	7	7	7	7	7	7	7
Dry Hydrants	21	21	18	18	16	14	12	8	8	8
Schools	4	4	4	4	4	4	4	4	4	4
Parks and Recreation										
Buildings	8	8	8	8	8	8	8	8	8	8
Parks	6	6	6	6	6	6	6	6	6	6
Highway										
Paved miles	102	102	102	102	100	100	99	97	96	93
Unimproved miles	6	6	6	6	6	6	7	7	7	7

Source: Departmental Annual Reports