

# **Comprehensive Annual Financial Report**

of the

## **Town of Coventry, Connecticut**

**Fiscal Year Ended June 30, 2017**

**Department of Finance  
Amanda Backhaus  
Finance Director**

# BlumShapiro

Accounting | Tax | Business Consulting

## **Independent Auditors' Report**

To the Town Council  
Town of Coventry, Connecticut

### **Report on the Financial Statements**

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, 2017, and the related notes to the financial statements, which collectively comprise the Town of Coventry, Connecticut's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **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, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-3 through A-12, the budgetary comparison information on pages A-52 through A-55 and the pension schedules on pages A-56 through A-59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
December 22, 2017

**TOWN OF COVENTRY, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

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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, 2017. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX.

**Financial Highlights**

- Net position of the Town of Coventry's governmental activities decreased by \$204 thousand.
- During the year, the Town had \$51.6 million in revenues for governmental programs. Of this, 58.0% was generated from property tax revenues (Table 2).
- Total cost of all of the Town's programs was \$51.8 million with no new programs added this year.
- The Town's total general obligation bonded debt decreased by \$1.4 million or 10.4% due to scheduled repayments.
- The General Fund reports a GAAP fund balance this year of \$5,519,806 less an assigned balance for encumbrances of \$121,180, a non-spendable balance of \$21,354, and a restricted balance of \$34,048, leaving an unassigned fund balance of \$5,343,224. The Fiscal Management policy of the Town Council sets a target of fund balance at 15%. At the close of the current fiscal year, unassigned fund balance for the General Fund when expressed as a percentage of the final approved budget appropriation is 13.1%.
- The State of Connecticut contributed \$4,736,583 on behalf of Coventry certified staff to the teachers' retirement fund. This amount is reflected in both expenditures and revenues.
- The Town's assumed responsibility for the EMS/Ambulance program, with billings and collections beginning in March of 2017.

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

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

**Government-Wide Financial Statements (Continued)**

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 Educational Facility Use fund) or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the State of Connecticut). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position 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 position and the statement of activities. The Town's proprietary funds consist of the Town's internal service fund used to report activities to pay for the dental and medical self-insurance costs.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. 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.

**TOWN OF COVENTRY, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

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**Government-Wide Financial Analysis**

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

**TABLE 1  
NET POSITION**

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Current assets	\$ 20,714,841	\$ 20,893,157
Capital assets, net of accumulated depreciation	<u>119,053,944</u>	<u>119,135,074</u>
Total assets	<u>139,768,785</u>	<u>140,028,231</u>
Deferred outflows of resources	<u>888,900</u>	<u>1,954,748</u>
Long-term liabilities outstanding	26,866,662	28,783,573
Other liabilities	<u>2,845,142</u>	<u>2,145,066</u>
Total liabilities	<u>29,711,804</u>	<u>30,928,639</u>
Deferred inflows of resources	<u>208,720</u>	<u>113,152</u>
Net Position:		
Net investment in capital assets	99,892,573	98,581,273
Restricted	30,356	5,128
Unrestricted	<u>10,814,232</u>	<u>12,354,787</u>
Total Net Position	<u>\$ 110,737,161</u>	<u>\$ 110,941,188</u>

Overall, net position decreased by \$204 thousand or 0.2 % over the prior year net position (\$110.7 million compared to \$110.9 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$12.355 million at June 30, 2016 to \$10,814 million at June 30, 2017. The largest portion of the Town of Coventry's net position (\$99.9 million or 90.2%) reflects its investment in capital assets (e.g., land, buildings, vehicles, furniture and equipment, water systems and infrastructure) less related debt used to acquire those assets that is still outstanding. These capital assets are a fundamental part of our service delivery to our citizens but are not available for future spending since the capital assets themselves cannot be used to liquidate these liabilities.

**TOWN OF COVENTRY, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**Government-Wide Financial Analysis (Continued)**

Changes in governmental net position can be explained as follows:

- Decrease in current net position of \$204,027 as outlined in Exhibit II.
- Total assets decreased during the fiscal year. The main driver behind this decrease was a net decrease in cash and accounts receivable as expenditures exceeded revenues in the current year.
- Decrease in deferred outflows of resources in the amount of \$1.1 million or 54.5% due to actual versus projected variables relating to the Town's pension plan.
- Increase in unearned revenue of \$645 thousand due to receipt of \$1 million in LOTCIP grant funding which will be used for Lake and Cross street paving projects.
- Decrease in long-term liabilities of \$1.9 million or 6.7% cause by scheduled debt repayment of \$2.2 million and a decrease in net pension of \$936 thousand, offset by a new capital lease in the amount of \$866 thousand and an increase in net OPEB obligation of \$450 thousand.

**TABLE 2  
CHANGE IN NET POSITION**

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Revenues:		
Program revenues:		
Charges for services	\$ 4,169,185	\$ 3,555,636
Operating grants and contributions	15,608,464	14,338,686
Capital grants and contributions	1,310,041	3,663,969
General revenues:		
Property taxes	29,960,426	29,571,806
Grants and contributions not restricted to specific purposes	422,541	160,039
Unrestricted investment earnings	82,884	74,375
Other general revenues	80,151	28,094
Total revenues	<u>51,633,692</u>	<u>51,392,605</u>
Expenses:		
General government	2,325,920	2,156,537
Public safety	3,891,121	3,690,030
Public works	8,110,969	9,587,885
Human services	577,274	944,061
Culture and recreation	1,126,796	1,035,628
Education	35,409,114	32,494,869
Debt service	396,525	530,530
Total expenses	<u>51,837,719</u>	<u>50,439,540</u>
Increase in Net Position	(204,027)	953,065
Net Position July 1	<u>110,941,188</u>	<u>109,988,123</u>
Net Position June 30	<u>\$ 110,737,161</u>	<u>\$ 110,941,188</u>

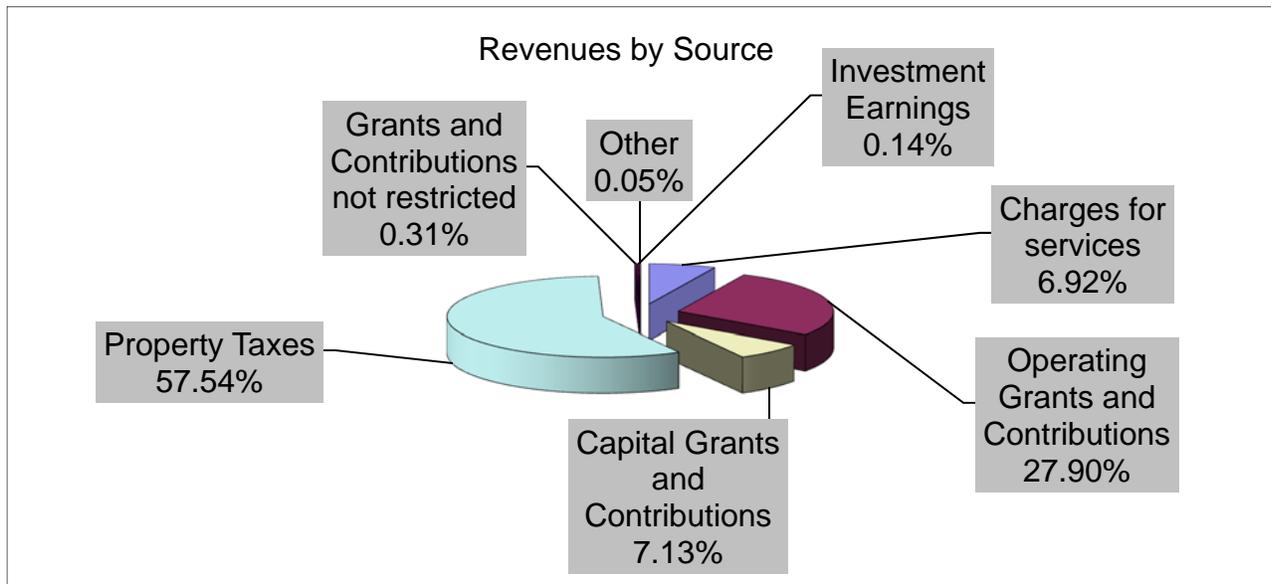
**Government-Wide Financial Analysis (Continued)**

**Revenues**

The Town's total revenues were \$51.6 million. Major revenue changes include the following:

- Program revenues: Charges for services increased by \$614 thousand or 17.3% due to increases in local revenues and payments from the non-major governmental funds, specifically Police Special Duty, Sewer Operating Fund and the EMS Services fund, which had its first full year of operations during fiscal year 2017. Operating grants and contributions increased by \$1.3 million or 8.9% due to increases in education grant funding. Capital grants and contributions decreased by \$2.4 million or 64.2% due to the projects such as Pucker St Bridge and Tracy Shoddy Mill reaching substantial completion in the prior fiscal year.
- General revenues: Property taxes increased over the previous year by 1.3% due to minor grand list growth. Unrestricted grants and contributions increased \$263 thousand or 164% due to the one time MRSA Sales Tax revenue sharing grant provided by the State. Other general revenue increased \$52 thousand, which pertained to rebates received in connection with the police and fire station boiler repairs.

The following chart shows the breakdown of revenues by source:



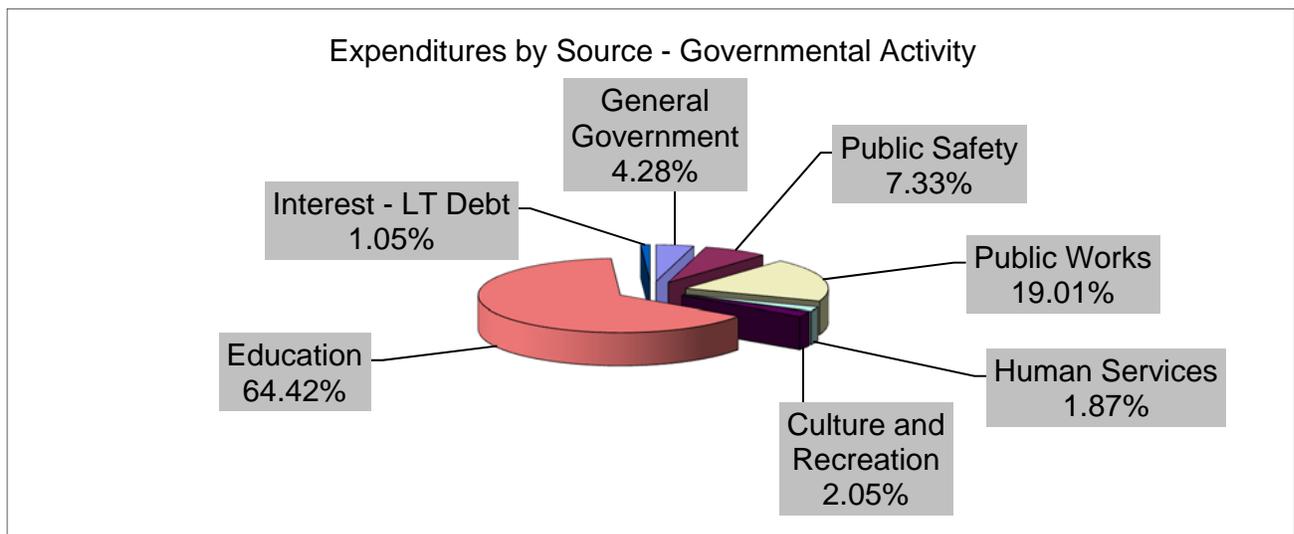
**Government-Wide Financial Analysis (Continued)**

**Expenses**

The total cost of all programs and services was \$51.8 million. The following is an explanation of the major changes:

- Overall budget increase of \$647 thousand, or 1.6% from the prior year. Of this \$450 thousand pertained to increases in educational expenditures.
- Special Duty expenses increased 100% due to major road construction projects through the year.
- Increase in public safety expenses of \$345 thousand due to full year operations of the EMS Services Fund.
- Increase in net OPEB obligation in the amount of \$450 thousand.
- The State of Connecticut payments contributed on behalf of Coventry to the teachers' retirement fund increased \$2 million.
- Decrease in public works expenditures due to completion of road construction projects in fiscal year 2016.

The following chart shows expenses by function:



**TOWN OF COVENTRY, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**Government-Wide Financial Analysis (Continued)**

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 costs 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 and sewer operating programs are supported by user fees. This program is self-supporting and reduces the overall burden on the property tax.

Human Services include 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 19% 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**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
General government	\$ 2,325,920	\$ 2,156,537	\$ (1,647,723)	\$ (1,604,575)
Public safety	3,891,121	3,690,030	(3,107,932)	(3,553,749)
Public works	8,110,969	9,587,885	(5,115,370)	(4,294,150)
Human services	577,274	944,061	(425,258)	(194,701)
Culture and recreation	1,126,796	1,035,628	(732,678)	(574,650)
Education	35,409,114	32,494,869	(19,324,543)	(18,128,894)
Debt service	396,525	530,530	(396,525)	(530,530)
<b>Total</b>	<b>\$ 51,837,719</b>	<b>\$ 50,439,540</b>	<b>\$ (30,750,029)</b>	<b>\$ (28,881,249)</b>

**TOWN OF COVENTRY, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

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**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 \$9.7 million, which is a decrease from last year's total of \$10.4 million. The changes are explained as follows:

- General Fund balance decreased by \$478,788, an 8.0% decrease. This is due to the favorable budgetary results noted on the next page offset by a decrease in outstanding encumbrances as of year-end.
- Sewer Assessment fund balance increased \$7,900 or 2.3%. 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 \$13,379 or 23.5%. This fund uses grant monies to support its projects and only spends funds on hand for new loan projects.
- Capital Projects fund balance decreased by \$812,706 or 41.6%. Bond proceeds received for various road improvements were expended in the current year, totaling over \$550 thousand. In addition, boiler replacement totaling around \$400 thousand dollars were expended to upgrade the boilers at Coventry High School.
- Miscellaneous Grants Fund decreased by \$426. Most grants within this fund are cost reimbursement grants where revenue is recognized as earned. As such, minimal change in fund balance is expected from year to year. In total, this fund incurred \$1.0 million in expenses during the current fiscal year.
- Non-major Governmental Funds fund balance increased \$592,782 or 29.3%. The major changes were as follows: Town Aid Road decreased by \$116 thousand due to increased road work expenditures; The Sewer Operating fund increased \$171 thousand due to good collections on sewer usage fees; and EMS Services increased \$397 thousand due to initial contributions from CVFA to transfer asset ownership over to the Town.

**General Fund Budget Highlights**

Overall, revenues exceeded original budget appropriation by \$33,603. Taxes exceeded estimates by \$134,409. Sale of town property earned \$70,424 more than anticipated. These increases were offset by operating grant cuts made by the State of Connecticut to the Education cost sharing grant and education transportation grant. The MRSA sales tax sharing grant was cut mid-year by the State as well, resulting in negative grant revenue variances of \$359 thousand. Cancellation of prior year encumbrances provided a favorable variance of \$88 thousand on a budgetary basis.

Expenditures were within final budget authorization, with an ending positive variance of \$436,701. Throughout the fiscal year, the Town Council approved appropriation increases of \$342,313 split between \$31,186 from unanticipated education revenues and \$311,127 for General Fund appropriation increases. Appropriations were increased \$100 thousand for transfers into the Capital Non-recurring fund, \$84 thousand for severance/retiree sick payouts, \$21 thousand for a joint sewer study with Bolton, \$37,200 for purchase of a new roller, \$65 thousand for additional sand and salt purchases, and \$57 thousand for lake projects associated with the Lake Gate Project. Actual budgetary expenditures totaled \$40,456,414.

**TOWN OF COVENTRY, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

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**Capital Assets and Debt Administration**

***Capital Assets***

At June 30, 2017, the Town had \$119.1 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 \$81.1 thousand, or 0.1%, over last year.

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

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Land	\$ 3,492,989	\$ 3,455,311
Buildings	36,662,137	37,473,361
Improvements other than buildings	1,729,551	1,623,424
Equipment	4,214,310	3,830,406
Infrastructure	70,886,777	72,334,604
Construction in progress	2,068,180	417,968
<b>Total</b>	<b>\$ 119,053,944</b>	<b>\$ 119,135,074</b>

This year's major additions included:

- Two fire apparatus (tanker and aerial)
- Pucker St Bridge construction
- Police and Fire Station boiler replacements
- High School Boiler replacements
- Town Hall VOIP phone system
- Main St Streetscape improvements
- Tracy Shoddy Mill renovation
- Lake gate replacement
- Tennis court replacement
- Pickle ball installation
- Dump Truck
- Backhoe
- Police Cruiser
- SCBA Compressor
- Development rights to Reynolds property

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

**TOWN OF COVENTRY, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

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**Long-Term Debt**

At June 30, 2017, the Town had \$12,460,000 in general obligation bonds outstanding versus \$13,905,000 last year – a decrease of \$1,445,000. Clean Water Fund Loans of \$4,993,527 are a reduction of \$446,642 from the last fiscal year balance of \$5,440,469.

The Town has held the Aa2 rating since March of 2015. 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 landfill post closure liability, and accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 8 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 2018 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.

During the budget process the Town Council considered the uncertainty of State aid to municipalities, an improving real estate market, the low interest rate environment, and general taxpayer sentiment when adopting the General Fund budget for 2017-18. Based on the delay by the State of Connecticut to adopt their bi-annual budget, the Town chose to operate on temporary budgets until final state assistance numbers were provided. The final proposed budget had a 0.7% decrease for General Government, a 0.4% decrease for Education, a 3.7% decrease in Capital expenditures and a 1.3% decrease for Debt Service. The adopted budget General Fund budget is \$40,313,975, a total of 0.6% less than the original fiscal year 2016 budget. The property tax revenue increase needed was 2.7% from the previous year to fund this budget. The mil rate for the Town increased from 31.2 to 32.0, a 2.5% increase. The budget was approved by the voters at the first adjourned Town meeting in November 2017.

The Town will use budget revenues to finance programs currently offered. No new programs are proposed. The adopted budget for 2017-18 includes no transfer of funds from fund balance to offset expenditures. Council policy has established a goal for an unassigned general fund balance of 15% of expenditures. General Fund balance as of June 30, 2017 is 13.1% of the final FY17 budget appropriation.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

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

**TOWN OF COVENTRY, CONNECTICUT  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 10,898,284
Investments	4,218
Receivables, net	6,639,732
Inventory	28,017
Prepaid items	22,494
Advance to plan administrator	3,122,096
Capital assets not being depreciated	5,561,169
Capital assets being depreciated, net of accumulated depreciation	113,492,775
Total assets	<u>139,768,785</u>
<b>Deferred Outflows of Resources:</b>	
Difference between projected and actual earnings on pension plan investments	323,907
Changes in pension assumptions	89,058
Difference between projected and actual pension plan experience	312,080
Deferred charge on refunding	163,855
Total deferred outflows of resources	<u>888,900</u>
<b>Liabilities:</b>	
Accounts payable and accrued liabilities	1,778,671
Unearned revenue	1,066,471
Noncurrent liabilities:	
Due within one year	2,317,984
Due in more than one year	24,548,678
Total liabilities	<u>29,711,804</u>
<b>Deferred Inflows of Resources:</b>	
Difference between expected and actual pension plan experience	170,458
Changes in pension assumptions	38,262
Total deferred inflows of resources	<u>208,720</u>
<b>Net Position:</b>	
Net investment in capital assets	99,892,573
Restricted for:	
Trust purposes - nonexpendable	13,595
Trust purposes - expendable	16,761
Unrestricted	<u>10,814,232</u>
<b>Total Net Position</b>	<b>\$ <u>110,737,161</u></b>

The accompanying notes are an integral part of the financial statements

**TOWN OF COVENTRY, CONNECTICUT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
				Governmental Activities
Governmental activities:				
General government	\$ 2,325,920	\$ 609,277	\$ 68,920	\$ (1,647,723)
Public safety	3,891,121	772,029	11,160	(3,107,932)
Public works	8,110,969	1,685,558		(5,115,370)
Human services	577,274	113,671	38,345	(425,258)
Culture and recreation	1,126,796	382,192	11,926	(732,678)
Education	35,409,114	606,458	15,478,113	(19,324,543)
Interest on long-term debt	396,525			(396,525)
<b>Total</b>	<b>\$ 51,837,719</b>	<b>\$ 4,169,185</b>	<b>\$ 15,608,464</b>	<b>\$ (30,750,029)</b>
General revenues:				
Property taxes				29,960,426
Grants and contributions not restricted to specific programs				422,541
Unrestricted investment earnings				82,884
Miscellaneous				80,151
Total general revenues				<u>30,546,002</u>
Change in net position				(204,027)
Net Position at Beginning of Year				<u>110,941,188</u>
Net Position at End of Year				<u>\$ 110,737,161</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF COVENTRY, CONNECTICUT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	<u>General</u>	<u>Sewer Assessment</u>	<u>CDBG Grant</u>	<u>Capital Projects</u>	<u>Miscellaneous Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 5,664,670	\$ 350,566	\$ 78,451	\$ 1,155,808	\$ 700,827	\$ 2,803,730	\$ 10,754,052
Investments						4,218	4,218
Receivables, net	702,439	2,530,238	2,372,761	147,373	348,947	537,974	6,639,732
Due from other funds	394,000						394,000
Other	21,354					1,140	22,494
Inventories						28,017	28,017
Total Assets	<u>\$ 6,782,463</u>	<u>\$ 2,880,804</u>	<u>\$ 2,451,212</u>	<u>\$ 1,303,181</u>	<u>\$ 1,049,774</u>	<u>\$ 3,375,079</u>	<u>\$ 17,842,513</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Accounts and other payables	\$ 756,942		\$ 8,100	\$ 159,404	\$ 167,162	\$ 314,397	\$ 1,406,005
Unearned revenue	10,996			1,109	878,541	175,825	1,066,471
Total liabilities	<u>767,938</u>	<u>-</u>	<u>8,100</u>	<u>160,513</u>	<u>1,045,703</u>	<u>490,222</u>	<u>2,472,476</u>
Deferred inflows of resources:							
Unavailable revenue:							
Property taxes	494,719						494,719
Special assessments		2,530,238					2,530,238
Sewer receivable						89,105	89,105
COVRRR receivable						182,651	182,651
Loans receivable			2,372,761				2,372,761
Total deferred inflows of resources	<u>494,719</u>	<u>2,530,238</u>	<u>2,372,761</u>	<u>-</u>	<u>-</u>	<u>271,756</u>	<u>5,669,474</u>
Fund balances:							
Nonspendable	21,354					41,612	62,966
Restricted	34,048	350,566	70,351	232,709	4,071	193,241	884,986
Committed				909,959		2,378,248	3,288,207
Assigned	121,180						121,180
Unassigned	5,343,224						5,343,224
Total fund balances	<u>5,519,806</u>	<u>350,566</u>	<u>70,351</u>	<u>1,142,668</u>	<u>4,071</u>	<u>2,613,101</u>	<u>9,700,563</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,782,463</u>	<u>\$ 2,880,804</u>	<u>\$ 2,451,212</u>	<u>\$ 1,303,181</u>	<u>\$ 1,049,774</u>	<u>\$ 3,375,079</u>	<u>\$ 17,842,513</u>

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**TOWN OF COVENTRY, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2017**

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

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

Fund balances - total governmental funds (Exhibit III)	\$ 9,700,563
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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	\$ 168,165,641	
Less accumulated depreciation	<u>(49,111,697)</u>	
Net capital assets		119,053,944

Other long-term assets are not available to pay for  
current-period expenditures and, therefore, are recorded as  
deferred inflows of resources in the funds:

Property tax receivables greater than 60 days	345,339
Interest receivable on property taxes	149,380
Assessments receivable	2,530,238
Sewer use receivable	89,105
Mortgage loans	2,372,761
COVRRRA receivables	182,651
Deferred outflow related to changes in projected investments earnings	323,907
Deferred outflow related to changes in pension assumptions	89,058
Deferred outflow related to pension actuarial experience	312,080

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 position.

2,638,202

Long-term liabilities, including bonds payable, are not due and payable  
in the current period and, therefore, are not reported in the funds:

Net pension liability	(2,479,065)
Bonds and notes payable	(17,453,527)
Interest payable on bonds and notes	(138,540)
Compensated absences	(978,941)
Capital lease	(1,281,159)
Bond premium	(590,540)
Net other post employment benefit obligation	(3,940,380)
Deferred charge on refunding	163,855
Landfill postclosure liability	(143,050)
Deferred inflows related to pension assumption changes	(38,262)
Deferred inflows related to pension actuarial experience	<u>(170,458)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 110,737,161</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, 2017**

	General	Sewer Assessments	CDBG Grant	Capital Projects	Miscellaneous Grants	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Property taxes	\$ 30,001,160						\$ 30,001,160
Intergovernmental	14,718,522			91,545	941,525	1,573,031	17,324,623
Charges for services	630,615	561,439	162,430	5,496		3,374,324	4,734,304
Investment earnings	51,170	1,588		4,135		15,305	72,198
Miscellaneous				41,475		54,261	95,736
Total revenues	<u>45,401,467</u>	<u>563,027</u>	<u>162,430</u>	<u>142,651</u>	<u>941,525</u>	<u>5,016,921</u>	<u>52,228,021</u>
Expenditures:							
Current:							
General government	1,545,884				15,018	57,168	1,618,070
Public safety	2,332,172				3,420	461,439	2,797,031
Public works	2,364,560				933,842	1,902,400	5,200,802
Human services	276,920		149,051		60,776	8,216	494,963
Culture and recreation	521,260					515,039	1,036,299
Insurance and sundry	2,317,379						2,317,379
Education	32,906,457					1,643,313	34,549,770
Debt service	2,742,558						2,742,558
Capital outlay	570,155			2,416,033		28,875	3,015,063
Total expenditures	<u>45,577,345</u>	<u>-</u>	<u>149,051</u>	<u>2,416,033</u>	<u>1,013,056</u>	<u>4,616,450</u>	<u>53,771,935</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(175,878)</u>	<u>563,027</u>	<u>13,379</u>	<u>(2,273,382)</u>	<u>(71,531)</u>	<u>400,471</u>	<u>(1,543,914)</u>
Other Financing Sources (Uses):							
Issuance of capital lease				866,055			866,055
Transfers in	563,127			594,621	71,105	212,201	1,441,054
Transfers out	(866,037)	(555,127)				(19,890)	(1,441,054)
Total other financing sources (uses)	<u>(302,910)</u>	<u>(555,127)</u>	<u>-</u>	<u>1,460,676</u>	<u>71,105</u>	<u>192,311</u>	<u>866,055</u>
Net Change in Fund Balances	(478,788)	7,900	13,379	(812,706)	(426)	592,782	(677,859)
Fund Balances at Beginning of Year	<u>5,998,594</u>	<u>342,666</u>	<u>56,972</u>	<u>1,955,374</u>	<u>4,497</u>	<u>2,020,319</u>	<u>10,378,422</u>
Fund Balances at End of Year	<u>\$ 5,519,806</u>	<u>\$ 350,566</u>	<u>\$ 70,351</u>	<u>\$ 1,142,668</u>	<u>\$ 4,071</u>	<u>\$ 2,613,101</u>	<u>\$ 9,700,563</u>

(Continued on next page)

**TOWN OF COVENTRY, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

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)	\$ (677,859)
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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	2,765,214
Depreciation expense	(2,793,465)

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.

	(52,879)
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Change in deferred outflow related to differences between projected and actual earnings on pension plan investments	(956,610)
Change in deferred outflow related to changes in pension assumptions	(20,241)
Change in deferred outflow related to differences between projected and actual pension plan experience	(70,928)

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	
Property tax receivable - accrual basis change	(70,491)
Property tax interest and lien revenue - accrual basis change	29,757
Sewer use and assessment receivable - accrual basis change	(435,481)
Loans and other receivables - accrual basis change	(48,759)
Amortization of bond premiums	58,871
Other receivables	(80,041)

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 position. Also, governmental funds report the effect of 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 and note principal payments	1,891,642
Capital lease payments	326,041
Capital lease financing	(866,055)

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	868
Accrued interest	87,548
Amortization of deferred charge on refunding	(18,069)
Net other post employment benefit expense	(449,972)
Net pension expense	936,591
Change in deferred inflow related to the difference between expectations and pension actuarial experience	(63,218)
Change in deferred inflow related to the changes in pension assumptions	(38,262)
Landfill postclosure care	18,925

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.

	<u>322,846</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (204,027)</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF COVENTRY, CONNECTICUT  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2017**

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	<b>Governmental Activities <u>Internal Service Funds</u></b>
Current Assets:	
Cash and cash equivalents	\$ 144,232
Advance to plan administrator	<u>3,122,096</u>
Total assets	<u>3,266,328</u>
Current Liabilities:	
Claims payable	234,126
Due to other funds	<u>394,000</u>
Total liabilities	<u>628,126</u>
Net Position:	
Unrestricted	\$ <u><u>2,638,202</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF COVENTRY, CONNECTICUT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

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	<b>Governmental Activities <u>Internal Service Funds</u></b>
Operating Revenues:	
Employer contributions	\$ <u>5,372,597</u>
Operating Expenses:	
Administrative expense	582,982
Employee benefits	<u>4,477,455</u>
Total operating expenses	<u>5,060,437</u>
Operating Income (Loss)	<u>312,160</u>
Nonoperating Revenue:	
Investment income	<u>10,686</u>
Change in Net Position	322,846
Net Position at Beginning of Year	<u>2,315,356</u>
Net Position at End of Year	\$ <u><u>2,638,202</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF COVENTRY, CONNECTICUT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Cash Flows from Operating Activities:	
Cash received from users	\$ 5,766,597
Cash payments to providers of benefits	(5,820,651)
Net cash provided by (used in) operating activities	<u>(54,054)</u>
Cash Flows from Investing Activities:	
Investment income	<u>10,686</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(43,368)
Cash and Cash Equivalents at Beginning of Year	<u>187,600</u>
Cash and Cash Equivalents at End of Year	<u>\$ 144,232</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ 312,160
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
(Increase) decrease in advance to plan administrator	(530,233)
Increase (decrease) in due to other funds	394,000
Increase (decrease) in claims payable	<u>(229,981)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (54,054)</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF COVENTRY, CONNECTICUT**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2017**

	<b>Pension Trust Fund</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
Assets:		
Cash and cash equivalents	\$ 61,679	\$ 649,106
Mutual funds	9,070,191	
Guaranteed investment contracts	<u>5,464,337</u>	<u>                    </u>
Total Assets	14,596,207	\$ <u><u>649,106</u></u>
Liabilities:		
Accounts payable	1,701	
Due to others	<u>                    </u>	\$ <u>649,106</u>
Total Liabilities	<u>1,701</u>	\$ <u><u>649,106</u></u>
Net Position:		
Net Position Restricted for Pensions	<u>\$ 14,594,506</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF COVENTRY, CONNECTICUT  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

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	<b>Pension Trust Fund</b>
	<u>                    </u>
Additions:	
Contributions:	
Employer	\$ 617,847
Plan members	270,830
Total contributions	<u>888,677</u>
Investment income:	
Change in fair value of investments	1,761,405
Investment expense	<u>(48,801)</u>
Net investment income	<u>1,712,604</u>
Total additions	<u>2,601,281</u>
Deductions:	
Benefits	877,530
Administration	<u>23,173</u>
Total deductions	<u>900,703</u>
Change in Net Position	1,700,578
Net Position at Beginning of Year	<u>12,893,928</u>
Net Position at End of Year	<u>\$ 14,594,506</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF COVENTRY, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

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

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

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

The *Miscellaneous Grants Fund* accounts for a variety of grant funded projects, programs and capital outlays. The major sources of revenue for this fund include Federal, State and local grant awards.

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.

**TOWN OF COVENTRY, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

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

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

**D. Deposits and Investments**

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

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

Investments for the Town are reported at fair value.

**E. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." All property tax receivables are shown net of an allowance for uncollectibles. An amount of \$101,341 has been established as an allowance for uncollectible taxes. At June 30, 2017, this represents 15.87% of all property taxes receivable.

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

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

**TOWN OF COVENTRY, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**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 acquisition value.

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

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

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

**H. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

**TOWN OF COVENTRY, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide statement of net position, the Town reports deferred inflows of resources related to pensions. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). In addition, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, special assessments, sewer receivables, COVRRRA receivables and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

**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 position. Bond premiums and discounts 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

**K. Equity**

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

**Net Investment in Capital Assets**

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

**TOWN OF COVENTRY, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
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**Restricted Net Position**

Net position is restricted by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Position**

This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

**Nonspendable Fund Balance**

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

**Restricted Fund Balance**

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

**Committed Fund Balance**

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

**Assigned Fund Balance**

This represents amounts constrained for the intent to be used for a specific purpose by the Town Manager who has been delegated authority to assign amounts by ordinance within the Town Charter.

**Unassigned Fund Balance**

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

The Town has a minimum fund balance policy that establishes a goal for unassigned fund balance in the General Fund at 10% of the General Fund expenditures.

**L. Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Accordingly, actual results could differ from those estimates.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

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

- The Town Manager prepares an operating, capital and debt service budget from information provided by various Town departments. The Board of Education also prepares an operating budget. The budget includes the proposed expenditures and the means to finance them.
- These budgets are presented at a public hearing before being amended and adopted by the Town Council. The Council's operating or General Fund budget is submitted to a Town meeting that approves, rejects or reduces the budget, which is subsequently adjourned to a referendum for ratification.
- Expenditures are budgeted by function, department and object. The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is established by function and department. Upon request, the Town Council may, by resolution, transfer any unencumbered appropriation, balance or portion thereof from one department, commission, board or office to another. No transfer shall be made from any appropriations for debt service and other statutory charges. Transfers between line items within a department may be made with the approval of the Town Manager.
- The Town Council can make additional appropriations, subject to fund balance availability and other restrictions, up to 1.5% of the current year's property tax levy. Additional appropriations can be made when unanticipated revenue is made available for specific purposes. Additional appropriations during the year were \$342,313 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 Tax Collector departmental line item was overbudget by \$939.

**TOWN OF COVENTRY, CONNECTICUT  
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**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

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

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

**A. Deposits**

**Deposit Custodial Credit Risk**

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$8,178,970 of the Town’s bank balance of \$9,764,266 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,236,073
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>942,897</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 8,178,970</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.

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**Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2017, the Town's cash equivalents amounted to \$2,239,057. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<b>Standard &amp; Poor's</b>
State Short-Term Investment Fund (STIF)	AAAm

**B. Investments**

Investments as of June 30, 2017 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Other investments:	
Mutual funds	\$ 9,070,191
Common stock	4,218
Guaranteed investment contracts	<u>5,464,337</u>
Total Investments	<u>\$ 14,538,746</u>

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2017:

	<u>June 30, 2017</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Common stock	\$ 4,218	\$ 4,218	\$	\$
Mutual funds	<u>9,070,191</u>	<u>9,070,191</u>		
Total investments by fair value level	9,074,409	<u>\$ 9,074,409</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value:				
Guaranteed investment contracts	<u>5,464,337</u>			
Total Investments Measured at Fair Value	<u>\$ 14,538,746</u>			

**TOWN OF COVENTRY, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
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Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

- **Guaranteed Investment Contracts**

The Town has entered into a guaranteed investment contract with Brighthouse Life Insurance Company (Brighthouse). Brighthouse maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. Brighthouse is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Town. Because the guaranteed investment contract is fully benefit-responsive, contract value is the relevant measurement attribute for the guaranteed investment contract. The guaranteed investment contract is presented on the face of the statements of net position at contract value. Contract value, as reported to the Town by Brighthouse, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. There are no reserves against contract value for credit risk of the contract issuer or otherwise. The contract is a traditional investment contract. The crediting interest rate is based on a formula agreed upon with the issuer. Such interest rates are reviewed on an annual basis for resetting. The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date. There are no unfunded commitments under the contract. The contract allows redemption at any time with no notice.

**Interest Rate Risk**

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

**Credit Risk - Investments**

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

**Concentration of Credit Risk**

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

**Custodial Credit Risk**

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2017, the Town had \$4,218 in uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

**TOWN OF COVENTRY, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**4. RECEIVABLES**

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

	<u>General</u>	<u>Sewer Assessment</u>	<u>CDBG Grant</u>	<u>Capital Projects</u>	<u>Miscellaneous Grants</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:							
Interest	\$ 301,604	\$	\$	\$	\$	\$	\$ 301,604
Taxes	638,514						638,514
Accounts	15,886					488,238	504,124
Intergovernmental				147,373	348,947	49,736	546,056
Special assessments		2,530,238					2,530,238
Loans			2,372,761				2,372,761
Gross receivables	<u>956,004</u>	<u>2,530,238</u>	<u>2,372,761</u>	<u>147,373</u>	<u>348,947</u>	<u>537,974</u>	<u>6,893,297</u>
Less allowance for uncollectibles:							
Taxes	(101,341)						(101,341)
Delinquent interest	<u>(152,224)</u>						<u>(152,224)</u>
Net Total Receivables	<u>\$ 702,439</u>	<u>\$ 2,530,238</u>	<u>\$ 2,372,761</u>	<u>\$ 147,373</u>	<u>\$ 348,947</u>	<u>\$ 537,974</u>	<u>\$ 6,639,732</u>

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,455,311	\$ 37,678	\$	\$ 3,492,989
Construction in progress	<u>417,968</u>	<u>1,650,212</u>		<u>2,068,180</u>
Total capital assets not being depreciated	<u>3,873,279</u>	<u>1,687,890</u>	<u>-</u>	<u>5,561,169</u>
Capital assets being depreciated:				
Buildings	52,528,277			52,528,277
Improvements other than buildings	1,963,180	162,989		2,126,169
Furniture and equipment	7,646,075	861,391	(370,624)	8,136,842
Infrastructure	<u>99,760,240</u>	<u>52,944</u>		<u>99,813,184</u>
Total capital assets being depreciated	<u>161,897,772</u>	<u>1,077,324</u>	<u>(370,624)</u>	<u>162,604,472</u>
Less accumulated depreciation for:				
Buildings	(15,054,916)	(811,224)		(15,866,140)
Improvements other than buildings	(339,756)	(56,862)		(396,618)
Furniture and equipment	(3,815,669)	(424,608)	317,745	(3,922,532)
Infrastructure	<u>(27,425,636)</u>	<u>(1,500,771)</u>		<u>(28,926,407)</u>
Total accumulated depreciation	<u>(46,635,977)</u>	<u>(2,793,465)</u>	<u>317,745</u>	<u>(49,111,697)</u>
Total capital assets being depreciated, net	<u>115,261,795</u>	<u>(1,716,141)</u>	<u>(52,879)</u>	<u>113,492,775</u>
Governmental Activities Capital Assets, Net	<u>\$ 119,135,074</u>	<u>\$ (28,251)</u>	<u>\$ (52,879)</u>	<u>\$ 119,053,944</u>

**TOWN OF COVENTRY, CONNECTICUT  
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Depreciation and amortization expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 36,451
Public safety	223,467
Public works	1,912,267
Culture and recreation	53,406
Education	<u>567,874</u>
 Total Depreciation and Amortization Expense - Governmental Activities	 \$ <u><u>2,793,465</u></u>

**6. FUND BALANCES**

The components of fund balances for the governmental funds at June 30, 2017 are as follows:

	Major Funds					Nonmajor Governmental Funds	Total
	General Fund	Sewer Assessments	CDBG Grant	Capital Projects	Miscellaneous Grants		
Fund balances:							
Nonspendable:							
Inventory	\$	\$	\$	\$	\$	28,017	\$ 28,017
Prepaid items	21,354						21,354
Permanent fund principal						13,595	13,595
Restricted for:							
Capital projects				232,709			232,709
Unspent grant balances			70,351		4,071	39,318	113,740
Special assessment project		350,566					350,566
Health insurance	34,048						34,048
Cemeteries						61,782	61,782
Foodbank						43,898	43,898
Recreation						25,243	25,243
Police services						19,242	19,242
Permanent funds						3,758	3,758
Committed to:							
Capital projects				909,959		200,000	1,109,959
Police services						32,978	32,978
Land acquisition						262,865	262,865
Recreation						87,270	87,270
Patriots Park						20,061	20,061
Sewer						679,789	679,789
Trash						457,995	457,995
EMS Services						401,860	401,860
Highway projects						62,560	62,560
Food service						35,322	35,322
Farmer's Market						45,323	45,323
Preschool						50,467	50,467
Education						41,758	41,758
Assigned to:							
Purchases on order	121,180						121,180
Unassigned	<u>5,343,224</u>						<u>5,343,224</u>
 Total Fund Balances	 \$ <u>5,519,806</u>	 \$ <u>350,566</u>	 \$ <u>70,351</u>	 \$ <u>1,142,668</u>	 \$ <u>4,071</u>	 \$ <u>2,613,101</u>	 \$ <u>9,700,563</u>

Encumbrances of \$121,180, \$451,129 and \$1,596,994 at June 30, 2017 are contained in the above table in the assigned category of the General Fund, the restricted and committed categories of the Capital Projects fund, and the restricted and committed categories of the Nonmajor Governmental funds, respectively.

**TOWN OF COVENTRY, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
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**7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

At June 30, 2017, the Internal Service Fund owed the General Fund \$394,000, which resulted from regularly recurring transactions and represented a temporary balance.

Interfund transfers for the year ended June 30, 2017 consisted of the following:

	<b>Transfers In</b>				<b>Total</b>
	<b>General Fund</b>	<b>Capital Projects</b>	<b>Miscellaneous Grants</b>	<b>Nonmajor Governmental</b>	
Transfers out:					
General Fund	\$	\$ 594,621	\$ 59,215	\$ 212,201	\$ 866,037
Sewer Assessment	555,127				555,127
Nonmajor Governmental Funds	8,000		11,890		19,890
	<u>\$ 563,127</u>	<u>\$ 594,621</u>	<u>\$ 71,105</u>	<u>\$ 212,201</u>	<u>\$ 1,441,054</u>

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

**8. LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Bonds and loans payable:					
General obligation bonds	\$ 13,905,000	\$	\$ 1,445,000	\$ 12,460,000	\$ 1,465,000
Premium on issuance	649,411		58,871	590,540	
Loans payable - Clean Water Fund	5,440,169		446,642	4,993,527	455,657
	<u>19,994,580</u>	-	<u>1,950,513</u>	<u>18,044,067</u>	<u>1,920,657</u>
Other liabilities:					
Capital leases	741,145	866,055	326,041	1,281,159	290,777
Landfill postclosure	161,975		18,925	143,050	18,925
Net OPEB obligation	3,490,408	449,972		3,940,380	
Net pension liability	3,415,656		936,591	2,479,065	
Compensated absences	979,809	76,405	77,273	978,941	87,625
	<u>979,809</u>	<u>76,405</u>	<u>77,273</u>	<u>978,941</u>	<u>87,625</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 28,783,573</u>	<u>\$ 1,392,432</u>	<u>\$ 3,309,343</u>	<u>\$ 26,866,662</u>	<u>\$ 2,317,984</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.

**TOWN OF COVENTRY, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**General Obligation Bonds**

A summary of general obligation bonds outstanding at June 30, 2017 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, 2017</u>
2002 Refunding Bonds	12/1/2002	2022	3.25%-4.9%	\$ 1,350,000	\$ 135,000
2008 CWF Loan	12/31/2008	2027	2.00%	9,815,810	4,993,527
2010 Refunding Bonds Series A	2/9/2010	2025	1%-3.5%	2,500,000	630,000
2010 Refunding Bonds Series B	2/9/2010	2025	2-4%	3,438,000	641,000
2010 Refunding Bonds Series B	2/9/2010	2025	2-4%	57,000	10,000
2010 Refunding Bonds Series B	2/9/2010	2025	2-4%	3,105,000	629,000
2010 Refunding Bonds Series B	2/9/2010	2025	2-4%	2,605,000	1,175,000
2010 Refunding Bonds Series B	2/9/2010	2025	2-4%	1,200,000	645,000
2015 Refunding General Obligation	3/24/2015	2025	2.00%	100,000	54,000
2015 Refunding NCFD GO	3/24/2015	2032	2.88%	1,675,000	1,315,000
2015 Refunding Parker Bridge GO	3/24/2015	2025	2.34%	215,000	110,000
2015 Refunding PW Garage GO	3/24/2015	2031	2.34%	3,350,000	2,158,000
2015 Refunding School Asbestos GO	3/24/2015	2025	2.34%	465,000	238,000
2015 Refunding School Roof GO	3/24/2015	2031	3.55%	1,600,000	1,082,000
2015 Refunding Water System GO	3/24/2015	2025	2.00%	455,000	238,000
2016 Road Bonds	3/1/2016	2036	2.41%	3,000,000	3,000,000
2016 Pucker Street Bridge	3/1/2016	2036	2.41%	400,000	400,000
					<u>\$ 17,453,527</u>

**Clean Water Fund Loan Payable**

The Town is currently participating in the State of Connecticut Clean Water Fund Loan program. The loan matures on June 30, 2027, has an outstanding balance as of June 30, 2017 of \$4,993,527 and is payable monthly with interest at 2%.

**TOWN OF COVENTRY, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
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**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, 2017:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,920,657	\$ 475,634	\$ 2,396,291
2019	2,114,854	416,671	2,531,525
2020	1,489,237	363,685	1,852,922
2021	1,498,810	320,575	1,819,385
2022	1,348,575	279,358	1,627,933
2023-2027	6,071,394	867,117	6,938,511
2028-2032	2,270,000	291,398	2,561,398
2033-2036	<u>740,000</u>	<u>55,500</u>	<u>795,500</u>
	<u>\$ 17,453,527</u>	<u>\$ 3,069,938</u>	<u>\$ 20,523,465</u>

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

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 67,382,640	\$ 7,692,000	\$ 59,690,640
Schools	134,765,280	4,395,000	130,370,280
Sewers	112,304,400	2,689,888	109,614,512
Urban renewal	97,330,480		97,330,480
Pension deficit	89,843,520		89,843,520

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$209,634,880.

Amounts above do not include \$238,000 of Water System Improvement bonds issued, which are excluded from the Town's statutory debt limit pursuant to Connecticut General Statutes.

**Bond Authorizations**

At June 30, 2017, debt authorized but unissued is as follows:

<u>Project</u>	<u>Appropriation/ Authorization</u>	<u>Prior Bonds Issued</u>	<u>Paydown Grants Expected/ Received</u>	<u>Authorized But Unissued Debt</u>
<b>Sewers</b>				
Wangumbaug Lake Sewer Extension	\$ 17,800,000	\$ 9,815,810	\$ 7,892,591	\$ 91,599

**TOWN OF COVENTRY, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Capital Leases**

A summary of assets acquired through capital leases is as follows as of June 30, 2017:

		<b>Governmental Activities</b>
		<hr/>
Machinery and equipment	\$	2,339,978
Less accumulated amortization		<u>(236,941)</u>
	\$	<u><u>2,103,037</u></u>

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 are as follows:

<b>Year Ending June 30</b>		<b>Governmental Activities</b>
		<hr/>
2018	\$	315,292
2019		283,994
2020		234,390
2021		195,949
2022		195,950
Thereafter		<u>130,954</u>
Total minimum lease payments		1,356,529
Less amount representing interest		<u>(75,370)</u>
Present Value of Minimum Lease Payments	\$	<u><u>1,281,159</u></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 \$143,050 over the next 8 years. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The Town pays for the costs of monitoring on an ongoing basis through the COVRA Fund.

**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

**TOWN OF COVENTRY, CONNECTICUT  
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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.

Management of the plan rests with the Pension Committee, which consists of no fewer than three, nor more than five, members all appointed by the Town Council.

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, 2016, the date of the latest actuarial valuation:

Retired members	25
Terminated plan members entitled to but not yet receiving benefits	21
Active plan members	139
	<hr/>
Total	185
	<hr/> <hr/>

**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 investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

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**Investments**

**Investment Policy**

The Pension Committee recommended the adoption of an investment policy to the Town Council. The current policy was adopted in August of 2007. The goals of the policy are to create a framework for a well-diversified asset mix that can be expected to generate acceptable long-term returns at a level of risk suitable to the Town. The following was the adopted asset allocation as of June 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. Large Cap	10.60%
U.S. Large Cap Value	10.80%
U.S. Small Value	11.00%
U.S. Micro Cap	11.00%
International Large Value	15.50%
International Small	14.50%
Emerging Large	12.60%
Emerging Small	7.80%
U.S. REITS	3.00%
International REITS	3.00%
Cash	0.20%
	<hr/>
Total	<u><u>100.00%</u></u>

**Concentrations**

The pension plan held fixed income investments of \$5,464,337 with Metlife representing 5% or more of the pension trust fund's fiduciary net position as of June 30, 2017.

**Rate of Return**

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.15%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability of the Town**

The components of the net pension liability of the Town at June 30, 2017 were as follows:

Total pension liability	\$ 17,073,571
Plan fiduciary net position	<u>14,594,506</u>
Net Pension Liability	<u><u>\$ 2,479,065</u></u>
Plan fiduciary net position as a percentage of the total pension liability	85.48%

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**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.6%
Salary increases	3.0%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

Pre-retirement mortality rates were based on the RP-2014 Mortality Table adjusted to 2006 Total Dataset Table projected to valuation date with scale MP-2016. Post-retirement mortality rates were based on IRS 417(e) applicable mortality.

The actuarial assumptions used in the July 1, 2016 valuation were based on standard tables adjusted for certain plan features.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the July 1, 2016 valuation (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap	6.25%
U.S. Large Cap Value	6.25%
U.S. Small Value	8.50%
U.S. Micro Cap	7.00%
International Large Value	6.75%
International Small	7.50%
Emerging Large	9.25%
Emerging Small	9.50%
U.S. REITS	6.00%
International REITS	6.25%
Cash	2.00%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF COVENTRY, CONNECTICUT  
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	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2016	\$ 16,309,584	\$ 12,893,928	\$ 3,415,656
Changes for the year:			
Service cost	553,015		553,015
Interest on total pension liability	1,232,383		1,232,383
Differences between expected and actual experience	(98,117)		(98,117)
Changes in assumptions	(45,764)		(45,764)
Employer contributions		617,847	(617,847)
Member contributions		270,830	(270,830)
Net investment income		1,712,604	(1,712,604)
Benefit payments, including refund to employee contributions	(877,530)	(877,530)	-
Administrative expenses		(23,173)	23,173
Net changes	<u>763,987</u>	<u>1,700,578</u>	<u>(936,591)</u>
Balances as of June 30, 2017	<u>\$ 17,073,571</u>	<u>\$ 14,594,506</u>	<u>\$ 2,479,065</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Town, calculated using the discount rate of 7.50%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 3,346,231	\$ 2,479,065	\$ 1,700,941

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2017, the Town recognized pension expense of \$830,515. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 312,080	\$ 170,458
Changes of assumptions	89,058	38,262
Net difference between projected and actual earning on pension plan investments	<u>323,907</u>	
Total	<u>\$ 725,045</u>	<u>\$ 208,720</u>

**TOWN OF COVENTRY, CONNECTICUT  
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**Year Ending June 30**

2018	\$	259,377
2019		259,375
2020		100,660
2021		(100,433)
2022		(295)
Thereafter		(2,359)

**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, 2017, the Town contributed \$617,847 to the Plan.

**B. Teachers’ Retirement System**

**Plan Description**

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers’ Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

**Benefit Provisions**

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

**Normal Retirement**

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

**Early Retirement**

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

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**Disability Retirement**

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

**Contributions**

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

*Employer (School Districts)*

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

*Employees*

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

**Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2017, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>43,433,532</u>
Total	\$	<u><u>43,433,532</u></u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2017, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2017, the Town recognized pension expense and revenue of \$4,736,583 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**TOWN OF COVENTRY, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
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**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

**TOWN OF COVENTRY, CONNECTICUT  
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The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	6.0%	0.4%
Total	100.0%	

**Discount Rate**

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**Other Information**

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

**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, 2016, plan membership consisted of the following:

	<u>Post-Retirement Medical Program</u>
Retired participants and spouses	21
Active plan members	<u>388</u>
Total	<u><u>409</u></u>

**B. Funding Policy**

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

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

**Teachers**

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

**Police**

- Eligible for Medical and Dental Coverage if age 45 and 20 years for Sworn Police, and rule of 85 for nonsworn employees.
- Retirees pay full cost of insurance and spouse can continue coverage after retiree’s death.

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**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's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45 using the July 1, 2014 valuation. 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)	\$	639,279
Interest on net OPEB obligation		139,616
Adjustment to annual required contribution		<u>(165,001)</u>
Annual OPEB cost		613,894
Contributions made		<u>163,922</u>
Increase in net OPEB obligation		449,972
Net OPEB obligation, beginning of year		<u>3,490,408</u>
Net OPEB Obligation, End of Year	\$	<u><u>3,940,380</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 years ended June 30, 2017, 2016 and 2015 is presented below:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2015	\$ 570,201	\$ 139,000	24.38%	\$ 3,070,802
6/30/2016	578,103	158,497	27.42%	3,490,408
6/30/2017	613,894	163,922	26.70%	3,940,380

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

**TOWN OF COVENTRY, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
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are made about the future. Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2012	\$	\$ 4,777,000	\$ 4,777,000	0.00%	\$ 18,002,000	27%
7/1/2014		5,140,000	5,140,000	0.00%	18,728,000	27%
7/1/2016		7,362,000	7,362,000	0.00%	20,377,000	36%

**Schedule of Employer Contributions**

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
6/30/2015	\$ 579,000	\$ 139,000	24%
6/30/2016	594,125	158,497	27%
6/30/2017	639,279	163,922	26%

In the July 1, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The initial healthcare cost inflation rate, including overall inflation assumptions, is calculated at 5.44% with an ultimate healthcare cost inflation rate, including overall inflation assumptions, of 4.40%. Salary increases as well as the discount rate is set at 4%. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized on a level dollar basis with a remaining closed amortization period at July 1, 2016 at 22 years.

**11. RISK MANAGEMENT**

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

**TOWN OF COVENTRY, CONNECTICUT  
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**Dental Insurance Internal Service Fund**

The Town's dental self-insurance fund is used to account for dental insurance coverage for Town employees. The Town examines the coverage on a yearly basis to determine adequate coverage and minimize risk. A schedule of changes in the claims liability for the years ended June 30, 2016 and 2017, 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>
2015-2016	\$	-	\$	226,294	\$	226,294	\$	-
2016-2017		-		210,522		210,522		-

**Health Insurance Internal Service Fund**

The Coventry Health Insurance Fund (the Fund), which has been recorded as an Internal Service Fund, was established to provide medical and dental health coverage for all eligible Town and Board of Education employees. The Fund is substantially funded by the Town's General Fund based upon estimates for the number of employees and type of coverage (single or family) as well as trends in the costs of coverage and costs of administration. The program's general objectives are to provide the members of the health insurance program with lower costs for coverage and to develop a systematic method to control health costs through wellness initiatives.

The Town and Board of Education participate in the Eastern Connecticut Health Insurance Program. This group consists of five entities, the Towns and Boards of Education of Coventry, Tolland, Plainfield and Putnam and also including EASTCONN, a regional educational service center. This partnership is the first in the state of Connecticut and was formed with a goal to reduce costs through collaboration. A third party administers the plan for which the Fund pays a fee. The Fund has purchased individual stop loss coverage of \$150,000 per claim.

The Town's health self-insurance fund is used to account for medical insurance coverage for Town and Board of Education employees. The Town examines the coverage on a yearly basis to determine adequate coverage and minimize risk. A schedule of changes in the claims liability for the years ended June 30, 2016 and 2017, 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>
2015-2016	\$	416,411	\$	4,500,593	\$	4,452,897	\$	464,107
2016-2017		464,107		4,266,933		4,496,914		234,126

**12. COMMITMENTS AND CONTINGENCIES**

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

**TOWN OF COVENTRY, CONNECTICUT  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Property Taxes:				
Current taxes	\$ 29,066,751	\$ 29,066,751	\$ 29,213,149	\$ 146,398
Delinquent taxes	350,000	350,000	273,208	(76,792)
Interest and penalties	200,000	200,000	181,103	(18,897)
Supplemental motor vehicles	250,000	250,000	333,700	83,700
Total property taxes	<u>29,866,751</u>	<u>29,866,751</u>	<u>30,001,160</u>	<u>134,409</u>
Intergovernmental:				
General Government:				
Elderly circuit breaker	65,670	65,670	65,766	96
Disability exemption	1,500	1,500	1,861	361
Grant in lieu of taxes	286	286	284	(2)
Pequot state property	44,477	44,477	44,362	(115)
Veterans additional tax relief	6,000	6,000	7,387	1,387
Emergency Management Performance Grant	6,209	6,209	6,205	(4)
Telephone access grant	20,000	20,000	24,409	4,409
Youth services grant			14,388	14,388
MRSA Sales Tax Sharing	364,100	364,100	252,939	(111,161)
Municipal revenue sharing	10,533	10,533	10,533	-
Total general government	<u>518,775</u>	<u>518,775</u>	<u>428,134</u>	<u>(90,641)</u>
Education:				
Education cost sharing grant	8,933,895	8,933,895	8,779,526	(154,369)
Transportation	114,543	114,543		(114,543)
Adult education	10,454	10,454	11,149	695
Tuition		16,200	16,200	-
Medicaid reimbursement		14,986	14,986	-
Total education	<u>9,058,892</u>	<u>9,090,078</u>	<u>8,821,861</u>	<u>(268,217)</u>
Investment Earnings	<u>44,000</u>	<u>44,000</u>	<u>51,170</u>	<u>7,170</u>
Local Revenues:				
Housing Authority PILOT	18,000	18,000	14,152	(3,848)
Finance:				
Insurance reimbursement and claims			24,239	24,239
Sale of town property	50,000	50,000	120,424	70,424
Conveyance tax	103,000	103,000	115,514	12,514
Town clerk:				
Office receipts	95,000	95,000	100,149	5,149
Assessor:				
Copy charges	1,000	1,000	526	(474)

(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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Development/Planning:				
Zoning permits	\$ 11,000	\$ 11,000	\$ 11,575	\$ 575
Planning and zoning	4,500	4,500	3,375	(1,125)
Zoning board of appeals	2,500	2,500	5,775	3,275
Inland wetlands	1,800	1,800	2,100	300
Regulations and maps	500	500	164	(336)
Permits	100	100	118	18
Building Department:				
Building permits	160,000	160,000	165,663	5,663
Fire inspection	1,500	1,500	970	(530)
Blasting permit	50	50	60	10
Penalty fees	100	100	25	(75)
Police Services:				
Warden receipts	1,000	1,000	370	(630)
Dog license	9,500	9,500	9,335	(165)
Fingerprinting	1,300	1,300	2,368	1,068
Local parking fines	300	300	325	25
Permits	6,000	6,000	9,047	3,047
Other	400	400	1,554	1,154
Municipal surcharge	4,000	4,000	3,355	(645)
Miscellaneous:				
Miscellaneous unanticipated			10,547	10,547
Rents	27,000	27,000	28,885	1,885
Total local revenues	<u>498,550</u>	<u>498,550</u>	<u>630,615</u>	<u>132,065</u>
Total revenues	<u>39,986,968</u>	<u>40,018,154</u>	<u>39,932,940</u>	<u>(85,214)</u>
Other Financing Sources:				
Transfers in:				
Use of fund balance		311,127		(311,127)
Cancellation of prior year encumbrances			88,338	88,338
Sewer Assessment Fund	555,834	555,834	555,127	(707)
Police Special Services	8,000	8,000	8,000	-
Total other financing sources	<u>563,834</u>	<u>874,961</u>	<u>651,465</u>	<u>(223,496)</u>
Total Revenues and Other Financing Sources	<u>\$ 40,550,802</u>	<u>\$ 40,893,115</u>	40,584,405	<u>\$ (308,710)</u>
Budgetary revenues are different from GAAP revenues because:				
Cancellation of prior year encumbrances are recognized as budgetary revenue			(88,338)	
Excess cost grants are netted for budgetary reporting			731,944	
State on-behalf payments			<u>4,736,583</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>\$ 45,964,594</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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
General Government:				
Town Council	\$ 33,963	\$ 35,663	\$ 35,526	\$ 137
Town Manager	212,448	212,448	211,470	978
Finance Administration	115,710	115,710	111,255	4,455
Accounting	112,068	112,068	109,483	2,585
Tax Collector	115,866	115,866	116,805	(939)
Assessor	140,064	140,064	139,440	624
Assessment Appeals	800	800	238	562
Treasurer	25,324	25,324	23,943	1,381
Information Technology	157,590	157,590	146,490	11,100
Planning	142,769	142,669	139,468	3,201
Zoning Board of Appeals	23,271	26,321	25,524	797
Conservation	2,135	2,135	1,012	1,123
Economic Development	19,663	24,413	18,711	5,702
Inland Wetlands	47,686	48,286	45,958	2,328
Planning and Zoning Commission	4,300	5,900	5,330	570
Legal counsel	90,000	90,000	73,348	16,652
Probate court	7,295	7,295	7,295	-
Recording/licensing	148,262	150,262	148,771	1,491
Elections	51,773	51,773	47,749	4,024
Town Office building	77,499	77,499	73,994	3,505
Central services	51,581	51,581	43,747	7,834
Total general government	<u>1,580,067</u>	<u>1,593,667</u>	<u>1,525,557</u>	<u>68,110</u>
Public Safety:				
Police Administration	184,651	184,598	183,949	649
Police Operations	1,327,102	1,299,156	1,228,965	70,191
Police supportive services	320,658	331,310	326,410	4,900
Police marine patrol	8,400	20,850	17,477	3,373
Police station	56,300	59,428	53,848	5,580
Fire Marshal	27,055	25,055	25,032	23
Coventry Volunteer Fire Association	41,737	42,092	41,310	782
North Coventry Volunteer Fire Department	23,732	31,782	31,024	758
N. Coventry substation	8,800	3,800	3,007	793
Joint Fire Budget	405,937	425,262	420,640	4,622
CVFA South Street Substation	15,105	8,105	7,563	542
Civil Emergency Preparedness	28,520	26,520	25,899	621
Animal Control	71,201	71,241	70,512	729
Total public safety	<u>2,519,198</u>	<u>2,529,199</u>	<u>2,435,636</u>	<u>93,563</u>
Public Works:				
Roads and drainage	571,233	562,752	556,292	6,460
Public works building	55,257	73,288	72,405	883
Snow removal	286,000	351,715	351,578	137
Facilities maintenance	317,540	312,898	309,388	3,510
Public works administration	236,856	235,772	232,097	3,675
Fleet maintenance	452,593	447,558	434,540	13,018
Street lights	44,050	44,050	37,418	6,632
Cemetery Commission	25,748	22,348	19,376	2,972
Tree Warden	23,450	28,450	28,200	250
Engineering	78,280	78,280	72,581	5,699
Building inspection	142,989	142,989	137,612	5,377
Building code	45	45	45	-
Health Department	64,730	64,730	64,720	10
Total public works	<u>2,298,771</u>	<u>2,364,875</u>	<u>2,316,252</u>	<u>48,623</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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Human Services:				
Visiting nurses	\$ 2,500	\$ 2,500	\$ 1,368	\$ 1,132
Human services/general administration	194,495	194,495	188,777	5,718
Elderly services	95,439	95,439	84,355	11,084
Total human services	<u>292,434</u>	<u>292,434</u>	<u>274,500</u>	<u>17,934</u>
Culture and Recreation:				
Booth/Dimock Library	449,624	452,504	452,504	-
Parks and recreation, supervision	66,718	66,718	66,718	-
Memorial Day	3,175	3,175	2,536	639
Total culture and recreation	<u>519,517</u>	<u>522,397</u>	<u>521,758</u>	<u>639</u>
Insurance and Sundry:				
Municipal insurance	399,010	399,010	365,126	33,884
Pension/Social Security	925,650	925,650	911,621	14,029
Health insurance	1,060,196	960,196	936,987	23,209
Contingency	10,000	-	-	-
Claims and losses	40,000	135,092	119,394	15,698
Total insurance and sundry	<u>2,434,856</u>	<u>2,419,948</u>	<u>2,333,128</u>	<u>86,820</u>
Education	<u>27,141,365</u>	<u>27,172,551</u>	<u>27,085,095</u>	<u>87,456</u>
Capital Outlay	<u>743,787</u>	<u>856,987</u>	<u>829,383</u>	<u>27,604</u>
Debt Service	<u>2,760,106</u>	<u>2,748,506</u>	<u>2,742,554</u>	<u>5,952</u>
Total budgetary expenditures	<u>40,290,101</u>	<u>40,500,564</u>	<u>40,063,863</u>	<u>436,701</u>
Other Financing Uses:				
Transfers out:				
Matching funds	2,000	2,000	2,000	-
Parks and recreation fund	33,701	33,701	33,701	-
Miscellaneous grants	-	31,850	31,850	-
Land acquisition fund	25,000	25,000	25,000	-
CNREF	200,000	300,000	300,000	-
Total other financing uses	<u>260,701</u>	<u>392,551</u>	<u>392,551</u>	<u>-</u>
Total	<u>\$ 40,550,802</u>	<u>\$ 40,893,115</u>	40,456,414	<u>\$ 436,701</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	518,763
Reserve for matching fund expenditures and transfers, net	(322)
Excess cost grants are netted for budgetary reporting	731,944
State on-behalf payments	<u>4,736,583</u>

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 46,443,382

**TOWN OF COVENTRY, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST FOUR FISCAL YEARS\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 553,015	\$ 509,257	\$ 494,424	\$ 472,429
Interest	1,232,383	1,112,799	1,073,988	1,035,694
Differences between expected and actual experience	(98,117)	453,936	(144,868)	
Changes of assumptions	(45,764)	129,540		
Benefit payments, including refunds of member contributions	(877,530)	(440,070)	(1,409,674)	(618,211)
Net change in total pension liability	763,987	1,765,462	13,870	889,912
Total pension liability - beginning	16,309,584	14,544,122	14,530,252	13,640,340
Total pension liability - ending	<u>17,073,571</u>	<u>16,309,584</u>	<u>14,544,122</u>	<u>14,530,252</u>
Plan fiduciary net position:				
Contributions - employer	617,847	565,362	673,765	1,097,988
Contributions - member	270,830	245,912	239,053	221,335
Net investment income (loss)	1,712,604	(47,620)	159,678	1,768,049
Benefit payments, including refunds of member contributions	(877,530)	(440,070)	(1,409,674)	(618,211)
Administrative expense	(23,173)	(36,641)	(28,694)	(34,485)
Net change in plan fiduciary net position	1,700,578	286,943	(365,872)	2,434,676
Plan fiduciary net position - beginning	12,893,928	12,606,985	12,972,857	10,538,181
Plan fiduciary net position - ending	<u>14,594,506</u>	<u>12,893,928</u>	<u>12,606,985</u>	<u>12,972,857</u>
Net Pension Liability - Ending	<u>\$ 2,479,065</u>	<u>\$ 3,415,656</u>	<u>\$ 1,937,137</u>	<u>\$ 1,557,395</u>
Plan fiduciary net position as a percentage of the total pension liability	85.48%	79.06%	86.68%	89.28%
Covered-employee payroll	\$ 6,536,271	\$ 6,317,675	\$ 5,828,844	\$ 5,849,479
Net pension liability as a percentage of covered-employee payroll	37.93%	54.07%	33.23%	26.62%

\*Note: This schedule is intended to show information for ten years. Additional year's information will be displayed as it becomes available.

**TOWN OF COVENTRY, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 736,564	\$ 765,258	\$ 832,855	\$ 1,040,895	\$ 1,097,988	\$ 1,079,026	\$ 728,299	\$ 673,765	\$ 565,362	\$ 617,847
Contributions in relation to the actuarial determined contribution	<u>790,404</u>		<u>832,855</u>	<u>1,139,895</u>	<u>1,267,988</u>	<u>1,097,988</u>	<u>1,097,988</u>	<u>673,765</u>	<u>565,362</u>	<u>617,847</u>
Contribution Deficiency (Excess)	\$ <u>53,840</u>	\$ <u>(765,258)</u>	\$ <u>-</u>	\$ <u>99,000</u>	\$ <u>170,000</u>	\$ <u>18,962</u>	\$ <u>369,689</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 5,519,736	\$ 5,707,527	\$ 6,161,861	\$ 6,183,478	\$ 5,811,077	\$ 5,811,077	\$ 5,849,479	\$ 5,828,844	\$ 6,317,675	\$ 6,536,271
Contributions as a percentage of covered-employee payroll	14.32%	0.00%	13.52%	18.43%	21.82%	18.89%	18.77%	11.56%	8.95%	9.45%

**Notes to Schedule**

Valuation Date: July 1, 2016  
Measurement Date: June 30, 2017  
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age Normal  
Amortization method: Level percentage of salary - open  
Remaining amortization period: 15 Years  
Asset valuation method: Asset gains and losses are recognized over a four-year period at 25% per year.  
Inflation: 3.00%  
Salary increases: 3.00%  
Investment rate of return: 7.50%  
Retirement age: Police Sworn: 45/20  
Non-Uniformed Police: Rule of 85  
Non Police Bargaining Unit Employees: 10% at 60, increasing to 100% at 65  
Non Bargaining Unit Employees: 62/5  
Mortality: RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2015.

**TOWN OF COVENTRY, CONNECTICUT  
SCHEDULE OF INVESTMENT RETURNS  
LAST FOUR FISCAL YEARS\***

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	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	13.15%	(0.37%)	1.25%	15.71%

\*Note: This schedule is intended to show information for ten years. Additional year's information will be displayed as it becomes available.

**TOWN OF COVENTRY, CONNECTICUT  
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS RETIREMENT PLAN  
LAST THREE FISCAL YEARS\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>43,433,532</u>	<u>34,183,863</u>	<u>31,555,211</u>
Total	<u>\$ 43,433,532</u>	<u>\$ 34,183,863</u>	<u>\$ 31,555,211</u>
Town's covered-employee payroll	\$ 12,962,869	\$ 12,733,792	\$ 12,100,327
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	59.50%	61.51%

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	<p>During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.</p> <p>During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.</p>
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	8.5%, net of investment related expense

\*Note: This schedule is intended to show information for ten years. Additional year's information will be displayed as it becomes available.