
TOWN OF COVENTRY

***ANNUAL
FINANCIAL REPORT***

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2011***

***THEODORE J. PRZYBYLA
FINANCE DIRECTOR***

Prepared by: Finance Department

COVENTRY, RHODE ISLAND

**TOWN OF COVENTRY, RHODE ISLAND
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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(concluded)

INTRODUCTORY SECTION

This Section Contains the Following Subsections:

List of Town Officials

TOWN OF COVENTRY, RHODE ISLAND

As of June 30, 2011

TOWN COUNCIL

Gary P. Cote – President
Kerry L. McGee – Vice President
Raymond E. Spear
Carl L. Mattson Jr.
Thaddeus Jendzejec

TOWN MANAGER

Thomas R. Hoover

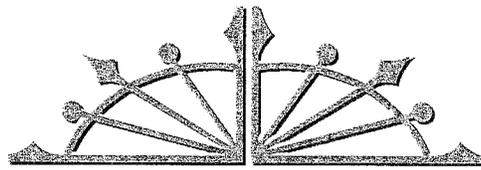
FINANCE DIRECTOR

Theodore J. Przybyla

FINANCIAL SECTION

This Section Contains the Following Subsections:

Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements
Required Supplementary Information
Supplementary Information



BAXTER DANSEREAU & ASSOCIATES, LLP

Accounting, Consulting & Tax Services

Partners

William J. Baxter, Jr., CPA

Paul L. Dansereau, CPA

INDEPENDENT AUDITORS' REPORT

The Honorable President and
Members of the Town Council
Town of Coventry
Coventry, Rhode Island

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Coventry, Rhode Island (Town) as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Coventry, Rhode Island's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "*Government Auditing Standards*" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 15 Section 3 (Coventry School Employees Pension Plan) the Coventry School Department participates in a Single Employer Defined Benefit Pension Plan for its non-certified school department employees. The "Sponsor" or the entity that has responsibility for the assets or the accumulated liabilities of the plan is currently in dispute. The ultimate outcome of the dispute cannot presently be determined. If the School Department is deemed to be the "Sponsor" of the plan this would add a material liability to the School Department's unfunded pension liabilities and net pension obligation. On January 20, 2012 an Actuarial Valuation Report was issued on the "Coventry School Employees' Pension Plan" that reported an Unfunded Actuarial Accrued Liability (UAAL) of \$24,209,279 using a valuation date of September 1, 2011 and also, reported a Net Pension Obligation (NPO) of \$1,515,070 as of June 30, 2011. Accounting Principles Generally Accepted in the United States of America would also require that additional disclosures be made in the notes to the financial statements and that the plan is presented as a Pension Trust Fund in the Statement of Fiduciary Net Assets of the Town.

In our opinion, except for the effects of the above mentioned paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and the aggregate remaining fund information of the Town of Coventry, Rhode Island as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business type activities, and each major fund of the Town of Coventry, Rhode Island as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 18, 2012 on our consideration of the Town of Coventry, Rhode Island's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 65 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The introductory section, combining and individual non-major fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


Baxter, Dansereau & Associates, LLP
February 18, 2012

Management's Discussion and Analysis

TOWN OF COVENTRY, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

Our discussion and analysis of the Town of Coventry, Rhode Island's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the Town's financial statements that follow this section.

For the fiscal year ended June 30, 2011 the Town has adopted the requirements of the Government Accounting Standards Board GASB Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. Acceptance of this statement has changed the Town's presentation of the elements of fund balances, a key indicator of inter-period equity. See Note 1 Summary of Significant Accounting Policies in the Notes to the Financial Statements for a further explanation.

Financial Highlights

- ❖ The net assets of the Town's primary government decreased \$2,336,766 as a result of current year's operations. On a government-wide basis the liabilities of the Town of Coventry exceeded its assets at the close of the most recent fiscal year by \$4,364,337. Net assets of business activities increased by \$856,764, or 10.9%, while net assets of Governmental Activities decreased by \$3,193,530, or 32%.
- ❖ The Town's Government-wide (governmental and business activities) operating expenses were \$99,129,861 a 0.65% increase from the prior year, while revenues collected were \$96,793,095 a 5.4% decrease.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,624,083. Over 75% of this amount, \$7,986,471 is unassigned and available for use within the Town's specific designations and fiscal policies or subject to outside restrictions.
- ❖ At the end of the current fiscal year, the general fund unassigned fund balance was \$8,332,015, or 12.7% of the total general fund expenditures for the fiscal year. The current fiscal year's expenditures and transfers exceeded revenues and transfers by \$1,412,855. On a budgetary basis revenues exceeded expenditures and transfers by \$1,389,683.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. These basic financial statements consist of three components:

- Government – wide financial statements
- Fund financial statements
- Notes to financial statements

In addition to the basic financial statements, this report also contains other supplementary information.

TOWN OF COVENTRY, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

The Town's basic financial statements and other supplementary financial information provide information about all of the Town's activities. They provide both a short-term and a long-term view of the Town's financial health as well as information about activities for which the Town acts solely as a trustee for the benefit of those outside of the Town's government.

Government-wide financial statements - are designed to provide readers with a broad overview of the Town's finances in a manner, which is similar to a private-sector business. They are presented on the accrual basis of accounting where revenues and expenditures are recognized on the date they occurred rather than on the date they were collected or paid.

The *Statement of Net Assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information which shows how the Town's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods. Examples are uncollected taxes and earned but unused compensated absences.

Both of the government-wide financial statements distinguish functions of the Town, which are 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 Town's governmental activities include general government and administration, public safety, development services, cultural and recreational services. The Town's business activities include the Sewer Fund.

The government wide financial statements are reported on pages 13 through 14.

Fund financial statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories-governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

TOWN OF COVENTRY, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and School Special Revenue Unrestricted Fund, which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds - The Town's proprietary fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has one enterprise fund. The Coventry Sewer Fund, which accounts for the Town's sewer system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Coventry Sewer Fund since it is considered to be a major fund of the Town.

The basic proprietary fund financial statements are presented on pages 18 through 20.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 21 and 22.

Notes to Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are presented on pages 23 through 64.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information pertinent to the Town's operations. Required Supplementary information is presented on pages 65 through 72.

The combining statements referred to earlier in connection with non-major governmental funds, are presented on pages 73 through 105.

TOWN OF COVENTRY, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

Government-wide Financial Analysis

Analysis of the Town of Coventry's Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The Town of Coventry, governmental activities liabilities exceeded assets by \$13,059,603 as of June 30, 2011. The cumulative deficit in the governmental activities net assets was increased by \$3,193,530 from current year activity.

Listed below is a comparison of the current and prior fiscal years.

| | <i>Town of Coventry</i> | | | <i>Net Assets</i> | | |
|--------------------------|---------------------------------|--------------------------------|-----------------------|---------------------------------|--------------------------------|-----------------------|
| | <i>June 30, 2011</i> | | | <i>June 30, 2010</i> | | |
| | Govern- mental Activities | Business Type Activities | Total | Govern- mental Activities | Business Type Activities | Total |
| Current and Other Assets | \$ 24,979,952 | \$ 13,019,818 | \$ 37,999,770 | \$ 24,969,054 | \$ 14,676,917 | \$ 39,645,971 |
| Capital assets | 33,750,531 | 24,091,619 | 57,842,150 | 35,556,854 | 22,938,183 | 58,495,037 |
| Total Assets | <u>58,730,483</u> | <u>37,111,437</u> | <u>95,841,920</u> | <u>60,525,908</u> | <u>37,615,100</u> | <u>98,141,008</u> |
| Other Liabilities | 8,923,636 | 10,345,260 | 19,268,896 | 7,510,484 | 11,107,078 | 18,617,562 |
| Long-Term Liabilities | 62,866,450 | 18,070,911 | 80,937,361 | 62,881,497 | 18,669,519 | 81,551,016 |
| Total Liabilities | <u>71,790,086</u> | <u>28,416,171</u> | <u>100,206,257</u> | <u>70,391,981</u> | <u>29,776,597</u> | <u>100,168,578</u> |
| Net Assets: | | | | | | |
| Invested in Capital | | | | | | |
| Net of Related Debt | 10,320,531 | 3,967,209 | 14,287,740 | 10,061,854 | 3,866,837 | 13,928,691 |
| Restricted for: | | | | | | |
| Education programs | 364,029 | - | 364,029 | - | - | - |
| Public safety programs | 285,897 | - | 285,897 | - | - | - |
| Culture and recreation | 77,113 | - | 77,113 | - | - | - |
| Health & human service | 89,993 | - | 89,993 | - | - | - |
| Unrestricted | (24,197,166) | 4,728,057 | (19,469,109) | (19,927,927) | 3,971,666 | (15,956,261) |
| Total Net Assets | <u>\$ (13,059,603)</u> | <u>\$ 8,695,266</u> | <u>\$ (4,364,337)</u> | <u>\$ (9,866,073)</u> | <u>\$ 7,838,503</u> | <u>\$ (2,027,570)</u> |

TOWN OF COVENTRY, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

The largest portion of the Town's Governmental net assets, \$10,320,531 consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets, which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are unlikely to be used to liquidate these liabilities.

The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors. The unrestricted net assets for governmental activities reported a \$24,197,166 deficit while the business-type activities reported a \$4,728,057 positive balance.

As of June 30, 2011 the Town of Coventry reports positive balances in the invested in capital assets, net of debt category.

Analysis of the Town of Coventry's Operations

The following analysis provides a summary of the Town's operations for the year ended June 30, 2011. The Town first implemented GASB Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments for the fiscal year June 30, 2003. Therefore, comparative data is now available and is presented in the following schedules. Governmental activities decreased the Town's net assets by \$3,193,530 for the current period accounting for a 32% decrease in the Town's governmental net assets, while business-type activities increased the Town's net assets by \$856,764 for the current period. Overall the Town's decrease in net assets was \$2,336,766 for current year activity.

The following page presents the Changes in Net Assets for the current year's activity.

TOWN OF COVENTRY, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

Town of Coventry
Changes in Net Assets

| | June 30, 2011 | | | June 30, 2010 | | |
|------------------------------------|---------------------------------|--------------------------------|-----------------------|---------------------------------|--------------------------------|-----------------------|
| | Govern- mental Activities | Business Type Activities | Total | Govern- mental Activities | Business Type Activities | Total |
| <i>Revenues</i> | | | | | | |
| <i>Program revenues</i> | | | | | | |
| Charges for services | \$ 4,543,788 | \$ 2,795,565 | \$ 7,339,353 | \$ 4,022,487 | \$ 2,038,111 | \$ 6,060,598 |
| Federal/State grants | 30,184,321 | - | 30,184,321 | 32,765,598 | - | 32,765,598 |
| <i>General Revenues</i> | | | | | | |
| Property taxes | 58,162,174 | - | 58,162,174 | 62,283,570 | - | 62,283,570 |
| Investment earnings | 382,777 | - | 382,777 | 532,158 | 285 | 532,443 |
| Miscellaneous | 724,470 | - | 724,470 | 743,034 | - | 743,034 |
| Total revenues | <u>93,997,530</u> | <u>2,795,565</u> | <u>96,793,095</u> | <u>100,346,847</u> | <u>2,038,396</u> | <u>102,385,243</u> |
| <i>Expenses</i> | | | | | | |
| General government | 6,994,078 | - | 6,994,078 | 6,890,194 | - | 6,890,194 |
| Public safety | 8,875,816 | - | 8,875,816 | 9,098,270 | - | 9,098,270 |
| Education | 70,981,175 | - | 70,981,175 | 70,436,089 | - | 70,436,089 |
| Public works | 5,611,231 | - | 5,611,231 | 5,555,051 | - | 5,555,051 |
| Community and economic development | 550,312 | - | 550,312 | 355,301 | - | 355,301 |
| Health and human services | 1,136,605 | - | 1,136,605 | 1,336,807 | - | 1,336,807 |
| Culture and recreation | 2,048,959 | - | 2,048,959 | 2,050,664 | - | 2,050,664 |
| Interest on long-term debt | 992,884 | - | 992,884 | 985,956 | - | 985,956 |
| Sewer Fund Expenses | - | 1,938,801 | 1,938,801 | - | 1,783,683 | 1,783,683 |
| Total expenses | <u>97,191,060</u> | <u>1,938,801</u> | <u>99,129,861</u> | <u>96,708,332</u> | <u>1,783,683</u> | <u>98,492,015</u> |
| Change in net assets | (3,193,530) | 856,764 | (2,336,766) | 3,638,515 | 254,713 | 3,893,228 |
| Net assets - beginning | (9,866,073) | 7,838,502 | (2,027,571) | (12,937,274) | 7,583,790 | (5,353,484) |
| Prior period adjustments | - | - | - | (567,314) | - | (567,314) |
| Net assets - beginning -restated | (9,866,073) | 7,838,502 | (2,027,571) | (13,504,588) | 7,583,790 | (5,920,798) |
| Net assets - ending | <u>\$(13,059,603)</u> | <u>\$ 8,695,266</u> | <u>\$ (4,364,337)</u> | <u>\$ (9,866,073)</u> | <u>\$ 7,838,503</u> | <u>\$ (2,027,570)</u> |

TOWN OF COVENTRY, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

Financial Analysis of the Town of Coventry's Funds

Governmental Funds - The focus of the Town of Coventry's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,624,083. Over 75% of this amount, \$7,986,471 is unassigned and available for use within the Town's specific designations and fiscal policies.

TOWN OF COVENTRY, RHODE ISLAND
Fund Balance Categories

| | |
|----------------------------|-----------------------------|
| <i>Restricted for:</i> | |
| Educational programs | \$ 364,029 |
| Public safety programs | 285,897 |
| Public works programs | 135,134 |
| Culture and recreation | 77,113 |
| Health & human services | 89,993 |
| <i>Committed for:</i> | |
| Public works programs | 420,781 |
| Culture and recreation | 1,264,665 |
| <i>Unassigned:</i> | 7,986,471 |
| Total fund balances | <u><u>\$ 10,624,083</u></u> |

Proprietary Funds - The Town of Coventry's proprietary fund statements provide the same type of information as presented in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer Fund were \$4,728,057.

General Fund Budgetary Highlights

Revenues:

General Property Taxes – were over budget by \$702,640 due to a higher collection rate.

Intergovernmental Revenue – was under budget by \$158,515 due to unanticipated shortfalls in government funding.

Federal Revenue – State Fiscal Stabilization – The School Department was awarded \$775,992 in Federal Stimulus Funds.

Fines and Interest on Late Payments – was over budget by \$257,861 due to successful collection efforts.

TOWN OF COVENTRY, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

General Fund Budgetary Highlights – (continued)

Expenses:

Legislative, judicial & general administration – was over budget by \$240,281 due to unanticipated cost of litigation.

Public Safety – was under budget by \$479,957 due to open positions mainly from National Guard call ups and an anticipated retirement that didn't occur.

General Government – was under budget by \$453,398 due to aggressive budget monitoring and cost containment.

Public Works – was over budget by \$140,872 due to severe weather conditions.

The Town of Coventry's Capital Assets

The Town of Coventry's investment in capital assets for its governmental and business-type activities amounts to \$57,842,150 net of accumulated depreciation at June 30, 2011. Included are land, building and improvements, motor vehicles, furniture, machinery and equipment and infrastructure.

Additional information on the Town of Coventry's capital assets is located in Note 6 of the notes to the financial statements.

Town of Coventry
Capital Assets (Net of Accumulated Depreciation)

| | June 30, 2011 | | | June 30, 2010 | | |
|--------------------------------|---------------------------------|--------------------------------|-------------------|---------------------------------|--------------------------------|-------------------|
| | Govern- mental Activities | Business Type Activities | Total | Govern- mental Activities | Business Type Activities | Total |
| Land | 8,386,110 | - | 8,386,110 | 8,386,110 | - | 8,386,110 |
| Construction in progress | - | 2,053,499 | 2,053,499 | - | 401,827 | 401,827 |
| Infrastructure | 656,699 | - | 656,699 | 698,815 | - | 698,815 |
| Buildings & Improvements | 23,764,837 | - | 23,764,837 | 25,305,090 | - | 25,305,090 |
| Machinery and equipment | 50,542 | - | 50,542 | 44,162 | - | 44,162 |
| Office equipment and furniture | 187,383 | - | 187,383 | 181,434 | - | 181,434 |
| Vehicles | 704,960 | - | 704,960 | 941,243 | - | 941,243 |
| Wastewater collection system | - | 22,038,120 | 22,038,120 | - | 22,536,356 | 22,536,356 |
| Total | <u>33,750,531</u> | <u>24,091,619</u> | <u>57,842,150</u> | <u>35,556,854</u> | <u>22,938,183</u> | <u>58,495,037</u> |

TOWN OF COVENTRY, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

The Town of Coventry's Debt Administration

At the end of the current fiscal year, the Town of Coventry's Governmental Activities had a total bonded debt of \$23,430,000. Of this amount, 100% comprises bonded debt backed by the full faith and credit of the government. The following is a summary of the Town's long-term debt.

Town of Coventry
Outstanding Debt
General Obligation & Notes Payable

| | <i>June 30, 2011</i> | | | <i>June 30, 2010</i> | | |
|--------------------------|---------------------------------|--------------------------------|-------------------|---------------------------------|--------------------------------|-------------------|
| | Govern- mental Activities | Business Type Activities | Total | Govern- mental Activities | Business Type Activities | Total |
| General Obligation Bonds | 23,430,000 | 2,735,000 | 26,165,000 | 25,495,000 | 2,880,000 | 28,375,000 |
| Notes Payable | 68,080 | 15,335,911 | 15,403,991 | 88,648 | 15,789,519 | 15,878,167 |
| Totals | <u>23,498,080</u> | <u>18,070,911</u> | <u>41,568,991</u> | <u>25,583,648</u> | <u>18,669,519</u> | <u>44,253,167</u> |

Additional information on the Town's long-term debt can be found in Note 9 of the Notes to the Financial Statements and on pages 108 and 109.

Economic Factors and Next Year's Budgets and Rates

The Town of Coventry's total budget for fiscal year 2012 amounts to \$86,742,845, which reflects an increase of \$323,400 over fiscal 2011 budget of \$87,066,245. Of the Town's 2012 budget, \$62,371,189, or 72% is budgeted for educational purposes, \$21,678,648 or 25% for municipal government, \$2,573,013 or 3% for debt service and \$119,995 or less than 1% for capital improvements and library resource sharing.

The State of Rhode Island is budgeted to contribute \$17,841,361 toward the Town's educational expenses for the fiscal year 2012. This is an increase of \$215,736 over the \$17,625,624 contributed by the State in the fiscal year 2011.

The Town's residential and commercial property tax rates for fiscal 2012 are \$15.46 and \$18.63, respectively, with 72% allocated for education, 25% for municipal government, 3% for debt service and capital improvements and library resource sharing. For fiscal 2011 the Town's residential and commercial property tax rates were \$15.46 and \$18.63, respectively, with 72% allocated for education, 24% for municipal government, 3% for debt service and 1% for capital improvements.

TOWN OF COVENTRY, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

Request for Information

The financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Town's finances and to show the Town's accountability for the tax dollars received. If you have questions about this report or need additional financial information, contact the Finance Director's Office, Town of Coventry, 1670 Flat River Road, Coventry RI 02816.

Theodore J. Przybyla
Finance Director/Treasurer

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

TOWN OF COVENTRY
Statement of Net Assets
June 30, 2011

| | Primary Government | | |
|---|------------------------------------|-------------------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total |
| Assets: | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 15,700,267 | \$ 361,704 | \$ 16,061,971 |
| Investments | 3,395,873 | - | 3,395,873 |
| Real estate and personal property tax receivable, net | 2,106,377 | - | 2,106,377 |
| Water and sewer use fees receivable, net | - | 1,291,310 | 1,291,310 |
| Due from federal and state government | 2,454,231 | 146,619 | 2,600,850 |
| Other receivables, net | 1,323,204 | - | 1,323,204 |
| Total current assets | 24,979,952 | 1,799,633 | 26,779,585 |
| Noncurrent assets: | | | |
| Sewer assessments receivable | - | 10,211,727 | 10,211,727 |
| Capital assets: | | | |
| Land | 8,386,110 | - | 8,386,110 |
| Construction in progress | - | 2,053,499 | 2,053,499 |
| Property, plant & equipment - net | 25,364,421 | 22,038,120 | 47,402,541 |
| Capital assets, net | 33,750,531 | 24,091,619 | 57,842,150 |
| Other assets, net | - | 1,008,458 | 1,008,458 |
| Total noncurrent assets | 33,750,531 | 35,311,804 | 69,062,335 |
| Total assets | 58,730,483 | 37,111,437 | 95,841,920 |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | 7,700,484 | 316,288 | 8,016,772 |
| Internal balances | (364,306) | 364,306 | - |
| Unearned revenues | 336,294 | 9,664,666 | 10,000,960 |
| Other | 1,251,164 | - | 1,251,164 |
| Total current liabilities | 8,923,636 | 10,345,260 | 19,268,896 |
| Long-term liabilities: | | | |
| Due within one year | 6,030,000 | 6,116,493 | 12,146,493 |
| Due in more than one year | 56,836,450 | 11,954,418 | 68,790,868 |
| Total noncurrent liabilities | 62,866,450 | 18,070,911 | 80,937,361 |
| Total liabilities | 71,790,086 | 28,416,171 | 100,206,257 |
| Net Assets: | | | |
| Invested in capital assets, net of related debt | 10,320,531 | 3,967,209 | 14,287,740 |
| Restricted for: | | | |
| Education programs | 364,029 | - | 364,029 |
| Public safety programs | 285,897 | - | 285,897 |
| Culture and recreation | 77,113 | - | 77,113 |
| Health & human services | 89,993 | - | 89,993 |
| Unrestricted | (24,197,166) | 4,728,057 | (19,469,109) |
| Total net assets | \$ (13,059,603) | \$ 8,695,266 | \$ (4,364,337) |

See auditor's report and accompanying notes to these financial statements

TOWN OF COVENTRY, RHODE ISLAND
Statement of Activities
For the Year Ended June 30, 2011

| | Net (Expense) Revenue and Changes in Net Assets | | | |
|---|---|------------------------------------|-------------------------|--------------------------|
| | Program revenues | | Primary Government | |
| | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-type Activities |
| Expenses | | | Total | |
| <i>Functions/ Programs</i> | | | | |
| <i>Governmental Activities:</i> | | | | |
| Governmental activities: | | | | |
| General government | \$ 6,994,078 | \$ 680,786 | \$ (2,582,393) | \$ (2,582,393) |
| Public safety | 8,875,816 | 119,314 | (8,756,502) | (8,756,502) |
| Education | 70,981,175 | 2,453,172 | (42,262,545) | (42,262,545) |
| Public works | 5,611,231 | 86,077 | (5,426,454) | (5,426,454) |
| Community and economic development | 550,312 | 1,145,273 | 594,961 | 594,961 |
| Health and human services | 1,136,605 | - | (1,136,605) | (1,136,605) |
| Culture and recreation | 2,048,959 | 59,166 | (1,900,529) | (1,900,529) |
| Interest on long-term debt | 992,884 | - | (992,884) | (992,884) |
| Total governmental activities | <u>97,191,060</u> | <u>4,543,788</u> | <u>(62,462,951)</u> | <u>(62,462,951)</u> |
| <i>Business type activities:</i> | | | | |
| Sewer Fund | 1,938,801 | - | - | 856,764 |
| Total business-type activities | <u>1,938,801</u> | <u>2,795,565</u> | <u>-</u> | <u>856,764</u> |
| Total | <u>\$ 99,129,861</u> | <u>\$ 7,339,353</u> | <u>(62,462,951)</u> | <u>(61,606,187)</u> |
| <i>General revenues:</i> | | | | |
| Real estate and personal property taxes | | | 58,162,174 | 58,162,174 |
| Interest on property taxes | | | 457,861 | 457,861 |
| Investment earnings | | | 382,777 | 382,777 |
| Miscellaneous | | | 266,609 | 266,609 |
| <i>Total general revenues</i> | | | <u>59,269,421</u> | <u>59,269,421</u> |
| Change in net assets | | | <u>(3,193,530)</u> | <u>(2,336,766)</u> |
| <i>Net assets-beginning</i> | | | <u>7,838,502</u> | <u>(2,027,571)</u> |
| Net assets-ending | | | <u>\$ (13,059,603)</u> | <u>\$ (4,364,337)</u> |

See auditor's report and accompanying notes to these financial statements

Fund Financial Statements

TOWN OF COVENTRY, RHODE ISLAND
Balance Sheet
Governmental Funds
June 30, 2011

| | <i>General Fund</i> | <i>School Unrestricted Fund</i> | <i>Coventry Landfill Fund</i> | <i>Other Governmental Funds</i> | <i>Total Governmental Funds</i> |
|--|-------------------------|---|---------------------------------------|---|---|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 14,108,115 | \$ 572,754 | \$ - | \$ 475,765 | \$ 15,156,634 |
| Accounts receivable: | | | | | |
| Real estate and personal property taxes | 2,106,377 | - | - | - | 2,106,377 |
| Due from federal and state governments | - | 1,065,362 | - | 1,388,869 | 2,454,231 |
| Other receivables | 1,147,283 | 175,921 | - | - | 1,323,204 |
| Due from other funds | 988,641 | 4,574,278 | 135,134 | 2,610,952 | 8,309,005 |
| Total assets | \$ 18,350,416 | \$ 6,388,315 | \$ 135,134 | \$ 4,475,586 | \$ 29,349,451 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued expenditures | \$ 554,100 | \$ 6,231,782 | \$ - | \$ 832,038 | \$ 7,617,920 |
| Due to other funds | 6,481,900 | - | - | 1,338,820 | 7,820,720 |
| Deferred revenues | 2,103,980 | - | - | 336,294 | 2,440,274 |
| Other liabilities | 846,454 | - | - | - | 846,454 |
| Total liabilities | 9,986,434 | 6,231,782 | - | 2,507,152 | 18,725,368 |
| Fund balances: | | | | | |
| Restricted for: | | | | | |
| Educational programs | - | 156,533 | - | 207,496 | 364,029 |
| Public safety programs | - | - | - | 285,897 | 285,897 |
| Public works programs | - | - | 135,134 | - | 135,134 |
| Culture and recreation | - | - | - | 77,113 | 77,113 |
| Health & human services | - | - | - | 89,993 | 89,993 |
| Committed for: | | | | | |
| Public works programs | 31,967 | - | - | 388,814 | 420,781 |
| Culture and recreation | - | - | - | 1,264,665 | 1,264,665 |
| Unassigned: | 8,332,015 | - | - | (345,544) | 7,986,471 |
| Total fund balances | 8,363,982 | 156,533 | 135,134 | 1,968,434 | 10,624,083 |
| Total liabilities and fund balances | \$ 18,350,416 | \$ 6,388,315 | \$ 135,134 | \$ 4,475,586 | |

Amounts reported for governmental activities in the statement of net assets are different because:

| | |
|--|-------------------------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Note 7) | 33,513,891 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note 7) | 2,021,416 |
| Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 7) | (62,866,450) |
| Internal service fund equity balance (Note 7) | <u>3,647,457</u> |
| Net assets of governmental activities | <u><u>\$(13,059,603)</u></u> |

See auditor's report and accompanying notes to these financial statements

TOWN OF COVENTRY, RHODE ISLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

| | <i>General Fund</i> | <i>School Unrestricted Fund</i> | <i>Coventry Landfill Fund</i> | <i>Other Governmental Funds</i> | <i>Total Governmental Funds</i> |
|---|-------------------------|---|---------------------------------------|---|---|
| Revenues | | | | | |
| Real estate and personal property taxes | \$ 59,405,192 | \$ - | \$ - | \$ - | \$ 59,405,192 |
| Other taxes | 802,910 | - | - | - | 802,910 |
| Penalties and interest on taxes | 457,861 | - | - | - | 457,861 |
| Licenses, fees and permits | 686,663 | - | - | - | 686,663 |
| Investment income | 177,006 | - | - | 1,007 | 178,013 |
| Intergovernmental | 4,191,193 | 20,330,431 | - | 5,546,482 | 30,068,106 |
| Federal revenue - SFSF | 775,992 | - | - | - | 775,992 |
| Contributions and private grants | - | - | - | 33,289 | 33,289 |
| Charges for services | - | 997,108 | - | 1,619,476 | 2,616,584 |
| Miscellaneous | 543,425 | 119,860 | - | 98,859 | 762,144 |
| Total revenues | <u>67,040,242</u> | <u>21,447,399</u> | <u>-</u> | <u>7,299,113</u> | <u>95,786,754</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 4,348,924 | - | 289,889 | 219,554 | 4,858,367 |
| Public safety | 8,579,603 | - | - | 164,456 | 8,744,059 |
| Education | - | 64,009,345 | - | 5,211,918 | 69,221,263 |
| Public works | 5,280,425 | - | - | 34,946 | 5,315,371 |
| Community and economic development | 270,237 | - | - | 280,075 | 550,312 |
| Health and human services | 732,635 | - | - | 387,179 | 1,119,814 |
| Culture and recreation | 1,842,263 | - | - | 33,214 | 1,875,477 |
| Capital outlay | - | - | - | 617,470 | 617,470 |
| Debt service | - | - | - | - | - |
| Principal payments | 2,065,000 | - | 4,330,000 | - | 6,395,000 |
| Interest and fiscal charges | 947,274 | - | 53,975 | - | 1,001,249 |
| Total expenditures | <u>24,066,361</u> | <u>64,009,345</u> | <u>4,673,864</u> | <u>6,948,812</u> | <u>99,698,382</u> |
| Excess of revenues over (under) expenditures before other financing sources (uses) | <u>42,973,881</u> | <u>(42,561,946)</u> | <u>(4,673,864)</u> | <u>350,301</u> | <u>(3,911,628)</u> |
| Other financing sources (uses) | | | | | |
| Transfers from other funds | 980,000 | 41,954,932 | - | 159,463 | 43,094,395 |
| Transfers to other funds | (41,765,034) | - | - | (799,361) | (42,564,395) |
| Transfer to other funds - Federal SFSF | (775,992) | 775,992 | - | - | - |
| Issuance of debt | - | - | 4,330,000 | - | 4,330,000 |
| Premium on Ban | - | - | 47,890 | - | 47,890 |
| Total other financing sources (uses) | <u>(41,561,026)</u> | <u>42,730,924</u> | <u>4,377,890</u> | <u>(639,898)</u> | <u>4,907,890</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | <u>1,412,855</u> | <u>168,978</u> | <u>(295,974)</u> | <u>(289,597)</u> | <u>996,262</u> |
| Fund balances - beginning | <u>6,951,127</u> | <u>(12,445)</u> | <u>431,108</u> | <u>2,258,031</u> | <u>9,627,821</u> |
| Fund balances - ending | <u>\$ 8,363,982</u> | <u>\$ 156,533</u> | <u>\$ 135,134</u> | <u>\$ 1,968,434</u> | <u>\$ 10,624,083</u> |

See auditor's report and accompanying notes to these financial statements

TOWN OF COVENTRY, RHODE ISLAND
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2011

| | |
|---|----------------|
| Net change in fund balances-total governmental funds | \$ 996,262 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$2,562,341 exceed capital expense of \$763,938 in the current period. | (1,798,403) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (2,045,928) |
| Interest expenses in the statement of activities includes accrued interest calculated for bonds payable | 8,365 |
| Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of debt principal repayments paid by the Town. | 2,085,568 |
| The Internal Service Fund is used by management to charge the costs of Worker's Compensation claims. The net revenues (expenses) of the Internal Service Fund is reported with Governmental Activities in the Government-Wide financial statements. | (368,873) |
| Other certain accrued expenditures that do not use current financial resources are not reported in the fund financial statements. However, in the statement of activities these accrued expenses are recognized and charged to current activities. | (2,070,521) |
| Change in net assets of governmental activities. | \$ (3,193,530) |

Please see Note 8 for a more detailed explanation of the differences between the Government-Wide Financial Statements and the Fund Financial Statements

See auditor's report and accompanying notes to these financial statements

TOWN OF COVENTRY, RHODE ISLAND
Statement of Net Assets
Proprietary Funds
June 30, 2011

| | Enterprise Fund | Internal Service |
|---|------------------------|-------------------------|
| | Sewer | Fund |
| | Fund | Self Insurance |
| | | Reserve |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 361,704 | \$ 543,633 |
| Investments | - | 3,395,873 |
| Accounts receivable, net: | | |
| Water and sewer use fees | 1,291,310 | - |
| Due from RI clean water | 146,619 | - |
| Total current assets | 1,799,633 | 3,939,506 |
| Non-current assets: | | |
| Capital assets | | |
| Land | - | 141,600 |
| Construction in progress | 2,053,499 | - |
| Depreciable assets - net | 22,038,120 | 95,040 |
| Sewer assessments | 10,211,727 | - |
| Other assets, net | 1,008,458 | - |
| Total noncurrent assets | 35,311,804 | 236,640 |
| Total assets | 37,111,437 | 4,176,146 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | 316,288 | - |
| Due to other funds | 364,306 | 528,689 |
| Current portion of long term debt | 6,116,493 | - |
| Total current liabilities | 6,797,087 | 528,689 |
| Non-current liabilities: | | |
| Deferred revenue | 9,664,666 | - |
| Bonds and loans payable | 11,954,418 | - |
| Total noncurrent liabilities | 21,619,084 | - |
| Total liabilities | 28,416,171 | 528,689 |
| NET ASSETS | | |
| Invested in Capital assets, net of related debt | 3,967,209 | 236,640 |
| Unrestricted | 4,728,057 | 3,410,817 |
| Total net assets | \$ 8,695,266 | \$ 3,647,457 |

See auditor's report and accompanying notes to these financial statements

TOWN OF COVENTRY, RHODE ISLAND
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

| | Enterprise Funds | Internal Service |
|---|-------------------------|-------------------------|
| | Sewer | Fund |
| | Fund | Self Insurance |
| | | Reserve |
| <i>Operating revenues</i> | | |
| Assessments and user fees | \$ 2,766,587 | \$ - |
| Other revenues | 28,978 | 4,050 |
| <i>Total operating revenues</i> | 2,795,565 | 4,050 |
| <i>Operating expenses</i> | | |
| Contract services | 22,751 | - |
| Operations & Maintenance | 1,010,548 | - |
| Depreciation and amortization | 517,203 | 7,920 |
| Claims Paid | - | 39,767 |
| <i>Total operating expenses</i> | 1,550,502 | 47,687 |
| <i>Operating income (loss)</i> | 1,245,063 | (43,637) |
| <i>Non-operating revenues (expenses)</i> | | |
| Interest and dividend income | - | 204,764 |
| Interest expense | (388,299) | - |
| <i>Total non-operating revenues (expenses)</i> | (388,299) | 204,764 |
| Income (loss) before transfers | 856,764 | 161,127 |
| Transfers | | |
| Transfers out | - | (530,000) |
| <i>Total transfers</i> | - | (530,000) |
| Change in Net Assets | 856,764 | (368,873) |
| Total Net Assets - Beginning | 7,838,502 | 4,016,330 |
| Total Net Assets - Ending | \$ 8,695,266 | \$ 3,647,457 |

See auditor's report and accompanying notes to these financial statements

TOWN OF COVENTRY, RHODE ISLAND
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

| | Enterprise Funds | Internal Service |
|--|-------------------------|-------------------------|
| | Sewer | Fund |
| | Fund | Self Insurance |
| | | Reserve |
| Cash flows from operating activities | | |
| Cash received from customers | \$ 2,332,823 | \$ - |
| Cash payments to suppliers for goods and services | (1,083,855) | (39,767) |
| Other operating receipts | 28,978 | 4,050 |
| Net cash provided by (used for) operating activities | 1,277,946 | (35,717) |
| Cash flows from non-capital financing activities | | |
| Interfund loans | (154,864) | - |
| Net cash provided by (used for) non-capital financing activities | (154,864) | - |
| Cash flows from capital and related financing activities | | |
| Additions to capital assets | (1,651,672) | - |
| Principal paid on bonds, notes and loans | (6,098,608) | - |
| Note proceeds | 7,014,584 | - |
| Capitalized bond cost | 185 | - |
| Interest paid on notes | (388,299) | - |
| Net cash provided (used for) capital and related financing activities | (1,123,810) | - |
| Cash flows from investing activities | | |
| Interest and dividends on investment | - | 204,764 |
| Change in market value | - | (55,409) |
| Net cash provided by (used for) investing activities | - | 149,355 |
| Net increase (decrease) in cash and cash equivalents | (728) | 113,638 |
| Cash and cash equivalents at beginning of year | 362,432 | 429,995 |
| Cash and cash equivalents at end of year | \$ 361,704 | \$ 543,633 |
| Reconciliation of operating income to net cash provided by operating activities | | |
| Operating income (Loss) | \$ 1,245,063 | \$ (43,637) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation and amortization | 517,203 | 7,920 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | (433,764) | - |
| Increase (decrease) in accounts payable | (50,556) | - |
| Total adjustments | 32,883 | 7,920 |
| Net cash provided by operating activities | \$ 1,277,946 | \$ (35,717) |

See auditor's report and accompanying notes to these financial statements

TOWN OF COVENTRY, RHODE ISLAND
Statement of Fiduciary Net Assets
Fiduciary Funds

For the Fiscal Year Ended June 30, 2011

| | <u>Police Pension Fund</u> | <u>Municipal Pension Fund</u> | <u>Private Purpose Trust Funds</u> | <u>Agency Funds</u> |
|-------------------------------------|--------------------------------|-----------------------------------|--|---------------------|
| ASSETS | | | | |
| Cash | \$ 1,741,884 | \$ 866,683 | \$ 165,397 | \$ 2,042,937 |
| Receivables: | | | | |
| Internal balances | - | - | 711,258 | - |
| Total receivables | - | - | 711,258 | - |
| Investments, at fair value: | | | | |
| Fixed income | 449,098 | 350,702 | 1,846,522 | - |
| Mutual funds | 1,841,537 | 752,420 | - | - |
| Equities | 3,198,672 | 2,396,497 | - | - |
| Total investments | 5,489,307 | 3,499,619 | 1,846,522 | - |
| Total Assets | 7,231,191 | 4,366,302 | 2,723,177 | 2,042,937 |
| LIABILITIES | | | | |
| Internal balances | - | - | 10,000 | 296,548 |
| Deposits held in custody for others | - | - | - | 1,746,389 |
| Total liabilities | - | - | 10,000 | 1,746,389 |
| NET ASSETS | | | | |
| Held in trust for other purposes | \$ 7,231,191 | \$ 4,366,302 | \$ 2,713,177 | |

See auditor's report and accompanying notes to these financial statements

TOWN OF COVENTRY, RHODE ISLAND
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

| | <u>Police Pension Fund</u> | <u>Municipal Pension Fund</u> | <u>Private Purpose Trust Funds</u> |
|--|--------------------------------|-----------------------------------|--|
| Additions | | | |
| Contributions | | | |
| Employer contributions | \$ 2,274,733 | \$ 449,667 | \$ - |
| Plan members contributions | 273,097 | 306,738 | - |
| Other contributions | 6,752 | - | 25 |
| Total contributions | <u>2,554,582</u> | <u>756,405</u> | <u>25</u> |
| Investment earnings | | | |
| Interest and dividends | 134,734 | 93,160 | 94,684 |
| Net increase (decrease) in fair value of investments | 974,480 | 659,638 | 252,924 |
| Total investment earnings | <u>1,109,214</u> | <u>752,798</u> | <u>347,608</u> |
| Total additions | <u>3,663,796</u> | <u>1,509,203</u> | <u>347,633</u> |
| Deductions | | | |
| Benefits paid | 2,850,670 | 567,549 | - |
| Operating expenses | 42,783 | 29,086 | 59,457 |
| Total deductions | <u>2,893,453</u> | <u>596,635</u> | <u>59,457</u> |
| Change in net assets | 770,343 | 912,568 | 288,176 |
| Net assets - beginning of year | 6,460,848 | 3,453,734 | 2,425,001 |
| Net assets - end of year | <u>\$ 7,231,191</u> | <u>\$ 4,366,302</u> | <u>\$ 2,713,177</u> |

See auditor's report and accompanying notes to these financial statements

Notes to Financial Statements

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Coventry, Rhode Island, have been prepared in conformity with generally accepted accounting principles (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 government's significant accounting policies are described below.

Reporting Entity

The Town of Coventry was incorporated in 1741. The Town is governed largely under the 1973 Coventry Home Rule Charter. In some matters, including the issuance of short and long-term debt, the general laws of the State of Rhode Island govern the Town. The Town operates under a Council/Manager form of government and provides the following services as authorized by its charter: Public Safety (police, fire alarm, animal control, inspections, and ambulance) Public Works (sanitation, roads and bridges, engineering and building maintenance), Parks and Recreation, Education, Social Services, and General Administrative Services.

Members of the Town Council are elected by district for a term of two years. The Town Council is granted all powers to enact, amend or repeal ordinances relating to the Town's property, affairs and government, including the power to create offices, departments or agencies of the Town, preserving the public peace, health and safety, establishing personnel policies, giving effect to any vote of the Financial Town Meeting authorizing the issuance of bonds and providing for an annual audit of the Town's accounts.

This report includes all of the funds and account groups of the Town of Coventry. The reporting entity for the town consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14. Under GASB Statement No. 14, the financial reporting entity includes both the primary government, which is the Town of Coventry and all of its component units. Component units are legally separate entities that meet any one of the following three tests:

Test 1- the primary government appoints the voting majority of the board of the potential Component unit and

- * Is able to impose its will on the potential component unit and/or
- * Is in a relationship of financial benefit or burden with the potential component unit;

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Test 2- the potential component unit is fiscally dependent upon the primary government; or

Test 3 - the financial statements would be misleading if data from the potential component unit was not included.

The following entity was considered for classification as component units for fiscal year 2011:

- * Coventry School System

Although the Coventry School System met certain criteria of the tests listed above, this entity is not deemed to have separate legal status apart from the Town. As a result, the financial data of this entity has been included as Special Revenue Fund within the Town's financial statements and is not considered a component unit of the Town.

BASIS OF PRESENTATION

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for *fiduciary funds* (the activity of these funds are reported in the statements of fiduciary net assets and changes in fiduciary net assets). The government-wide financial statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which, is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- (a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total (assets, liabilities, and so forth) for all funds of that category or type (that is, total governmental or total enterprise funds), and
- (b) Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GOVERNMENTAL FUND TYPES

These are the funds through which most governmental functions are typically financed. The funds included in this category are as follows:

General Fund - is used to account for resources devoted to financing the general services that the Town performs for its citizens. General tax revenues and other sources of revenues used to finance the fundamental operations of the Town are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds - are used to account for restricted or committed revenues that comprise a substantial portion of the *inflows* of a fund.

Capital Projects Funds - are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary or Trust funds).

PROPRIETARY FUND TYPE

This fund type accounts for operations that are organized to be self-supporting through user charges. The fund included in this category is as follows:

Enterprise Funds - are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy management control, accountability, or other purposes.

Internal Service Funds – are used to account for the financing of goods or services provided by an activity to other departments or funds of the Town on a cost-reimbursement basis.

FIDUCIARY FUND TYPES

These funds account for assets held by the Town as a trustee or agent for individuals, private organizations, and other units of governments. These funds are as follows:

Agency Funds - are used to account for funds that are to be used for educational and welfare expenditures and for funds held in escrow for other parties.

Private Purpose Trust Funds – These funds account for assets held by the Town under various trust arrangements for the benefit of certain individuals and groups.

Pension Trust Funds - is established to provide pension benefits to various employees of the Town. The principal revenue source for this fund is employer and employee contributions and investment income.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING

Measurement Focus – Government Wide Financial Statements

In the Government-Wide Financial Statements the Statement of Net Assets and Statement of Activities, the governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expense, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. Fines, permits, and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The accounting and financial reporting treatment applied to the *fund financial statements* is determined by its measurement focus. All Governmental Fund Types and Expendable Trust Funds are accounted for using a “current financial resources” measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All Proprietary Fund Types and Fiduciary Fund Types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary Fund Type operating statements present increases (i.e., revenues) and decreases (i.e. expenses) in net total assets.

All Governmental Fund Types and Agency Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Licenses and permits, charges for services, fines, forfeits, and miscellaneous revenue are recorded as revenues when received in cash. Those revenues susceptible to accrual are property taxes and investment earnings. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service and other long-term obligations, which are recognized when paid.

Non-current portions of long-term receivables of Governmental Fund Types are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate however, that they should not be considered “available expendable resources” since they do not represent net current assets. Recognition of Governmental Fund Type revenues represented by non-current receivables is deferred until they become current receivables.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Because of their spending measurement focus, expenditure recognition for Governmental Fund Types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as Governmental Fund Type expenditures or fund liabilities. They are instead reported as Long-term Liabilities – Governmental Activities.

In applying the “susceptible to accrual” concept to intergovernmental revenues the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of such revenues. For one type, amounts must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore revenues are recognized based upon the expenditures recorded.

For the other type, revenues are virtually unrestricted as to purpose of expenditure and revocable only for failure to comply with the prescribed requirements, such as a Community Development Block Grant. These resources are reflected as revenues at the time of receipt or earlier if they meet the “available” criteria.

All Proprietary Funds and Pension Trust Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

In accordance with Government Accounting Standards Board Statement No. 20, the Town of Coventry has elected to apply to all Proprietary Fund Types and Similar Trust Funds all applicable GASB Pronouncements, as well as the following pronouncements issued on or before November 30, 1989; FASB Statements and Interpretations, APB opinions and ARBs unless these pronouncements conflict with or contradict GASB pronouncements.

Cash Equivalents

For the purpose of the Statement of Cash Flows, the Propriety Fund Types consider all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

Investments

Investments are Government Securities, Commercial Paper and various types of corporate stocks and bonds held in the Governmental and Fiduciary Fund types, which are recorded at fair value. Fair value is determined wherever possible, by use of published quoted amounts, where quotes are not available, formal valuations are obtained.

When discounts or premiums are present, the Town will capitalize and amortize the amount over the period of the related investment.

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase. No significant inventory balances were on hand at June 30, 2011.

Capital Assets

Capital assets in Governmental Fund type operations are accounted for using the “current financial resources” measurement focus. Capital assets which include property, plant and equipment, and infrastructure (e.g. road, bridges, curbs and gutters, streets and sidewalks, and drainage systems) are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The Town

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

defines capital assets as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost (for certain assets acquired prior to 1960). Donated assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are recorded as expenditures as incurred.

The Town capitalizes certain interest costs in accordance with GASB Code Section 1400 as part of constructed assets. Interest is capitalized throughout the construction period in the Capital projects fund prior to the assets being transferred to the governmental fund and placed in service.

Property, plant and equipment for Proprietary Fund Types are valued at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

| <u>Description</u> | <u>Estimated Lives (years)</u> |
|-------------------------|------------------------------------|
| Building | 20 |
| Machinery and equipment | 5-10 |
| Improvements | 10-20 |
| Other infrastructure | 10-50 |

Deferred Revenues

Deferred revenues represent funds received in advance of being owed or receivables, which will be collected and included in revenues of future fiscal years. In the General Fund, deferred revenues relate to property tax receivables, which were received prior to June 30th, plus delinquent balances less amounts due as of the balance sheet date and received sixty days thereafter.

Equity Classifications

Government-Wide Statements - Equity is classified as net assets and displayed in three components:

- **Invested in capital assets, net of related debt** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net assets** - Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted net assets** - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds – Equity is classified into five categories:

For the fiscal year ended June 30, 2011 the Town has adopted the requirements of the Government Accounting Standards Board GASB Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. Acceptance of this statement has changed the Town's presentation of the elements of fund balances, a key indicator of inter-period equity. Listed below are the new fund balance categories and their definitions.

- **Non-spendable** – are balances that are permanently precluded from conversion to cash such as permanent funds and inventories.
- **Restricted** – requires that inflows and outflows of resources and balances be constrained to a specific purpose of enabling legislation, external parties or constitutional provisions.
- **Committed** – are balances with constraints imposed by the government using the highest level of decision-making authority. These constraints can only be removed or changed by the same decision making authority taking the same type of action.
- **Assigned** – are balances intended for a specific purpose by the government's management and are also appropriations of existing fund balances.
- **Unassigned** – are balances available for any purpose. They are not precluded by a management decision, law constitutional provision in the general fund.

The Town has set classification policies and procedures for the above noted level of fund balance reporting.

- a) For committed fund balances: the Town Council is the highest level of decision making authority and a meeting of the Town Council is required to establish, modify or rescind a fund balance commitment..
- b) For assigned fund balance: The Town's Finance Director and the School Department's Director of Administration are authorized to assign amounts to a purpose and with authorization given by the Town Council and the School Committee.
- c) The Town considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and considers committed amounts to have been spent when and expenditure is incurred for purposes for which amounts in any other unrestricted fund balance could be used.

Revenues, Expenditures and Expenses

Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred. Revenues and expenses of proprietary fund types are recognized using the full accrual basis of accounting. Revenue is recognized when earned and expenses as incurred.

Program Revenues and Expenses

In the statement of activities specific revenues are allocated to program expenses due to their direct relationships. Collections for licenses, fees, tickets and fines are among some of the revenue sources that are program revenues. Indirect expenses are not allocated to functions in the statement of activities.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Taxes

The Town is permitted by state law to levy property taxes. Current tax collections for the Town were approximately 98.45% of the total December 31, 2009 levy.

The Town's fiscal 2011 property taxes were levied in July of 2010 on assessed valuation as of December 31, 2009. Upon levy, taxes are billed quarterly and are due on August 15, November 15, February 15, and May 15. Failure to mail payments by due dates will result in lien on taxpayer's property. Assessed values are established by Tax Assessor's Office and are currently calculated at 100% of assessed value for real estate and 100% of market value for motor vehicles.

Vacation, Sick Leave, and Other Compensated Absences

Vacation leave is earned by all full-time Town employees. Upon termination, employees are entitled to receive compensation for their unused accrued vacation leave. Sick leave is earned by all full-time employees as well as part-time employees at the School Department. Unused vacation leave is paid upon an employee's termination. Upon retirement, municipal union employees are entitled to receive their accumulated sick leave up to 480 hours, policemen receive all accumulated unused sick leave up to 120 days, and school employees are entitled to receive compensation for their accrued sick leave balance, up to 50 days for teachers and classified personnel. Part-time employees are eligible to receive one half of the above amounts. Upon termination, the Town's non-union employees are entitled to one half of their accumulated sick leave up to 480 hours.

For Governmental Fund Types accrued compensated absences are presented as a current liability for those amounts expected to be paid with current financial resources. For those compensated absences not to be paid with current financial resources the liability is recorded in the Statement of Net Assets of the Government-Wide Financial Statements.

Inter-fund Transactions

Quasi-external transactions are accounted for as fund revenues, expenditures or expenses (as appropriate). Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from it that are properly applicable to another fund are recorded as expenditures or expenses (as appropriate) in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. All inter-fund transactions, except advances, quasi-external transactions and reimbursements, are accounted for as transfers. Nonrecurring or non-routine transfers of equity between funds are considered equity transfers. All other inter-fund transactions are treated as operating transfers.

Interfund Receivables and Payables

For the government-wide financial statements, all inter-fund transactions (sources and uses) were eliminated except for those with fiduciary funds.

The Town utilizes the inter-fund loan accounts as a short term vehicle to expedite the payment of vouchers from a consolidate vendor checking account.

The transfers between funds are to fund matching revenues related to federal grants; to fund and utilized funding for operations in the Special Revenue and Community Development funds.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures / expenses during the reporting period. Actual results could differ from those estimates and the differences may be material.

NOTE 2 – BUDGETARY DATA AND BUDGETARY COMPLIANCE

In accordance with the Home Rule Charter, the Town has formally established budgetary accounting control for its General Fund and the School Unrestricted Fund, which is a Special Revenue Fund.

The General Fund is subject to an annual operating budget adopted at the financial Town Meeting. The School Unrestricted Fund is subject to an annual operating budget approved by the School Committee and adopted at the financial Town meeting. The annual operating budgets' appropriation amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. Appropriations which are not expended or encumbered lapse at year end.

The School Department has established formal budgetary accounting as a management control for all funds. Annual operating budgets are adopted each fiscal year through the passage of an annual budget. The School Department budgets its expenditures based upon its estimate of state aid and the funding provided by the Town. Federal and state grants, included in the restricted special revenue fund, are not part of the legally adopted Town or School Department budget since their receipt is uncertain at the time the budgeting process is completed.

The General Fund and Special Revenue - School Unrestricted Fund's annual operating budgets are in conformity with generally accepted accounting principles. The budget to actual presentation in the financial statements is reflected on the budgetary basis. The only Special Revenue fund that has a legally enacted budget is the School Unrestricted Fund. Therefore, the budget and actual figures presented for Special Revenue Funds in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual only include this fund.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Legal Debt Margin

The Town's legal debt margin as set forth by State Statute is limited to three percent of total assessed value, which approximates \$116,166,701 based on the December 31, 2009 assessment. As of June 30, 2011 the Town's debt is under the debt limit by \$92,736,701.

In addition to the bonding authority granted under §45-12-2 of the RI General Laws, the Town of Coventry can authorize bond issues pursuant to a special act of the RI General Assembly. Bond issues authorized by a special act of the General Assembly are normally not subject to any legal debt limit, but are subject to financial constraints such as the Town's ability and willingness to service the bonded debt.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – CASH AND INVESTMENTS

Deposits: The Town maintains deposits in various financial institutions that are carried at cost except for those amounts which are carried as petty cash. The carrying amount of deposits is separately displayed on the balance sheet as "Cash and Cash Equivalents".

Investments: Investment of all idle funds are made through national banks or trust companies, providing that the financial conditions and integrity of these institutions are verifiable and can be monitored. The investment of funds are in direct obligations of the United States Government and "money market instruments" rated "A" or better. Investments in any one institution cannot exceed five (5) percent of that institutions capital and surplus as set forth in the institutions most recent audited financial statements. "All investments are made as would be done by prudent men of discretion and intelligence in such matters who are seeking a reasonable income and preservation of their capital."

Interest Rate Risk: The Town limits its exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market funds, or similar investment pools.

Concentrations: The Town policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity.

Custodial Credit Risk

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2011, \$8,729,338 of the Town's bank balance of \$24,802,744 was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – CASH AND INVESTMENTS (continued)

Cash and investments of the Town consist of the following at June 30, 2011

| | |
|--|----------------------|
| <i>Cash and Cash Equivalents</i> | |
| Deposits with financial institutions | \$ 20,878,872 |
| <i>Investments</i> | |
| <i>Private Purpose Trust Funds:</i> | |
| Fixed Income Pool | 1,846,522 |
| Total Private Purpose Trust Funds | 1,846,522 |
| <i>Pension Trust Funds:</i> | |
| Fixed Income | 799,800 |
| Mutual Funds | 2,593,957 |
| Equities | 5,595,169 |
| Total Pension Trust Funds | 8,988,926 |
| <i>Internal Service Fund:</i> | |
| Certificates of Deposits & Annuities | 758,105 |
| Mutual Funds | 2,407,182 |
| Corporate Bonds | 230,586 |
| Total Internal Service | 3,395,873 |
| Total Cash and Investments | \$ 35,110,193 |

Cash and investments are classified in the accompanying financial statements as follows:

| | |
|-----------------------------------|----------------------|
| <i>Statement of Net Assets</i> | |
| Cash and cash equivalents | \$ 16,061,971 |
| Investments | 3,395,873 |
| | 19,457,844 |
| <i>Fiduciary Funds</i> | |
| Cash | 4,816,901 |
| Investments | 10,835,448 |
| | 15,652,349 |
| Total Cash and Investments | \$ 35,110,193 |

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the town's debt type investments to this risk using the segment time distribution model is as follows:

| Type of Investment | Fair Value | Investment Maturities (in Years) | | | |
|-------------------------|--------------|----------------------------------|--------------|---------------|------------------|
| | | Less Than 1 Year | 1-5 Years | 6-10 Years | Over 10 Years |
| Certificates of Deposit | \$ 649,267 | \$ 248,585 | \$ 203,124 | \$ 197,558 | \$ - |
| Corporate Bonds | 230,586 | - | 128,054 | 102,532 | - |
| Government Bonds | 889,244 | 347,426 | - | 89,444 | 452,374 |
| Total | \$ 1,769,097 | \$ 596,011 | \$ 331,178 | \$ 389,534 | \$ 452,374 |

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – CASH AND INVESTMENTS (continued)

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk exposure. Presented below is the minimum rating as required for each debt investment type.

| <u>Average Rating</u> | <u>Corporate Bonds</u> |
|-----------------------|----------------------------|
| A | \$ 181,276 |
| BBB- | 49,310 |
| | <u>\$ 230,586</u> |

NOTE 5 - PROPERTY TAXES

The Town is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation.

All property taxes for fund statement purposes are recognized in compliance with NCGA Interpretation-3 (Revenue Recognition - Property Taxes), which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due and receivable within the current period and collected no longer than 60 days after the close of the current period. The Town does not use an allowance method for bad debts. It directly writes off receivables as they become un-collectible as per state law.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 – CAPITAL ASSETS

The Town defines capital assets as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost (for certain assets acquired prior to 1960). The following schedule list prior year balances and current year activity for all Governmental Fund fixed asset transactions and Proprietary Funds. As stated in note 17 the town transferred Governmental Fund expenditures for sewer lines and other infrastructure assets that were previously reported in a special revenue fund and a capital projects fund to a newly created Proprietary Sewer Enterprise Fund which will maintain Sewer Fund activity.

Capital asset activity for government funds for the fiscal year ended June 30, 2011 was as follows:

| | Primary Government | | | Ending Balance |
|---|----------------------|-----------------------|-------------|----------------------|
| | Beginning Balance | Increases | Decreases | |
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 8,244,510 | \$ - | \$ - | \$ 8,244,510 |
| Total capital assets not being depreciated | <u>8,244,510</u> | <u>-</u> | <u>-</u> | <u>8,244,510</u> |
| Depreciable assets | | | | |
| Infrastructure | 33,005,324 | - | - | 33,005,324 |
| Buildings & improvements | 94,326,950 | 571,329 | - | 94,898,279 |
| Machinery and equipment | 943,420 | 30,800 | - | 974,220 |
| Office equipment and furniture | 6,609,073 | 48,229 | - | 6,657,302 |
| Vehicles | 6,235,108 | 113,580 | - | 6,348,688 |
| Total other capital assets at historical cost | <u>141,119,875</u> | <u>763,938</u> | <u>-</u> | <u>141,883,813</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 32,306,509 | 42,116 | - | 32,348,625 |
| Buildings & improvements | 69,124,820 | 2,103,662 | - | 71,228,482 |
| Machinery and equipment | 899,258 | 24,420 | - | 923,678 |
| Office equipment and furniture | 6,427,639 | 42,280 | - | 6,469,919 |
| Vehicles | 5,293,865 | 349,863 | - | 5,643,728 |
| Total accumulated depreciation | <u>114,052,091</u> | <u>2,562,341</u> | <u>-</u> | <u>116,614,432</u> |
| Net Depreciable Assets | <u>27,067,784</u> | <u>(1,798,403)</u> | <u>-</u> | <u>25,269,381</u> |
| Governmental activities capital assets, net | <u>\$ 35,312,294</u> | <u>\$ (1,798,403)</u> | <u>\$ -</u> | <u>\$ 33,513,891</u> |

Depreciation expense was charged to functions/programs as follows:

| | |
|--|---------------------|
| Governmental activities: | |
| General Government | \$ 17,503 |
| Public safety | 131,757 |
| Public Works | 295,860 |
| Health and Human Services | 16,791 |
| Education | 1,906,380 |
| Culture and Recreation | 194,050 |
| Total governmental activities depreciation expense | <u>\$ 2,562,341</u> |

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 – CAPITAL ASSETS (continued)

Capital asset activity for business-type activity for the fiscal year ended June 30, 2011 was as follows:

| | Primary Government | | | Ending Balance |
|---|----------------------|---------------------|-------------|----------------------|
| | Beginning Balance | Increases | Decreases | |
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 141,600 | \$ - | \$ - | \$ 141,600 |
| Construction in progress | 401,827 | 1,651,672 | - | 2,053,499 |
| Total capital assets not being depreciated | <u>543,427</u> | <u>1,651,672</u> | <u>-</u> | <u>2,195,099</u> |
| Other capital assets: | | | | |
| Buildings | 158,400 | - | - | 158,400 |
| Wastewater collection system | 24,588,337 | - | - | 24,588,337 |
| Total other capital assets at historical cost | <u>24,746,737</u> | <u>-</u> | <u>-</u> | <u>24,746,737</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 55,440 | 7,920 | - | 63,360 |
| Wastewater collection system | 2,051,981 | 498,236 | - | 2,550,217 |
| Total accumulated depreciation | <u>2,107,421</u> | <u>506,156</u> | <u>-</u> | <u>2,613,577</u> |
| Business-type activities capital assets, net | <u>\$ 23,182,743</u> | <u>\$ 1,145,516</u> | <u>\$ -</u> | <u>\$ 24,328,259</u> |

Depreciation expense was charged to functions as follows:

| | |
|---|-------------------|
| Business-type activities: | |
| Sewer | \$ 498,236 |
| Internal Service Fund | 7,920 |
| Total business-type activities depreciation expense | <u>\$ 506,156</u> |

TOWN OF COVENTRY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011
(CONTINUED)

NOTE 7 - DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS.

"Total fund balances" of the Town's governmental funds (\$10,624,083) differs from "net assets" of governmental activities (\$13,059,603) reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. The effect of the differences is illustrated below.

Balance Sheet / Statement of Net Assets

| | Total Governmental Funds | Long-term Assets/ Liabilities (1) | Reclassifications and Eliminations (2) | Statement Net Assets Totals |
|--|--------------------------------|---|--|-----------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 15,156,634 | \$ - | 543,633 | \$ 15,700,267 |
| Investments | - | - | 3,395,873 | 3,395,873 |
| Accounts receivable: | | | | |
| Real estate & personal property taxes receivable | 2,106,377 | - | - | 2,106,377 |
| Due from federal and state governments | 2,454,231 | - | - | 2,454,231 |
| Other receivables | 1,323,204 | - | - | 1,323,204 |
| Due from other funds | 8,309,005 | - | (8,309,005) | - |
| Land | - | 8,244,510 | 141,600 | 8,386,110 |
| Depreciable capital assets - net | - | 25,269,381 | 95,040 | 25,364,421 |
| Total assets | <u>29,349,451</u> | <u>33,513,891</u> | <u>(4,132,859)</u> | <u>58,730,483</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued expenses | 7,617,920 | 82,564 | - | 7,700,484 |
| Due to other funds | 7,820,720 | - | (8,185,026) | (364,306) |
| Deferred revenues | 2,440,274 | (2,103,980) | - | 336,294 |
| Other liabilities | 846,454 | - | 404,710 | 1,251,164 |
| Long-term liabilities | - | - | - | - |
| Due within one year | - | 6,030,000 | - | 6,030,000 |
| Due in more than one year | - | 56,836,450 | - | 56,836,450 |
| Total liabilities | <u>18,725,368</u> | <u>60,845,034</u> | <u>(7,780,316)</u> | <u>71,790,086</u> |
| Fund Balances/Net Assets | | | | |
| Total fund balances/net assets | 10,624,083 | (27,331,143) | 3,647,457 | (13,059,603) |
| Total liabilities and fund balances/net assets | <u>\$ 29,349,451</u> | <u>\$ 33,513,891</u> | <u>\$ (4,132,859)</u> | <u>\$ 58,730,483</u> |

TOWN OF COVENTRY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011
(CONTINUED)

NOTE 7 - DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS.

(1) When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the Town as a whole.

| | |
|--------------------------|---------------|
| Land | \$ 8,244,510 |
| Cost of capital assets | 141,883,813 |
| Accumulated depreciation | (116,614,432) |
| | \$ 33,513,891 |

Because the focus of governmental funds is on short term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance.

| | |
|--------------------------------|--------------|
| Adjustment of deferred revenue | \$ 2,103,980 |
|--------------------------------|--------------|

Interest on long-term debt is accrued in the statement of net assets but is not accrued in governmental funds, rather it is recognized as an expenditure when due.

| | |
|--|-------------|
| Adjustment of accrued interest expense | \$ (82,564) |
|--|-------------|

Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the statement of net assets.

| | |
|------------------------------|---------------|
| Bonds & notes payable | 23,498,080 |
| Accrued compensated absences | 4,361,289 |
| Net pension obligation | 33,969,876 |
| Net OPEB obligation | 1,037,205 |
| | \$ 62,866,450 |

(2) The Internal Service Fund is used by management to charge the costs of Worker's Compensation claims. The assets and liabilities of the Internal Service Fund are included in Governmental Activities in the Government-Wide Statement of Net Assets.

| | |
|--|--------------|
| The elimination of internal balances of governmental and business type activities. | \$ 3,647,457 |
|--|--------------|

The elimination of internal balances of governmental and business type activities.

| | |
|---|--------------|
| The reclassification of monies owed to and from fiduciary funds | \$ 8,185,026 |
|---|--------------|

The reclassification of monies owed to and from fiduciary funds

| | |
|---|------------|
| The reclassification of monies owed to and from fiduciary funds | \$ 404,710 |
|---|------------|

TOWN OF COVENTRY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011
(continued)

NOTE 8 - DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES

The "net change in the fund balances" for governmental funds (\$996,262) differs from the "change in net assets" for governmental activities (\$3,193,530) reported in the statement of activities. The differences are primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences are illustrated below.

Statement of Revenues, Expenditures, and Changes in Fund Balances / Statement of Activities

| | Total Governmental Funds | Long-term Revenues/ Expenses & Reclassifications (1) | Capital- related Items (2) | Internal Service Fund (3) | Long-term Debt Transactions (4) | Statement of Activities Totals |
|---|--------------------------------|---|----------------------------------|---------------------------------|---------------------------------------|--------------------------------------|
| Revenues | | | | | | |
| Real estate and personal property taxes | \$ 59,405,192 | \$ (2,045,928) | \$ - | \$ - | \$ - | \$ 57,359,264 |
| Other taxes | 802,910 | - | - | - | - | 802,910 |
| Penalties and interest on taxes | 457,861 | - | - | - | - | 457,861 |
| Licenses, fees and permits | 686,663 | - | - | - | - | 686,663 |
| Investment income | 178,013 | - | - | 204,764 | - | 382,777 |
| Intergovernmental | 30,068,106 | - | - | - | - | 30,068,106 |
| Federal revenue - State Fiscal Stabilization Fund | 775,992 | - | - | - | - | 775,992 |
| Contributions and private grants | 33,289 | - | - | - | - | 33,289 |
| Charges for services | 2,616,584 | - | - | 4,050 | - | 2,620,634 |
| Miscellaneous | 762,144 | - | - | - | - | 762,144 |
| Total revenues | 95,786,754 | (2,045,928) | - | 208,814 | - | 93,949,640 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | 4,838,367 | - | 17,503 | 47,687 | 2,070,521 | 6,994,078 |
| Public safety | 8,744,059 | - | 131,757 | - | - | 8,875,816 |
| Education | 69,221,263 | - | 1,759,912 | - | - | 70,981,175 |
| Public works | 5,315,371 | - | 295,860 | - | - | 5,611,231 |
| Community and economic development | 550,312 | - | - | - | - | 550,312 |
| Health and human services | 1,119,814 | - | 16,791 | - | - | 1,136,605 |
| Culture and recreation | 1,875,477 | - | 194,050 | - | (20,568) | 2,048,959 |
| Capital outlay | 617,470 | - | (617,470) | - | - | - |
| Debt service | - | - | - | - | - | - |
| Principal payments | 6,395,000 | - | - | - | (6,395,000) | - |
| Interest and fiscal charges | 1,001,249 | (8,365) | - | - | - | 992,884 |
| Total expenditures | 99,698,382 | (8,365) | 1,798,403 | 47,687 | (4,345,047) | 97,191,060 |
| Other financing uses/changes in net assets | | | | | | |
| Net transfers (to) from other funds | 530,000 | - | - | (530,000) | - | - |
| Issuance of debt | 4,330,000 | - | - | - | (4,330,000) | - |
| Premium on Ban | 47,890 | - | - | - | - | 47,890 |
| Total other financing uses | 4,907,890 | - | - | (530,000) | (4,330,000) | 47,890 |
| Net change for the year | \$ 996,262 | \$ (2,037,563) | \$ (1,798,403) | \$ (368,873) | \$ 15,047 | \$ (3,193,530) |

TOWN OF COVENTRY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011
(continued)

NOTE 8 - DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES

(1) Because some property taxes and other receivables will not be collected for several months after fiscal year ends, they are not considered as "available" revenues in the governmental funds.

| | |
|--|----------------|
| | (2,045,928) |
| | \$ (2,045,928) |

Deferred revenue property taxes

Interest expense in the statement of activities differs from the amount reported in governmental funds. Accrued interest was calculated for bonds and notes payable.

| | |
|--|----------|
| | 8,365 |
| | \$ 8,365 |

Accrued interest expenditure adjustment

(2) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

| | |
|--|----------------|
| | 763,938 |
| | (2,562,341) |
| | \$ (1,798,403) |

Capital outlay
 Depreciation expense
 Difference

(3) Internal service funds are used by management to charge the cost of certain activities, such as workers compensation insurance coverage to individual funds. The adjustments for internal service funds "close" those funds by charging additional amounts or reducing expenditures to the governmental funds thus eliminating any surplus or deficit on the internal service fund.

| | |
|--|--------------|
| | (368,873) |
| | \$ (368,873) |

(4) Other accrued expenditures are not recorded on the funds statement but are shown on the statement of activities in order to present the true financial position of the City on its long-term contracts.

| | |
|--|----------------|
| | \$ 166,608 |
| | (1,861,045) |
| | (376,084) |
| | \$ (2,070,521) |

Net decrease in compensated absences
 Net increase in net pension obligation
 Net increase in net OPEB obligation
 Difference

Repayment of bond and note principal is reported as an expenditure in the governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the town as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

| | |
|--|--------------|
| | 6,395,000 |
| | (4,330,000) |
| | 20,568 |
| | \$ 2,085,568 |

Bond principal payments
 Issuance of debt
 Note principal payments
 Total principal payments made

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 9 –LONG-TERM LIABILITIES

Governmental long-term liabilities do not appear in the fund financial statements but rather are a reconciling item in the presentation of the government-wide financial statements and are included in the statement of net assets. Long-Term liabilities directly related to and intended to be paid from the Proprietary Fund Types are included in the accounts of such fund.

Long-term liability activity for the fiscal year ended June 30, 2011 was as follows:

| | <u>Balance July 1, 2010</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance June 30, 2011</u> | <u>Amounts Due within One Year</u> |
|---|---------------------------------|---------------------|---------------------|----------------------------------|--|
| Governmental Activities | | | | | |
| Bonds Payable | \$ 25,495,000 | \$ 4,330,000 | \$ 6,395,000 | \$ 23,430,000 | \$ 6,030,000 |
| Total bonds payable | <u>25,495,000</u> | <u>4,330,000</u> | <u>6,395,000</u> | <u>23,430,000</u> | <u>6,030,000</u> |
| Other liabilities: | | | | | |
| Notes payable | 88,648 | - | 20,568 | 68,080 | 21,596 |
| Accrued compensated absences | 4,527,897 | - | 166,608 | 4,361,289 | - |
| Net pension obligation | 32,108,831 | 1,861,045 | - | 33,969,876 | - |
| Net OPEB obligation | 661,121 | 376,084 | - | 1,037,205 | - |
| Total other liabilities | <u>37,386,497</u> | <u>2,237,129</u> | <u>187,176</u> | <u>39,436,450</u> | <u>21,596</u> |
| Governmental Activities long-term liabilities | <u>\$ 62,881,497</u> | <u>\$ 6,567,129</u> | <u>\$ 6,582,176</u> | <u>\$ 62,866,450</u> | <u>\$ 6,051,596</u> |
| Business-Type Activities | | | | | |
| Sewer Department bonds payable | \$ 2,880,000 | \$ - | \$ 145,000 | \$ 2,735,000 | \$ 155,000 |
| Rhode Island Clean Water | 2,933,000 | - | 139,000 | 2,794,000 | 142,000 |
| Rhode Island Clean Water | 4,792,000 | - | 211,000 | 4,581,000 | 215,000 |
| Rhode Island Clean Water | 2,564,519 | - | 103,608 | 2,460,911 | 104,493 |
| Total bonds and notes payable | <u>13,169,519</u> | <u>-</u> | <u>598,608</u> | <u>12,570,911</u> | <u>616,493</u> |
| Other liabilities: | | | | | |
| GO Tax Anticipation Notes | 5,500,000 | 5,500,000 | 5,500,000 | 5,500,000 | 5,500,000 |
| Total other liabilities | <u>5,500,000</u> | <u>5,500,000</u> | <u>5,500,000</u> | <u>5,500,000</u> | <u>5,500,000</u> |
| Total enterprise funds | <u>\$ 18,669,519</u> | <u>\$ 5,500,000</u> | <u>\$ 6,098,608</u> | <u>\$ 18,070,911</u> | <u>\$ 6,116,493</u> |

The following schedule summarizes the Town's bonds and notes

| | Interest Rates | Principal | Due Dates |
|--|----------------|----------------------|-----------|
| Governmental bonds | 1.25% - 5.00% | \$ 23,430,000 | 2012-2023 |
| Enterprise Funds bonds and notes payable | .49% - 5.08% | 18,070,911 | 2012-2030 |
| Total All Funds | | <u>\$ 41,500,911</u> | |

TOWN OF COVENTRY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 9. LONG-TERM LIABILITIES (continued)

The debt service through maturity for the above Governmental bonds and BAN are as follows:

| Fiscal Year Ended June 30 | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|-----------------------------|----------------------------|-----------------------------|
| 2012 | \$ 6,030,000 | \$ 829,711 | \$ 6,859,711 |
| 2013 | 1,700,000 | 763,056 | 2,463,056 |
| 2014 | 1,700,000 | 690,181 | 2,390,181 |
| 2015 | 1,700,000 | 615,275 | 2,315,275 |
| 2016 | 1,700,000 | 545,275 | 2,245,275 |
| 2017 | 1,700,000 | 472,650 | 2,172,650 |
| 2018 | 1,700,000 | 397,400 | 2,097,400 |
| Thereafter | 7,200,000 | 827,250 | 8,027,250 |
| TOTALS | <u>\$ 23,430,000</u> | <u>\$ 5,140,798</u> | <u>\$ 28,570,798</u> |

The debt service through maturity for the above Enterprise bonds and TAN are as follows:

| Fiscal Year Ended June 30 | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|-----------------------------|----------------------------|-----------------------------|
| 2012 | \$ 6,116,493 | \$ 191,787 | \$ 6,308,280 |
| 2013 | 629,265 | 184,500 | 813,765 |
| 2014 | 648,035 | 176,797 | 824,832 |
| 2015 | 665,807 | 168,658 | 834,465 |
| 2016 | 685,463 | 160,082 | 845,545 |
| 2017 | 700,120 | 151,071 | 851,191 |
| 2018 | 720,777 | 141,615 | 862,392 |
| Thereafter | 7,904,951 | 814,832 | 8,719,783 |
| TOTALS | <u>\$ 18,070,911</u> | <u>\$ 1,989,342</u> | <u>\$ 20,060,253</u> |

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – FUND DEFICIT

The following individual funds had deficit fund equity balances as of June 30, 2011:

Governmental Funds

Special Revenue Funds

| | | |
|------------------------------|--------------|----|
| School Food Service | 243,695 | * |
| Rural Health Mini Grant | 124 | ** |
| Anthony Village | 66,405 | ** |
| Resource Sharing 08 | 207 | ** |
| Byrne Grant | 1,721 | ** |
| Traffic Grant | 8,778 | ** |
| Calea ETC Grant | 29,084 | ** |
| CDBG | 4,706 | ** |
| DUI/Speed/Click it or ticket | 4,327 | ** |
| Federal Energy Grant | 40,555 | ** |
| Direct Reimbursement | <u>8,883</u> | * |

Total \$408,485

* The deficit balance will require a future administration plan to fund this deficit.

** The deficit balance will be eliminated by future reimbursements from either the State or the Federal Government.

NOTE 11 – MORTGAGES RECEIVABLE

As of June 30, 2011, a balance of \$711,258 is due to the Town of Coventry from two mortgage promissory notes. These notes were issued by the Maple Root Corporation and Ramblewood Housing Cooperative Corporation. The original amount of the notes were for \$560,912 and \$439,088 respectively, and were issued on February 3, 2004 with an interest rate of 3.5% per annum. The notes are to be paid with 240 monthly installments of \$3,523.06 and \$2,546.53 respectively, commencing March 1, 2004. The above receivables are secured by land.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 12 – INTERFUND RECEIVABLES AND PAYABLES

Inter-fund receivables represent loans to various funds for use in operations. These amounts are expected to be repaid at certain future dates. Below are balances at June 30, 2011.

| | <u>Due from other funds</u> | | <u>Due to other funds</u> | |
|-------------------------------|-----------------------------|---------------------|---------------------------|---------------------|
| General Fund | | \$ 988,641 | | \$ 6,481,900 |
| Special Revenue Funds: | | | | |
| School Unrestricted | 4,574,278 | | - | |
| School Restricted | 801,931 | | 1,078,176 | |
| Town Restricted | 1,442,790 | | 260,644 | |
| Coventry Landfill Fund | 135,134 | 6,954,133 | - | 1,338,820 |
| Capital Projects: | | | | |
| School Improvement | 62,430 | | - | |
| Town Capital Improvement | 303,801 | 366,231 | - | - |
| Fiduciary Funds: | | | | |
| Permanent Funds | 711,258 | | 10,000 | |
| Agency Funds | - | 711,258 | 296,548 | 306,548 |
| Proprietary Funds | | | | |
| Sewer Fund | - | | 364,306 | |
| Internal Service | - | - | 528,689 | 892,995 |
| Totals | | <u>\$ 9,020,263</u> | | <u>\$ 9,020,263</u> |

NOTE 13 - FUND EQUITY

The following fund balance category reservations are recorded in the financial statements at June 30, 2011:

- **Non-spendable** – are balances that are permanently precluded from conversion to cash such as permanent funds and inventories. \$-0-
- **Restricted** – requires that inflows and outflows of resources and balances be constrained to a specific purpose of enabling legislation, external parties or constitutional provisions. \$952,166
- **Committed** – are balances with constraints imposed by the government using the highest level of decision-making authority. These constraints can only be removed or changed by the same decision making authority taking the same type of action. \$1,685,446
- **Assigned** – are balances intended for a specific purpose by the government’s management and are also appropriations of existing fund balances. \$-0-
- **Unassigned** – are balances available for any purpose. They are not precluded by a management decision, law constitutional provision in the general fund. \$7,986,471

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 14 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. Litigation

The Town has been named as a responsible party in connection with the investigation and remediation of the former Coventry landfill owned and operated by the Town and located off Arnold Road in Coventry. The Town is one of a number of persons to whom a Letter of Responsibility was issued in June, 2003 by the Rhode Island Department of Environmental Management requiring such persons to conduct the investigation and remediation of the landfill under applicable state and federal law and regulations. The Town is one of a number of such persons who executed and delivered that certain Partial Consent Decree in 2005 in the case of State of Rhode Island, Department of Environmental Management v. Town of Coventry, pursuant to which the signatories agree to conduct and pay for an environmental investigation of the site. Such investigation is still ongoing and is subject to the supervision of the U.S. District Court for the District of Rhode Island.

Once the site investigation is complete, the responsible parties, including the Town, will have the legal obligation to conduct and pay for the remediation of the landfill as approved by the Rhode Island Department of Environmental Management. Pursuant to that certain Settlement Contribution Agreement dated as March 1, 2010, by and between the Town and the other responsible parties, the Town agreed to pay for sixty percent (60%) of the cost of the investigation and remediation of the Landfill, and the other parties thereto agreed to pay the remaining forty percent (40%). It is not possible at this time to determine the scope and extent of the final remedy that will be required, and therefore it is not possible at this time to determine the cost that the Town will incur in connection therewith.

The Town is being represented in litigation pending in Rhode Island Superior Court. This lawsuit arises out of the execution of a so-called "Of Site Improvements Agreement" dated February 23, 2004, between the Town and the plaintiff entities, the developers of a 500-acre mixed-use development containing various retail and commercial uses. The agreement was approved by a prior Town Council, and was fully executed by all parties. However, based upon certain ambiguities in the document, neither side has commenced performance to date. It is currently unclear, in light of the current posture of the case and nature of the pleadings, whether the case could ultimately result in the imposition of any monetary relief against the Town. This case is not currently scheduled for trial anytime in the near future.

During the ordinary course of its operations, the Town is a party to various claims, other legal actions and complaints. These various legal actions include disputes in property valuations and torts for which the Town has been named as a defendant. In the opinion of the Town's management and legal counsel, other than the matters stated above they do not anticipate any of them to have a material financial impact or at this time their legal counsel has been unable to assess liability, if any, on the part of the Town.

B. Federally Assisted Programs - Compliance Audits

The Town participates in a number of federally assisted programs. The audits of these programs through the year ended June 30, 2011 were audited in connection with the accompanying financial statements under the Single Audit Concept and the auditor's reports thereon are presented in the Single Audit Report. Management believes that the amounts, if any, of expenditures, which may be disallowed, will not be material to the financial position of the Town.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 - PENSION PLANS

Substantially all full-time employees of the Town of Coventry are covered by one of six separate pension plans, each one of which are discussed below.

1. Municipal Employees Retirement Plan (Town Plan)

Plan Description

The Town of Coventry contributes to the Town's Municipal Employee Retirement Plan, which is a single-employer public employee retirement system (PERS). This plan was established by the Town in accordance with the Town Charter and Federal and State Statutes.

Substantially all employees of the Town, except police, school employees and administrators, and some Town administrators are covered under this defined benefit municipal plan. Participants who became active members of the plan after June 30, 1991, contribute specified percentages of their annual compensation to the plan.

As of July 1, 2011, employee membership data related to this plan was as follows:

| | |
|------------------|------------|
| Active Members | 104 |
| Inactive Members | 38 |
| Retired Members | <u>65</u> |
| TOTAL | <u>207</u> |

Under the provisions of the plan, benefits vest after ten years of creditable service. An employee may retire at age 62 with ten years of creditable service for full benefits, or at age 55 with ten years of creditable services for reduced benefits. This pension plan also provides disability and death benefits. Benefits begin vesting after four years of service and become fully vested after ten years of service. An employee's annual pension is determined by multiplying 2% of his average monthly pay by a benefit service rate. The average monthly pay is determined using the five highest consecutive pay years out of the ten latest pay years which give the highest average. The benefit service rate is the sum of the total periods of service. Under the provisions of the plan, employees who become active members on or after July 1, 1991 are required to contribute 7% of total pay.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 - PENSION PLANS – (continued)

1. Municipal Employees Retirement Plan (Town Plan) (continued)

Plan Description

In addition to pension benefits, this plan also provides disability and death benefits. In order to receive disability benefits an employee must have at least ten years of creditable service when he becomes disabled and the employee must be totally disabled. Monthly disability benefits equal 25% of the employee's average monthly pay. Payments continue for the duration of the disability or until the employee reaches his early or normal retirement date.

Death benefits are available to qualified employees. An employee is a qualified if he/she 1) dies before retirement benefits begin, 2) was married for the full year before his death, and 3) if becoming an active member on or after July 1, 1991, has an account, or if becoming an active member prior to July 1, 1991, has a vesting percentage greater than zero. The death benefit equals the survivor's benefit at 50% survivor form and is payable as of the earliest date the employee could have retired on or after the date of death.

Summary of Significant Accounting Policies

Basis of Accounting

The plan's policy is to prepare its financial statements on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of Investments

The pension plan's unallocated insurance contracts are valued at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to pay benefits or administrative expense charged by the Principal Life Insurance Company.

The pension's plan unallocated separate accounts are valued at fair value.

Contributions

Active members hired after July 1, 1991, are required to contribute 7% of compensation to the plan. Participants who became active members prior to July 1, 1991, are not required to contribute to the plan. Any remaining obligation with respect to the pension plan shall be paid by the employer. The Town makes annual contributions to the plan based on its legally adopted budget.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 - PENSION PLANS – (continued)

1. Municipal Employees Retirement Plan (Town Plan) (continued)

Summary of Significant Accounting Policies

Basis of Accounting

Actuarial Cost Method

A variety of significant actuarial assumptions are used to determine the standardized measure of the pension benefit obligation. These assumptions are summarized below:

- The actuarial cost method used to determine liabilities and costs and to project future funding requirements is known as the Entry Age Normal – Frozen Initial Liability method. This method spreads the total cost of the projected pension benefits for each employee from the date he is first employed to the normal retirement date. If benefits are related to compensation, the cost is spread as a level percentage of compensation. If benefits are not related to compensation, the cost is spread as a level dollar amount each year. The total of annual amounts for all employees combined is called the **Normal Cost**. This Normal Cost may be shared by the employer and the employees in accordance with plan provisions. The employee's Entry Age is determined as if the plan had always been in existence. Thus, as of the plan effective date, there are some accumulated Normal Costs for past years that have not been paid. The value of these past Normal costs is called the **Frozen Initial Liability**: In subsequent years the Frozen Initial Liability is reduced by the employer deposits to the plan in excess of employer Normal Cost and interest requirements. This reduced amount is known as the **Unfunded Frozen Initial Liability**.

Actuarial Assumptions

- Mortality is assumed to be in accordance with the Group Annuity Mortality Table for 1983, with ages set back six years for females.
- Investment return on current assets and future contributions is assumed to be at the rate of 8% per year, compounded annually. This return includes interest, dividends and realized and unrealized gains.
- The spouse of a male participant is assumed to be three years younger. The spouse of a female participant is assumed to be three years older.
- It is assumed that 75% of participants are married.
- Salaries are assumed to be in accordance with Table S-5 from the Actuary's Pension Handbook.
- Disabilities are assumed to be in accordance with the Commissioner's Group Disability Table for 1987, with a six month elimination period.
- Rates of turnover (terminations of employment before becoming eligible for retirement) are in accordance with Table V published in Pension Forum: Society of Actuaries, August 1992, multiplied by 0.90.
- Normal retirement age is 62 or age at the valuation date, if later then age 62.
- Actuarial value of assets is market value adjusted by spreading the expected value minus the actual value over 4 years.
- Plan expenses are assumed to be deducted from the fund according to expense scales provided in the service agreement. An estimated expense charge is included in Normal Cost.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 - PENSION PLANS (continued)

1. Municipal Employees Retirement Plan (Town Plan) (continued)

Annual Pension Cost and Net Pension Obligation: Below are the required pension obligation presentations per GASB 25 and 27 for the period ending June 30, 2011.

| | |
|--|----------------------------|
| Annual required contribution | \$ 887,077 |
| Interest on net pension obligation | 691,112 |
| Adjustment to annual required contribution | <u>(580,018)</u> |
| Annual pension cost | 998,171 |
| Contributions made | <u>442,837</u> |
| Increase in net pension obligation | <u>555,334</u> |
| Net pension obligation beginning of year | <u>8,638,902</u> |
| Net pension obligation end of year | <u><u>\$ 9,194,236</u></u> |

REQUIRED SUPPLEMENTARY INFORMATION

Trend Information Municipal Retirement Plan (Town Plan)

| Fiscal Year Ended June 30, | Annual Required Contribution | Percentage Contributed | Net Pension Obligation | Actual Contribution |
|----------------------------------|------------------------------------|---------------------------|------------------------------|------------------------|
| 2011 | 887,077 | 49.92% | 9,194,236 | 442,837 |
| 2010 | 806,558 | 68.19% | 8,638,902 | 550,000 |
| 2009 | 806,558 | 89.06% | 8,094,171 | 718,302 |

2. Police Pension Plan

Plan Description

The Retirement Income Plan for the Police Officers of the Town of Coventry Pension Plan is a single-employer defined benefit pension plan. The plan is governed by the Town of Coventry which may amend plan provisions, and which is responsible for the management of the assets. The Town of Coventry has delegated the authority to manage certain plan assets to Principal Life Insurance Company.

As of July 1, 2011 employee membership data related to this plan was as follows:

| | |
|------------------|------------|
| Active members | 54 |
| Inactive members | 0 |
| Retired members | <u>74</u> |
| | <u>128</u> |

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 - PENSION PLANS (continued)

2. Police Pension Plan

Under the provisions of the plan, benefits vest at various times depending on the date of hire. An employee may retire at age 55 with twenty years of creditable service if employed prior to January 1, 1994 or twenty-three years if employed on or after January 1, 1994. This plan also provides disability and death benefits. A participant's earned benefit is equal to 50% of earnings. A participant's earnings are the compensation received during the preceding twelve month period, including holiday pay, longevity, vacation time and overtime. In addition, participants employed prior to January 1, 1994, may be eligible for a cost-of-living adjustment.

Under the provisions of the plan, all officers who were members of the Police Department prior January 1, 1994, shall be required to contribute 8% of total annual compensation from all sources. Any participant who received their appointment on or after January 1, 1994 shall contribute 9% of their compensation.

In addition to pension benefits, this plan also provides disability and death benefits. In order to receive disability benefits a participant must become disabled in the line of duty and that disability must be expected to last at least two years. In this situation the participant will receive a 66 2/3% disability retirement benefit on the earlier of the date of completion of ten years of service or the date at which the participant reaches his normal retirement date. If the disability is not in the line of duty, but it is expected that the participant will be unable to return to active duty and the participant has ten years of service with the Town of Coventry, the participant will be entitled to a 25% disability benefit for up to one year. If after one year, the participant is still unable to work, the participant will automatically be retired.

Death benefits are available to qualified employees. If a participant dies before his normal retirement date, his beneficiary will receive a single sum payment of the employee's account, accumulated with interest. If death occurs after the normal retirement date, but before actual retirement, the participants' surviving spouse will receive a monthly benefit equal to the retirement benefit that participant would have received if retired on the date of death. If death occurs after retirement date, a death benefit will be paid to the participant's surviving spouse, dependent child, or beneficiary.

Summary of Significant Accounting Policies

Basis of Accounting

The plan's policy is to prepare its financial statements on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 - PENSION PLANS (continued)

2. Police Pension Plan

Valuation of Investments

The pension plan's unallocated insurance contracts are valued at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to pay benefits or administrative expense charged by the Principal Life Insurance Company.

The pension's plan unallocated separate accounts are valued at fair value.

Contributions

Active members hired before January 1, 1994, are required to contribute 8% of compensation to the plan. Active members hired after January 1, 1994 are required to contribute 9% of compensation. Any remaining obligation with respect to the pension plan shall be paid by the employer. The Town makes annual contributions to the plan based on its legally adopted budget.

Actuarial Cost Method

A variety of significant actuarial assumptions are used to determine the standardized measure of the pension benefit obligation. These assumptions are summarized below:

- The actuarial cost method used to determine liabilities and costs and to project future funding requirements is known as the Entry Age Normal – Frozen Initial Liability method. This method spreads the total cost of the projected pension benefits for each employee from the date he is first employed to his normal retirement date. If benefits are related to compensation, the cost is spread as a level percentage of compensation. If benefits are not related to compensation, the cost is spread as a level dollar amount each year. The total of annual amounts for all employees combined is called the **Normal Cost**. This Normal Cost may be shared by the employer and the employees in accordance with plan provisions. The employee's Entry Age is determined as if the plan had always been in existence. Thus, as of the plan effective date, there are some accumulated Normal Costs for past years that have not been paid. The value of these past Normal Costs is called the **Frozen Initial Liability**. In subsequent years the Frozen Initial Liability is reduced by the employer deposits to the plan in excess of employer Normal Cost and interest requirements. This reduced amount is known as the **Unfunded Frozen Initial Liability**.
- Mortality is assumed to be in accordance with the Group Annuity Mortality Table for 1983, with ages set back six years for females.
- Investment return on current assets and future contributions is assumed to be at the rate of 8% per year, compounded annually. This return includes interest, dividends and realized and unrealized gains.
- The spouse of a male participant is assumed to be three years younger. The spouse of a female participant is assumed to be three years older.
- It is assumed that 75% of participants are married.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 - PENSION PLANS (continued)

2. Police Pension Plan

- Salaries are assumed to be in accordance with Table S-5 from the Actuary's Pension Handbook plus 3.5%.
- Disabilities are assumed to be in accordance with the Commissioner's Group Disability Table for 1987, with a six month elimination period.
- Rates of turnover (terminations of employment before becoming eligible for retirement) are in accordance with Table V published in Pension Forum: Society of Actuaries, August 1992, multiplied by 0.20.
- Normal retirement age is 55 or age at the valuation date, if later then age 55.
- Actuarial value of assets is market value.
- Plan expenses are assumed to be deducted from the fund according to expense scales provided in the service agreement. An estimated expense charge is included in Normal Cost.

Annual Pension Cost and Net Pension Obligation: Below are the required pension obligation presentations per GASB 25 and 27 for the period ending June 30, 2011.

| | |
|--|-----------------------------|
| Annual required contribution | \$ 3,278,626 |
| Interest on net pension obligation | 1,877,594 |
| Adjustment to annual required contribution | <u>(1,575,776)</u> |
| Annual pension cost | 3,580,444 |
| Contributions made | <u>2,274,733</u> |
| Increase in net pension obligation | <u>1,305,711</u> |
| Net pension obligation beginning of year | <u>23,469,929</u> |
| Net pension obligation end of year | <u><u>\$ 24,775,640</u></u> |

REQUIRED SUPPLEMENTARY INFORMATION

Trend Information Police Pension Plan

| Fiscal Year Ended June 30, | Annual Required Contribution | Percentage Contributed | Net Pension Obligation | Actual Contribution |
|----------------------------------|------------------------------------|---------------------------|------------------------------|------------------------|
| 2011 | 3,278,626 | 69.38% | 24,775,640 | 2,274,733 |
| 2010 | 3,084,953 | 73.74% | 23,469,929 | 2,274,733 |
| 2009 | 3,084,953 | 73.74% | 22,335,761 | 2,274,733 |

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 - PENSION PLANS – (continued)

3. Coventry School Employees Pension Plan

Plan Description

The Town of Coventry and participants of the Plan contribute to the Coventry School Employee Pension Plan. The pension plan is considered to be a single-employer defined benefit pension plan. This plan, originally established in April 1977, was restated as of September 10, 2008 by the School Committee of the Town of Coventry and the CTA/SRP Local 1075 (the “Union”) in accordance with Federal and State Statutes. The Employer and the Union, upon mutual agreement, shall have the right to amend, alter or modify Section 7.1 (Employer Contributions). The Trustees shall have the right to amend, alter or modify all other provisions of the agreement at any time, or from time to time, in whole or in part. The “Sponsor” or the entity that has responsibility for the assets or the accumulated liabilities of the plan is currently in dispute. The ultimate outcome of the dispute cannot presently be determined. If the School Department is deemed to be the “Sponsor” of the plan this would add a material liability to the School Department’s unfunded pension liabilities and net pension obligation. On January 20, 2012 an Actuarial Valuation Report was issued on the “Coventry School Employees’ Pension Plan” that reported an Unfunded Actuarial Accrued Liability (UAAL) of \$24,209,279 using a valuation date of September 1, 2011 and also, reported a Net Pension Obligation (NPO) of \$1,515,070 as of June 30, 2011. Accounting Principles Generally Accepted in the United States of America would also require that additional disclosures be made in the notes to the financial statements and that the plan is presented as a Pension Trust Fund in the Statement of Fiduciary Net Assets of the Town.

On August 23, 2011 an amendment to the plan was agreed to and signed by the Town of Coventry School Committee and the CTA/SRP Local 1075 (the “Union”), which will become effective on September 1, 2012. Please refer to this amendment for further details.

Each school employee which, is a member of the Union or pays an agency fee shall be a participant of the plan. Participants who became active members of the plan after April 1, 1996, contribute specified percentages of their annual compensation to the plan. For the year ended June 30, 2011, the percentage was 8%. The Town makes annual contributions to the plan, such amount as is set forth under the relevant terms of the collective bargaining agreement between the Employer and the Union as in effect for such period and, for the year ended June 30, 2011, was equal to 12.75% of the regular payroll of employees subject to the plan.

As of September 1, 2010, employee membership data related to this plan was as follows:

| | |
|-----------------|------------|
| Active members | 206 |
| Vested members | 19 |
| Retired members | <u>128</u> |
| | <u>353</u> |

Under the provisions of the plan, benefits vest after ten years of creditable service. A participant may retire at age 58 with ten years of creditable service or upon completion of thirty years of creditable service, regardless of age, for full benefits, or age 60 with fifteen years of creditable service for reduced benefits. This plan also provides disability and death benefits. Benefits fully vest after ten years of service. An employee’s annual pension is determined by multiplying specified percentage to the average compensation and the number of years of service. A participant’s average compensation is computed using the three highest consecutive plan years that produce the highest average prior to the earlier of either the termination of service or termination of the plan. In the event a participant has completed less than thirty-six consecutive months of compensation the average compensation shall be determined based upon all completed calendar months of employment.

**TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 15 - PENSION PLANS – (continued)

3. Coventry School Employees Pension Plan (continued)

In addition to pension benefits, this plan also provides disability and death benefits. A participant is entitled to receive disability benefits determined at the date of disability retirement, in an amount equal to the actuarial equivalent of accrued benefit the employee must be separates from service by reason of total and permanent disability. The condition must have existed for a period of at least three months and must prevent the participant from engaging in substantial gainful activity.

Death benefits are available to qualified employees. A participant’s beneficiary shall be entitled to death benefits equal to the actuarial equivalent of the participant’s accrued benefit, determined as of the date of death. Qualified pre-retirement survivor annuity benefits provide a monthly pension benefit equal to the amount which the spouse would have received if the participant had retired on the day before death and elected a joint and 50% surviving spouse annuity which was the actuarial equivalent of the vested accrued benefit.

Contribution amounts are not actuarially determined but contractually committed.

Required Contributions:

| Fiscal Year Ended June 30, | Annual Required Pension Cost Town | Annual Required Pension Cost Employees | Percent Contributed Both Plans |
|-------------------------------|--|---|--------------------------------------|
| 2011 | 685,572 | 444,404 | 100% |
| 2010 | 672,228 | 421,790 | 100% |
| 2009 | 688,538 | 432,023 | 100% |

4. Employee’s Retirement System of the State of Rhode Island (ERS)

Town of Coventry certified school personnel participate in the Employees' Retirement System of the State of Rhode Island ("System"), a cost-sharing multiple-employer defined benefit plan. The System issues a publicly available financial report that includes financial statements and required supplementary information for the Town. The financial report may be obtained by writing to Employees Retirement System of Rhode Island, 40 Fountain Street, Providence, Rhode Island, 02903-1854, by calling (401) 222-2203 or by accessing their website at www.ersri.org.

Plan Year: A twelve-month period ending June 30th.

Administration: ERSRI is administered by the State of Rhode Island Retirement Board. However, the State Treasurer is responsible for the investment of the trust assets, including the establishment of the asset allocation policy.

Type of Plan: ERSRI is a qualified governmental defined benefit retirement plan. Separate contribution rates are determined for state employees and for teachers. For Governmental Accounting Standards Board purposes, it is a cost-sharing multiple employer plan.

Eligibility: Most Rhode Island state employees and certified public school teachers participate in ERSRI. Certain employees of the Airport Corporation, the Economic Development Corporation, and the Narragansett

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 - PENSION PLANS (continued)

4. Employee's Retirement System of the State of Rhode Island (ERS) – (continued)

Bay Commission participate in the plan as though they were state employees. State police officers, state judges, and teachers and administrators in the public colleges and universities are covered by their own separate systems, and are therefore excluded. Certain elected state officials are excluded unless they make an election to join ERSRI. Superintendents, principals, business agents and other administrators participate as teachers. Non-certified public school employees, such as teacher's aides, janitors, secretaries, and bus drivers, cannot participate in ERSRI, although they may be covered by the Municipal Employees Retirement System (MERS) or a separate plan maintained by the town or city. Eligible employees become members as of their date of employment.

Employee Contributions: State Employees generally contribute 8.75% of their salary per year. Teachers contribute 9.50% per year. The state —picks up" the members' contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h). At their option, the city or town employing a Teacher may also pick up their members' contributions.

Salary: Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

Employer Contributions: For Teachers, the state contributes 40% of the employer contribution rate and the city, town or other local employer contributes the remaining 60%. (This basic 40-60 split is further adjusted, since the State bears the cost of repaying certain amounts taken from the trust in the early 1990's.) Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation. In fiscal years beginning after June 30, 2005, if the State's contribution on behalf of State Employees

decreases, the State shall appropriate an additional amount to the retirement trust. Such amount shall be equal to 20% of any decrease in expected contributions.

Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods, such as time spent teaching at a public school in another state, by making an additional contribution to purchase the additional service and those costs will be determined at full actuarial value, except for purchases of military service and redeposits of previously refunded contributions. Special rules and limits govern the purchase of additional service and the contribution required.

Final Average Compensation (FAC): For members eligible to retire as of September 30, 2009, their Final Average Compensation (FAC) will be based on the highest three consecutive annual salaries. For members not eligible to retire as of September 30, 2009, their FAC will be based on the highest five consecutive years of salary. Monthly benefits are based on one-twelfth of this amount.

Eligibility:

(i) Grandfathered Schedule A members—members with at least 10 years of contributory service at June 30, 2005 and eligible for retirement at September 30, 2009—are eligible to retire on or after age 60 if they have credit for 10 years of service, or at any age if they have credit for 28 years of service.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 - PENSION PLANS (continued)

4. Employee's Retirement System of the State of Rhode Island (ERS) – (continued)

(ii) Correctional officers who have reached age 50 and have credit for 20 years of service as of September 30, 2009 are eligible to retire and are grandfathered.

(iii) Nurses (RNs) employed by MHRH who have reached age 50 with 25 years of service by September 30, 2009 are eligible to retire and are grandfathered.

(iv) Schedule B members—members with less than 10 years of contributory service as of June 30, 2005 and members hired on or after that date—are eligible for retirement on or after age 65 if they have credit for 10 years of service, or on or after age 62 if they have credit for 29 years of service. In addition, a member who attains age 62 with at least 20 years of service credit may retire with an actuarially reduced retirement benefit. The reduction is based on the difference between 65 and the member's age at retirement.

(v) Correctional officers who are hired after September 30, 2009 become eligible to retire when they have reach age 55 and have credit for 25 years of service.

(vi) Nurses (RNs) employed by MHRH who are hired after September 30, 2009 become eligible when they have reach age 55 and have credit for 25 years of service.

(vii) Schedule A members who are not grandfathered, i.e., members who had at least 10 years of creditable service at June 30, 2005 but who were not eligible to retire on September 30, 2009, will be eligible for retirement at an individually determined age. This age is the result of interpolating between the retirement age under the rules applicable to grandfathered employees in (i) above and the retirement age applicable to members hired after September 30, 2009 in (iv) above. The interpolation is based on service as of Sept. 30, 2009 divided by projected service at the retirement age under (i) above.

(viii) Correctional officers hired on or before September 30, 2009 who are not eligible for retirement at that date will have an individually determined retirement age. This age is the result of interpolating between the retirement age for grandfathered employees in (ii) above and the retirement age applicable to members hired after September 30, 2009 in (v) above.

(ix) Similarly, MHRH nurses (RNs) hired on or before September 30, 2009 who are not eligible to retire at that date will have an individually determined retirement age. This age is the result of interpolating between the retirement age for grandfathered employees in (iii) above and the retirement age applicable to members hired after September 30, 2009 in (vi) above.

Retirement Benefits

Monthly Benefit: The retirement benefit is a percentage of the member's monthly FAC. This percentage is a function of the member's service as described below.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 - PENSION PLANS (continued)

4. Employee's Retirement System of the State of Rhode Island (ERS)

(i) For grandfathered Schedule A members (members with at least 10 years of contributory service at June 30, 2005 and eligible for retirement at September 30, 2009), benefits are based under this schedule (Schedule A):

| For Service In: | Years | Benefit Percentage Earned |
|-------------------------------|---------|------------------------------|
| The first 10 years of service | 1 – 10 | 1.7% per year |
| The next 10 years of service | 11 – 20 | 1.9% per year |
| The next 14 years of service | 21 – 34 | 3.0% per year |
| The next 1 year of service | 35 | 2.0% per year |

The maximum benefit is 80% of FAC.

Retirement Benefits

(ii) For Schedule B members (members with less than 10 years of contributory service as of June 30, 2005) and for all future hires, benefits are based on the following schedule (Schedule B):

| For Service In: | Years | Benefit Percentage Earned |
|-------------------------------|---------|------------------------------|
| The first 10 years of service | 1 – 10 | 1.6% per year |
| The next 10 years of service | 11 – 20 | 1.8% per year |
| The next 5 years of service | 21 – 25 | 2.0% per year |
| The next 5 years of service | 26 – 30 | 2.25% per year |
| The next 7 years of service | 31 – 37 | 2.50% per year |
| The next 1 year of service | 38 | 2.25% per year |

The maximum benefit is 75% of FAC.

(iii) For Schedule A members who are not grandfathered, i.e., members who had at least 10 years of creditable service at June 30, 2005 but who were not eligible to retire on September 30, 2009, benefits are based on Schedule A (under (i) above) for service through September 30, 2009 and on Schedule B (under (ii) above) for service after September 30, 2009. The maximum benefit is 80% of FAC.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 - PENSION PLANS (continued)

4. Employee's Retirement System of the State of Rhode Island (ERS) – (continued)

Retirement Benefits

(iv) MHRH nurses receive a benefit determined under the appropriate formula above.

(v) Correctional Officers receive a benefit computed under a different formula:

| For Service In: | Years | Benefit Percentage Earned |
|-------------------------------|--------|------------------------------|
| The first 30 years of service | 1 – 30 | 2.0% per year |
| The next 1 year of service | 31 | 6.0% per year |
| The next 1 year of service | 32 | 5.0% per year |
| The next 1 year of service | 33 | 4.0% per year |
| The next 1 year of service | 34 | 3.0% per year |
| The next 14 years of service | 35 | 2.0% per year |

The maximum benefit for correctional officers is 80% of FAC.

Payment Form: Benefits are paid as a monthly life annuity. Optional forms of payment are available.

Death benefit: After retirement, death benefits are based on the form of annuity elected. If no option is elected, i.e., if payments are made as a life annuity, there is a minimum death benefit equal to the sum of the member's contributions without interest, less the sum of the monthly benefit payments made before the member's death. In addition, a lump-sum death benefit is payable upon the death of any retired member, regardless of option elected. This lump sum is equal to a percentage of the lump-sum death benefit that was available to the member at the time of retirement. The percentage is 100% in the first year of retirement, 75% in the second year, 50% in the third year, and 25% in the fourth and subsequent years of retirement. However, in no event will the lump sum death benefit be less than \$4,000.

As prescribed by Rhode Island general law, the State pays the entire portion of the annual required contribution attributable to the costs of contributions deferred by the State in prior years plus 40% of contributions assessed to employers on payroll not reimbursable through Federal programs. This resulted in contribution rates paid by the State on behalf of the School Department of 7.78% of non-federally reimbursable payrolls totaling \$2,623,487 for the fiscal year ended June 30, 2011. These on-behalf payments of fringe benefits have been recognized as revenues and expenditures in the fiscal period. The School Department does not have any investments or related party investment with the State Plan.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 - PENSION PLANS (continued)

4. Employee's Retirement System of the State of Rhode Island (ERS)

The amounts contributed to the plan are as follows:

Required Contributions:

| Fiscal Yr Ended June 30 | Annual Required Pension Cost | Percentage Contributed |
|----------------------------|------------------------------------|---------------------------|
| 2011 | 3,837,061 | 100% |
| 2010 | 4,088,664 | 100% |
| 2009 | 4,346,179 | 100% |

In accordance with GASB 27, "Accounting for Pensions by State and Local Governmental Employers," the Town has determined that there are no assets or liabilities relating to the funding requirements of the plan.

Actuarial Methods and Assumptions

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

| | |
|-------------------------------|--|
| Valuation date | June 30, 2010 |
| Actuarial cost method | Entry Age Actuarial Cost Method |
| Amortization method | Level Percent of Payroll – Closed 30-yr period |
| Remaining amortization period | 18 Years |
| Asset valuation method | 5 Year Smoothed Market |
| Actuarial assumptions: | |
| Investment rate of return | 7.50%, Compounded Annually |
| Projected salary increases | 3.00-7.00% |
| Cost-of-living adjustments | 2.75% |
| Inflation Rate | 2.75% Annually |

Post Retirement Benefit Increases: For grandfathered Schedule A members, i.e., members who were retired or eligible to retire by Sept. 30, 2009, the post-retirement benefit increases set by statute to be 3.00%. They are not a function of the actual increases in the cost of living. Other members receive a compound increase each year equal to the increase in the CPI, but limited to 3.00%. This limit lowers the average expected increase below the inflation assumption of 2.75%. The assumed average increase received for this group of employees is 2.35%. The indexed COLA limitation (\$35,000 for 2010) is also assumed to grow at 2.35% per annum.

5. School Administration Pension Plan

The Town of Coventry contributes to the School Administration Pension Plan. This plan is a defined contribution plan that covers certain school administrators who do not qualify for other school pension plans. The plan was established by the Town in accordance with the Town Charter and Federal and State Statutes.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 - PENSION PLANS (continued)

5. School Administration Pension Plan (continued)

The Town makes contributions to this plan based on the Town's contribution requirements for the Certified School Employees Pension Plan. In addition, participants may contribute a percentage of their annual salary to the plan based on applicable tax law. Under the provisions of the plan, benefits vest in the Town's contributions after three years of creditable service. This pension plan also provides disability and death benefits.

As of June 30, 2011, employee membership data related to this plan was as follows:

| | |
|------------------|----------|
| Active members | 7 |
| Inactive members | <u>2</u> |
| Total | 9 |

Required Contributions:

| Fiscal Yr Ended June 30, | Annual Required Pension Cost | Percentage Contributed |
|-----------------------------|------------------------------------|---------------------------|
| 2011 | 46,734 | 100% |
| 2010 | 41,550 | 100% |
| 2009 | 55,484 | 100% |
| 2008 | 42,093 | 100% |

6. Town Administration Pension Plan

The Town of Coventry contributes to the Town Administration Plan, which is an agent multiple-employer retirement plan. This plan is a defined contribution plan which covers certain Town administrators who have chosen not to participate in other Town pension plans. The plan was established by the Town in accordance with the Town Charter and Federal and State Statutes. For FY2011 there were three employees on this pension plan.

Covered payroll for the Town Administration Pension Plan for the year ended June 30, 2011 was \$318,489. The Town's total payroll for all employees was approximately \$53,921,953 for the same period. Covered payroll refers to all compensation paid by the Town to active employees of this pension plan on which contributions to this plan are based.

Normal retirement age is 62, unless the participant has elected an alternate normal retirement age by written instrument delivered to the Administrator prior to separation of service. Participants may contribute the lesser of 100% of gross compensation or \$15,500 per year. The Town matches this contribution up to 4% of the participant's annual salary. Participants vest in the Town's contributions after three years of credible service. In addition to retirement benefits, the plan also provides for pre and post-retirement death benefits.

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 - PENSION PLANS (continued)

6. Town Administration Pension Plan

Required Contributions:

| Fiscal Yr Ended June 30, | Annual Required Pension Cost | Percentage Contributed |
|-----------------------------|------------------------------------|---------------------------|
| 2011 | 9,439 | 100% |
| 2010 | 2,330 | 100% |
| 2009 | 3,571 | 100% |

NOTE 16 – OTHER POST EMPLOYMENT BENEFITS

Plan Description

In addition to the pension benefits described above, the Town provides post-employment health care benefits in accordance with Town union contracts. These benefits are for continued full family or individual health care for the employee groups as described below. Retiree medical coverage is only to age 65, while dental continues post-65.

Town Hall Employees

Members of this group are eligible to receive medical and dental benefits for themselves and their spouse at the earlier of age 62 or age 55 with 10 years of service. The cost of benefits is 100% retiree-paid.

Police Employees

Members of this group are eligible to receive medical and dental benefits for themselves and their spouse at the earlier of:

1. Schedule A (hired prior to 1/1/94): 20 years of service
2. Schedule B (hired after 1/1/94): 23 years of service

The cost of benefits is 100% retiree-paid.

School Teachers and Administrators

Members of this group who have retired under the Employees' Retirement System of Rhode Island, with a minimum of 15 years of service with the Coventry School District are eligible to receive medical and dental benefits for themselves and their spouse at the earlier of:

1. Schedule A (vested prior to 7/1/05)
 - a. 28 years of service
 - b. Age 60 with 10 years of service
2. Schedule B (vested after 7/1/05)
 - a. Age 65 with 10 years of service
 - b. Age 59 with 29 years of service

**TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 16 – OTHER POSE EMPLOYMENT BENEFITS (continued)

The cost of benefits is as follows:

1. Pre-65: The District pays an annual health premium not to exceed \$1,200 for members and their spouses from their date of retirement through age 64.
2. Post-65: The District pays an annual health premium not to exceed \$1,000 for members and their spouses.

School Others

Members who have retired from the Coventry School District shall be eligible to receive medical and dental benefits for themselves and their spouse at the earlier of 30 years of service or age 58 with 10 years of service. The cost of benefits for other school employees is limited. For a period of six years following the member’s retirement date, the School District pays an annual health premium not to exceed \$1,200. There are no OPEB benefits beyond the initial six years after retirement.

Membership

| | |
|---|--------------|
| At July 1, 2009, membership consisted of: | |
| Active employees (Town, Police & School) | 753 |
| Retired members (Town, Police & School) | 230 |
| Spouses of retirees | <u>126</u> |
| Total | <u>1,109</u> |

Funding Policy

The Town pays for the other post-employment benefits on a pay-as-you-go basis. The annual medical & dental benefits premium cost for fiscal year ended June 30, 2011 was \$52,012 for Town employees and \$278,951 for School employees.

Annual OPEB Cost and Net OPEB Obligation

The following chart projects the “Actuarial Required Contribution (“ARC”), Pay-As-You-Go, Annual OPEB cost and the Net OPEB Obligation for the next five years under an unfunded (pay-as-you-go) scenario.

| Actuarial Valuation Date June 30 | Actuarial Value of Assets (a) | Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | Percentage of Covered Payroll ((b-a)/c) |
|---|--|--------------------------------------|------------------------------------|--------------------------|---------------------------|--|
| 2009 | - | 12,835,000 | 12,835,000 | - | N/A | N/A |

Actuarial Methods and Assumptions

The information presented was determined as part of the actuarial valuation. Additional information as of the last valuation follows:

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 16 – OTHER POSE EMPLOYMENT BENEFITS (continued)

| | |
|--------------------------------|--|
| Valuation Date: | June 30, 2009 |
| Actuarial Cost Method: | Projected Unit Credit Cost Method |
| Asset Valuation Method: | Plan is currently unfunded |
| Payroll Growth Rate: | 4.00% |
| Amortization Method: | Level dollar 25 year open amortization basis |
| Remaining Amortization Period: | 25 years |

THREE YEAR TREND INFORMATION

| Fiscal Yr Ended June 30, | Annual OPEB Cost | Actual Contribution | % of OPEB Cost Contributed |
|-----------------------------|------------------------|------------------------|----------------------------------|
| 2011 | 1,222,084 | 846,000 | 69.23% |
| 2010 | 1,192,121 | 859,000 | 72.06% |
| 2009 | 1,200,000 | 872,000 | 72.67% |

Annual OPEB Cost and Net OPEB Obligation: Below are the required OPEB obligation presentations per GASB 45 for the period ending June 30, 2011:

| | |
|---|---------------------|
| Annual Required Contribution | \$ 1,239,000 |
| Interest on OPEB | 26,445 |
| Adjustments to ARC | (43,361) |
| Annual OPEB Cost | 1,222,084 |
| Contributions made | 846,000 |
| Increase (decrease) in Net Pension Obligation | <u>376,084</u> |
| Net OPEB obligation beginning of year | <u>661,121</u> |
| Net OPEB obligation end of year | <u>\$ 1,037,205</u> |

NOTE 17 - RISK MANAGEMENT

The Town of Coventry is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the Town participates in a non-profit, public entity risk pool (Rhode Island Inter-local Risk Management Trust, Inc.) that provides coverage for property/liability claims and workers' compensation claims. Upon joining the Trust, the Town signed a participation agreement that outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's deductible amounts. The policy is not retrospectively rated, but rather, premiums are based on the ultimate cost of the groups experience to date. The pool is allowed to make additional assessments for claims that are reasonably possible and estimable.

The Trust provides this insurance coverage through a pooled, self-insurance mechanism, which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust, retains internally for payment from the pooled contributions of its Members. Under the participation

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 17 - RISK MANAGEMENT (continued)

agreement, the Town is insured for a maximum of \$5,000,000 per occurrence. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years. And it is not anticipated that the risks will exceed the trust coverage in the current year. There were no reductions in the insurance coverage during the fiscal year up and through the report date.

The town insures the entire risk arising from employee related health issues through the purchase of standard health insurance policies for all employees. Policy costs are charged in full to insurance expense in the general, special revenue and enterprise funds on a monthly basis. There are no retrospective adjustments to the monthly premiums charged to the town. The carrier, in advance of the new policy year and to account for the town's historical costs, adjusts the premiums annually.

NOTE 18 – SUBSEQUENT EVENT

Management has evaluated subsequent events through February 18, 2012 the date the financial statements were available to be issued.

The Town has authorized the issuance of a General Obligation Tax Anticipation Note for \$5,500,000, which is reported in the Town's Sewer Enterprise Fund. The new \$5,500,000 General Obligation Tax Anticipation Note is dated July 27, 2011, payable July 26, 2012 with an interest rate of 2.98%.

The Town is in negotiations with one of its major wastewater customers on a settlement regarding a dispute over usage rates dating back to 2003. As of the date the financial statements were available to be issued, there is no final ruling on the proposed settlement between the two parties.

On September 29, 2011, the Town re-funded two of its General Obligation Bonds originally issued in 2001 and 2002 and in the amounts of \$5,765,000 and \$8,005,000 respectively.

NOTE 19 – STATE FISCAL STABILIZATION FUNDS

State education aid to school districts was reduced for fiscal year 2011 as part of a State budget crisis. To offset this reduction in state aid, an equal amount of State Fiscal Stabilization Funds (SFSF) were allocated to each school district. The fiscal impact to school district operations aid was intended to be neutral. These Stabilization Funds were part of the American Recovery and Reinvestment Act of 2009 (ARRA) and under guidance provided by Rhode Island General Law R.I.G.L. 45-12-22.2, school districts were required to account for Stabilization Funds in a separate restricted fund, however for financial statement purposes districts are required to include expenditures covered by the Stabilization Funds as part of the School Unrestricted Fund. For fiscal year 2011, the Coventry School Department was awarded and received \$775,992 in Stabilization Funding.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Budgetary Comparison Schedule-General Fund
Schedule of Revenues and Expenditures (Budgetary Basis and Actual)
For the Fiscal Year Ended June 30, 2011

| | <u>Original Budgeted</u> | <u>Revised Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------------|---------------------------|---------------------|---------------------|
| Revenues: | | | | |
| General property taxes | \$ 58,702,552 | \$ 58,702,552 | \$ 59,405,192 | \$ 702,640 |
| Other taxes | 715,000 | 715,000 | 802,910 | 87,910 |
| Intergovernmental revenue | 4,349,708 | 4,349,708 | 4,191,193 | (158,515) |
| Federal Revenue - State Fiscal Stabilization | - | - | 775,992 | 775,992 |
| Licenses, fees and permits | 673,525 | 673,525 | 686,663 | 13,138 |
| Fines and interest on late payments | 200,000 | 200,000 | 457,861 | 257,861 |
| Interest on investments | 200,000 | 200,000 | 177,006 | (22,994) |
| Other revenue | 555,000 | 555,000 | 543,425 | (11,575) |
| Total revenues | <u>65,395,785</u> | <u>65,395,785</u> | <u>67,040,242</u> | <u>1,644,457</u> |
| Expenditures: | | | | |
| Legislative, judicial and general administrative | 1,437,262 | 1,437,262 | 1,677,543 | (240,281) |
| Financial administrative | 678,557 | 678,557 | 695,017 | (16,460) |
| Public safety | 9,059,560 | 9,059,560 | 8,579,603 | 479,957 |
| Public works | 5,139,553 | 5,139,553 | 5,280,425 | (140,872) |
| Parks & Recreation | 1,891,263 | 1,891,263 | 1,842,263 | 49,000 |
| Human resources | 734,067 | 734,067 | 732,635 | 1,432 |
| Planning & Development | 289,587 | 289,587 | 270,237 | 19,350 |
| General government | 2,452,934 | 2,452,934 | 1,999,536 | 453,398 |
| Debt service: | | | | |
| Principal payments | 2,065,000 | 2,065,000 | 2,065,000 | - |
| Interest and fiscal charges | 947,274 | 947,274 | 947,274 | - |
| Total expenditures | <u>24,695,057</u> | <u>24,695,057</u> | <u>24,089,533</u> | <u>605,524</u> |
| Excess/(deficiency) of revenues over expenditures | <u>40,700,728</u> | <u>40,700,728</u> | <u>42,950,709</u> | <u>2,249,981</u> |
| Other financing sources/(uses): | | | | |
| Transfers from other funds | 355,000 | 355,000 | 355,000 | - |
| Transfers (to) other funds | - | - | (184,306) | (184,306) |
| School appropriation | (41,580,728) | (41,580,728) | (41,580,728) | - |
| Transfer from Impact Fees & Cell Tower | 525,000 | 525,000 | 625,000 | 100,000 |
| Transfer out to others - Federal SFSF | - | - | (775,992) | (775,992) |
| Total other financing sources | <u>(40,700,728)</u> | <u>(40,700,728)</u> | <u>(41,561,026)</u> | <u>(860,298)</u> |
| Excess/(deficiency) of revenues and other financing sources over expenditures and other financing uses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,389,683</u> | <u>\$ 1,389,683</u> |

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2011

| | <u>Original Budget Revenues</u> | <u>Revised Budget Revenues</u> | <u>Actual Revenues</u> | <u>Variance</u> |
|--|---|--|----------------------------|------------------|
| General property taxes | | | | |
| Real Estate Taxes - current | \$ 54,225,386 | \$ 54,225,386 | \$ 54,809,304 | \$ 583,918 |
| Real Estate Taxes - prior | 400,000 | 400,000 | 523,348 | 123,348 |
| Real Estate Taxes - debt service | 1,587,166 | 1,587,166 | 1,587,166 | - |
| Motor Vehicle Excise Tax | 2,490,000 | 2,490,000 | 2,485,374 | (4,626) |
| Total general property taxes | <u>58,702,552</u> | <u>58,702,552</u> | <u>59,405,192</u> | <u>702,640</u> |
| Other Taxes | | | | |
| Telephone Tax | 325,000 | 325,000 | 394,094 | 69,094 |
| Hotel Tax | 60,000 | 60,000 | 77,836 | 17,836 |
| Meal and Beverage Tax | 330,000 | 330,000 | 330,980 | 980 |
| Total other taxes | <u>715,000</u> | <u>715,000</u> | <u>802,910</u> | <u>87,910</u> |
| Intergovernmental Revenue | | | | |
| State Aid School Housing | 1,425,108 | 1,425,108 | 1,399,578 | (25,530) |
| Payment in Lieu of Taxes | 55,000 | 55,000 | 65,712 | 10,712 |
| State Aid to Libraries | 198,000 | 198,000 | 89,264 | (108,736) |
| State Reimbursement Auto Tax | 2,540,000 | 2,540,000 | 2,537,939 | (2,061) |
| State Aid Revaluation | 131,600 | 131,600 | 98,700 | (32,900) |
| Total Intergovernmental Revenue | <u>4,349,708</u> | <u>4,349,708</u> | <u>4,191,193</u> | <u>(158,515)</u> |
| Licenses and Permits | | | | |
| Building Permits | 100,000 | 100,000 | 94,573 | (5,427) |
| Plumbing and Heating | 20,000 | 20,000 | 14,261 | (5,739) |
| Electrical Permits | 15,000 | 15,000 | 15,227 | 227 |
| Recording Fees | 300,000 | 300,000 | 284,633 | (15,367) |
| Probate Fees | 40,000 | 40,000 | 53,810 | 13,810 |
| Marriage Licenses | 1,500 | 1,500 | 1,216 | (284) |
| Dog Licenses | 20,000 | 20,000 | 17,972 | (2,028) |
| Animal Rescue Fees | 10,000 | 10,000 | 12,368 | 2,368 |
| Realty Fees | 40,000 | 40,000 | 40,000 | - |
| Alcoholic Beverage Licenses | 25,000 | 25,000 | 23,528 | (1,472) |
| Hunting and Fishing Licenses | 25 | 25 | 34 | 9 |
| Library Fees | 22,000 | 22,000 | 25,877 | 3,877 |
| Planning Commission Fees | 15,000 | 15,000 | 10,990 | (4,010) |
| Planning Commission Steno Fees | 5,000 | 5,000 | 6,097 | 1,097 |
| Miscellaneous Fees | 60,000 | 60,000 | 86,077 | 26,077 |
| Total Licenses and Permits | <u>673,525</u> | <u>673,525</u> | <u>686,663</u> | <u>13,138</u> |

(continued)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2011
(continued)

| | <u>Original Budget Revenues</u> | <u>Revised Budget Revenues</u> | <u>Actual Revenues</u> | <u>Variance</u> |
|--|---|--|----------------------------|--------------------|
| Fines and Interest on Late Payments | | | | |
| Interest and Penalties | 200,000 | 200,000 | 457,861 | 257,861 |
| Total Fines and Interest on Late Payments | <u>200,000</u> | <u>200,000</u> | <u>457,861</u> | <u>257,861</u> |
| Interest on Investments | | | | |
| Interest Earnings | 200,000 | 200,000 | 177,006 | (22,994) |
| Total Interest on Investments | <u>200,000</u> | <u>200,000</u> | <u>177,006</u> | <u>(22,994)</u> |
| Other Revenue | | | | |
| Police Car Rental | 30,000 | 30,000 | 119,314 | 89,314 |
| Municipal Court | 75,000 | 75,000 | 63,960 | (11,040) |
| Land Trust Fees | 250,000 | 250,000 | 128,611 | (121,389) |
| Miscellaneous Receipts | 150,000 | 150,000 | 225,901 | 75,901 |
| Lease buy out | 50,000 | 50,000 | 5,639 | (44,361) |
| Total Other Revenue | <u>555,000</u> | <u>555,000</u> | <u>543,425</u> | <u>(11,575)</u> |
| Special Item | | | | |
| Federal Revenue - State Fiscal Stabilization | - | - | 775,992 | 775,992 |
| Total Special Items | <u>-</u> | <u>-</u> | <u>775,992</u> | <u>775,992</u> |
| Total Revenue | <u>65,395,785</u> | <u>65,395,785</u> | <u>67,040,242</u> | <u>1,644,457</u> |
| Other Financing Sources and transfers | | | | |
| Transfer from Impact Fees | - | - | 100,000 | 100,000 |
| Transfer from Cell Tower Fund | 525,000 | 525,000 | 525,000 | - |
| Transfer in from Self Insurance Fund | 355,000 | 355,000 | 355,000 | - |
| Total Other Financing Sources | <u>880,000</u> | <u>880,000</u> | <u>980,000</u> | <u>100,000</u> |
| Total Town Revenue | <u>\$66,275,785</u> | <u>\$66,275,785</u> | <u>\$68,020,242</u> | <u>\$1,744,457</u> |

(concluded)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Expenditures - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2011

| | <u>Original Budgeted Expenditures</u> | <u>Revised Budgeted Expenditures</u> | <u>Actual Expenditures</u> | <u>Variance</u> |
|---|---|--|--------------------------------|------------------|
| Legislative, judicial and general administrative | | | | |
| Town Council | \$ 25,841 | \$ 25,841 | \$ 22,566 | \$ 3,275 |
| Town Manager | 280,280 | 280,280 | 281,881 | (1,601) |
| Information Technology | 230,420 | 230,420 | 234,096 | (3,676) |
| Town Clerk | 280,374 | 280,374 | 275,881 | 4,493 |
| Town Solicitor | 446,500 | 446,500 | 697,824 | (251,324) |
| Board of Canvassers | 111,120 | 111,120 | 103,094 | 8,026 |
| Probate Court | 19,197 | 19,197 | 18,363 | 834 |
| Municipal Court | 43,530 | 43,530 | 43,838 | (308) |
| Total Legislative, Judicial and General Administrative | <u>1,437,262</u> | <u>1,437,262</u> | <u>1,677,543</u> | <u>(240,281)</u> |
| Financial Administration | | | | |
| Treasurer | 292,749 | 292,749 | 311,614 | (18,865) |
| Board of Assessment Review | 3,437 | 3,437 | 3,337 | 100 |
| Tax Assessor | 170,787 | 170,787 | 173,243 | (2,456) |
| Tax Collector | 211,584 | 211,584 | 206,823 | 4,761 |
| Total Financial Administration | <u>678,557</u> | <u>678,557</u> | <u>695,017</u> | <u>(16,460)</u> |
| Public Safety | | | | |
| Police | 8,792,252 | 8,792,252 | 8,335,454 | 456,798 |
| Animal Control | 204,289 | 204,289 | 199,631 | 4,658 |
| Emergency Management | 27,250 | 27,250 | 13,109 | 14,141 |
| Town Sergeant | 2,222 | 2,222 | 2,305 | (83) |
| Crossing Guards | 33,547 | 33,547 | 29,104 | 4,443 |
| Total Public Safety | <u>9,059,560</u> | <u>9,059,560</u> | <u>8,579,603</u> | <u>479,957</u> |
| Public Works | | | | |
| Engineering | 97,210 | 97,210 | 109,200 | (11,990) |
| Inspection and Permits | 191,936 | 191,936 | 189,477 | 2,459 |
| Roads and Bridges | 1,761,485 | 1,761,485 | 1,719,915 | 41,570 |
| Snow Removal | 266,738 | 266,738 | 331,393 | (64,655) |
| Building Maintenance | 448,724 | 448,724 | 430,691 | 18,033 |
| Refuse Collection | 749,434 | 749,434 | 715,399 | 34,035 |
| Refuse Disposal | 648,424 | 648,424 | 706,306 | (57,882) |
| Vehicle Maintenance | 975,602 | 975,602 | 1,078,044 | (102,442) |
| Total Public Works | <u>5,139,553</u> | <u>5,139,553</u> | <u>5,280,425</u> | <u>(140,872)</u> |

(continued)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Expenditures - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2011
Continued

| | <u>Original Budgeted Expenditures</u> | <u>Revised Budgeted Expenditures</u> | <u>Actual Expenditures</u> | <u>Variance</u> |
|--|---|--|--------------------------------|---------------------|
| Human Resources | | | | |
| Human Services | 734,067 | 734,067 | 732,635 | 1,432 |
| Total Human Resources | <u>734,067</u> | <u>734,067</u> | <u>732,635</u> | <u>1,432</u> |
| Parks and Recreation | | | | |
| Public Libraries | 851,219 | 851,219 | 842,012 | 9,207 |
| Recreation | 1,040,044 | 1,040,044 | 1,000,251 | 39,793 |
| Total Parks and Recreation | <u>1,891,263</u> | <u>1,891,263</u> | <u>1,842,263</u> | <u>49,000</u> |
| Planning and Development | | | | |
| Planning Commission | 17,920 | 17,920 | 12,124 | 5,796 |
| Planning Department | 248,438 | 248,438 | 246,513 | 1,925 |
| Zoning Board | 12,674 | 12,674 | 7,084 | 5,590 |
| Conservation Commission | 1,120 | 1,120 | - | 1,120 |
| Industrial Development Commission | 867 | 867 | 258 | 609 |
| Economic Development | 4,515 | 4,515 | - | 4,515 |
| Coventry Housing Authority | 4,053 | 4,053 | 4,258 | (205) |
| Total Planning and Development | <u>289,587</u> | <u>289,587</u> | <u>270,237</u> | <u>19,350</u> |
| General Government | | | | |
| Town General | 2,452,934 | 2,452,934 | 1,999,536 | 453,398 |
| Total General Government | <u>2,452,934</u> | <u>2,452,934</u> | <u>1,999,536</u> | <u>453,398</u> |
| Debt Service | | | | |
| Principal | 2,065,000 | 2,065,000 | 2,065,000 | - |
| Interest | 947,274 | 947,274 | 947,274 | - |
| Total Debt Service | <u>3,012,274</u> | <u>3,012,274</u> | <u>3,012,274</u> | <u>-</u> |
| Other Financing Uses | | | | |
| Transfers to School Unrestricted | 41,580,728 | 41,580,728 | 41,580,728 | - |
| Transfers to School Unrestricted - SFSF | - | - | 775,992 | (775,992) |
| Transfers to School-Impact fees | - | - | 100,000 | (100,000) |
| Transfers to other funds | - | - | 84,306 | (84,306) |
| Total Other Uses | <u>41,580,728</u> | <u>41,580,728</u> | <u>42,541,026</u> | <u>(960,298)</u> |
| Total Expenditures and Other Financing Uses | <u>\$ 66,275,785</u> | <u>\$ 66,275,785</u> | <u>\$ 66,630,559</u> | <u>\$ (354,774)</u> |

(concluded)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Schedule of Revenues and Expenditures
Budget (Budgetary Basis) and Actual
Special Revenue Funds - School Unrestricted
For the Fiscal Year Ended June 30, 2011

| | Original Budget | Final Budget | Actual | Variance |
|--|--------------------|-------------------|-------------------|-------------------|
| Revenues | | | | |
| State Aid | \$ 17,549,070 | \$ 17,118,093 | \$ 17,138,535 | \$ 20,442 |
| Federal Aid | 550,000 | 600,000 | 568,409 | (31,591) |
| Charges for Service | 892,884 | 992,884 | 997,108 | 4,224 |
| Miscellaneous | 331,720 | 175,000 | 119,860 | (55,140) |
| Total revenues | <u>19,323,674</u> | <u>18,885,977</u> | <u>18,823,912</u> | <u>(62,065)</u> |
| Expenditures | | | | |
| Salaries | 40,640,715 | 40,122,634 | 40,087,095 | 35,539 |
| Employee benefits | 13,538,397 | 13,318,398 | 12,733,704 | 584,694 |
| Purchased services | 5,134,863 | 5,298,714 | 5,587,203 | (288,489) |
| Supplies and materials | 2,632,763 | 2,604,073 | 2,278,748 | 325,325 |
| Capital outlay | 276,301 | 322,976 | 649,519 | (326,543) |
| Other | 148,150 | 146,509 | 49,589 | 96,920 |
| Total expenditures | <u>62,371,189</u> | <u>61,813,304</u> | <u>61,385,858</u> | <u>(427,446)</u> |
| Excess of revenues over (under) expenditures before other financing sources | (43,047,515) | (42,927,327) | (42,561,946) | 365,381 |
| Other financing sources (uses) | | | | |
| Operating transfers - Town appropriation | 41,580,728 | 41,580,728 | 41,580,728 | - |
| Operating transfers - State fiscal stabilization | 991,787 | 854,833 | 775,992 | (78,841) |
| Other transfers | 200,000 | 216,766 | 99,204 | (117,562) |
| Transfer from Self Insurance Fund | 175,000 | 175,000 | 175,000 | - |
| Transfer from Impact Fees | 100,000 | 100,000 | 100,000 | - |
| Total other financing sources/(uses) | <u>43,047,515</u> | <u>42,927,327</u> | <u>42,730,924</u> | <u>(196,403)</u> |
| Excess (deficiency) of revenue and other sources over expenditures and other uses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 168,978</u> | <u>\$ 168,978</u> |

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

The accompanying Statement of Revenues, Expenditures / Expenses (GAAP or Budgetary Basis Non-GAAP) presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principals applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis, entity and timing differences in the excess (deficiency) of revenues and other financial resources over expenditure / expenses and other uses of financial resources for the year ended June 30, 2011 is presented below:

| | General <u>Fund</u> | School <u>Unrestricted</u> |
|--|------------------------|-------------------------------|
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses (budgetary basis) | \$ 1,389,683 | \$ 168,978 |
| State on-behalf pension contributions | - | 2,623,487 |
| State on-behalf pension expenditures | - | (2,623,487) |
| To adjust for change in encumbrances | 23,172 | - |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses (GAAP basis) | <u>\$ 1,412,855</u> | <u>\$ 168,978</u> |

TOWN OF COVENTRY, RHODE ISLAND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

Municipal Employee's Retirement System (Town Plan)

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a/c) |
|--------------------------|-------------------------------|---------------------------------------|---------------------------|--------------------|---------------------|---|
| 7/1/11 | \$ 4,385,296 | \$ 15,716,809 | \$11,331,513 | 28% | \$ 5,293,859 | 214% |
| 7/1/10 | 4,087,545 | 14,405,245 | 10,317,700 | 28% | 5,486,026 | 188% |
| 7/1/09 | 3,943,263 | 13,481,036 | 9,537,773 | 29% | 5,275,025 | 181% |
| 7/1/08 | 3,720,455 | 12,588,606 | 8,868,151 | 30% | 5,191,786 | 171% |
| 1/1/07 | 3,288,650 | 12,543,674 | 9,255,024 | 26% | 4,355,527 | 212% |
| 1/1/06 | 2,491,657 | 13,834,699 | 11,343,042 | 18% | 4,058,723 | 279% |

Coventry Police Retirement System

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a/c) |
|--------------------------|-------------------------------|---------------------------------------|---------------------------|--------------------|---------------------|---|
| 7/1/11 | \$ 7,598,092 | \$ 58,545,260 | 50,947,168 | 13% | \$ 3,246,617 | 1569% |
| 7/1/10 | 7,818,426 | 49,763,177 | 41,944,751 | 16% | 3,513,681 | 1194% |
| 7/1/09 | 7,901,431 | 47,748,419 | 39,846,988 | 17% | 3,378,540 | 1179% |
| 7/1/08 | 7,691,937 | 44,312,196 | 36,620,259 | 17% | 3,598,498 | 1018% |
| 1/1/07 | 7,174,758 | 44,184,262 | 37,009,504 | 16% | 3,771,588 | 981% |
| 1/1/06 | 3,875,285 | 49,041,156 | 45,165,871 | 8% | 3,088,620 | 1462% |

OTHER SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2011

| | Special Revenue Restricted Town | Special Revenue Restricted School | School Food Service | School Improvement Capital Fund | 116-121 Town Capital Improvement Funds | Totals |
|--|---------------------------------|-----------------------------------|---------------------|---------------------------------|--|---------------------|
| ASSETS | | | | | | |
| Cash | \$ 441,731 | \$ - | \$ 34,034 | \$ - | \$ - | \$ 475,765 |
| Intergovernmental receivables | 34,116 | 1,303,227 | 51,526 | - | - | 1,388,869 |
| Due from other funds | 1,442,790 | 650,462 | 151,469 | 62,430 | 303,801 | 2,610,952 |
| Total assets | \$ 1,918,637 | \$ 1,953,689 | \$ 237,029 | \$ 62,430 | \$ 303,801 | \$ 4,475,586 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 10,708 | \$ 122,215 | \$ 480,724 | \$ - | \$ - | \$ 613,647 |
| Due to other funds | 260,644 | 1,078,176 | - | - | - | 1,338,820 |
| Accrued salaries | - | 218,391 | - | - | - | 218,391 |
| Deferred revenue | - | 336,294 | - | - | - | 336,294 |
| Total liabilities | 271,352 | 1,755,076 | 480,724 | - | - | 2,507,152 |
| Fund balances (deficits) | | | | | | |
| <i>Restricted for:</i> | | | | | | |
| Educational programs | - | 207,496 | - | - | - | 207,496 |
| Public safety programs | 285,897 | - | - | - | - | 285,897 |
| Culture and recreation | 77,113 | - | - | - | - | 77,113 |
| Health & human services | 89,993 | - | - | - | - | 89,993 |
| <i>Committed for:</i> | | | | | | |
| Public works programs | 85,013 | - | - | - | 303,801 | 388,814 |
| Culture and recreation | 1,264,665 | - | - | - | - | 1,264,665 |
| Unassigned | (155,396) | (8,883) | (243,695) | 62,430 | - | (345,544) |
| Fund balances (deficits) | 1,647,285 | 198,613 | (243,695) | 62,430 | 303,801 | 1,968,434 |
| Total liabilities and fund balances | \$ 1,918,637 | \$ 1,953,689 | \$ 237,029 | \$ 62,430 | \$ 303,801 | \$ 4,475,586 |

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance - Non-Major Governmental Funds
For the fiscal year ended June 30, 2011

| | Special Revenue Restricted Town | Special Revenue Restricted School | School Food Service | School Improvement Capital Fund | 116-121 Town Capital Improvement Funds | Totals |
|---|---------------------------------|-----------------------------------|---------------------|---------------------------------|--|---------------------|
| REVENUES | | | | | | |
| Intergovernmental | \$ 1,121,609 | \$ 3,759,457 | \$ 606,212 | \$ 59,204 | \$ - | \$ 5,546,482 |
| Charges for service | 769,624 | - | 849,852 | - | - | 1,619,476 |
| Investment income | 1,007 | - | - | - | - | 1,007 |
| Contributions and private grants | 33,289 | - | - | - | - | 33,289 |
| Other | - | 98,859 | - | - | - | 98,859 |
| Total Revenues | 1,925,529 | 3,858,316 | 1,456,064 | 59,204 | - | 7,299,113 |
| EXPENDITURES | | | | | | |
| Executive and administration | 219,554 | - | - | - | - | 219,554 |
| Public safety | 164,456 | - | - | - | - | 164,456 |
| Public works | 16,583 | - | - | - | 18,363 | 34,946 |
| Community and economic development | 280,075 | - | - | - | - | 280,075 |
| Health and human services | 387,179 | - | - | - | - | 387,179 |
| Culture & recreation | 33,214 | - | - | - | - | 33,214 |
| Education | - | 3,788,263 | 1,414,587 | 9,068 | - | 5,211,918 |
| Capital expenditures | 487,952 | - | - | - | 129,518 | 617,470 |
| Total Expenditures | 1,589,013 | 3,788,263 | 1,414,587 | 9,068 | 147,881 | 6,948,812 |
| Excess of revenues over (under) Expenditures | 336,516 | 70,053 | 41,477 | 50,136 | (147,881) | 350,301 |
| Other Financing Sources (uses) | | | | | | |
| Operating transfers in | 84,306 | - | 75,157 | - | - | 159,463 |
| Operating transfers out | (665,000) | (75,157) | - | (59,204) | - | (799,361) |
| Total other financing sources | (580,694) | (75,157) | 75,157 | (59,204) | - | (639,898) |
| Excess of revenues and other sources over (under) expenditures and other uses | (244,178) | (5,104) | 116,634 | (9,068) | (147,881) | (289,597) |
| FUND BALANCE - July 1, 2010 | 1,891,463 | 203,717 | (360,329) | 71,498 | 451,682 | 2,258,031 |
| FUND BALANCE - June 30, 2011 | \$ 1,647,285 | \$ 198,613 | \$ (243,695) | \$ 62,430 | \$ 303,801 | \$ 1,968,434 |

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted Town
Combining Balance Sheet
June 30, 2011

| | 104 | 144 | 146 | 147 | 205 | 206 | 209 |
|-------------------------------|-----------------|-------------------|--------------------------|------------------------|----------------------------------|--------------------------------|-------------------------------|
| | Town Gym | Land Trust | Cell Phone Tower Fund | Inspection Services | Legislative Grant Raptakis | Senior Center Operations | Legislative Grant Inman |
| \$ | - | - | - | - | - | - | - |
| Cash | - | - | - | - | - | - | - |
| Intergovernmental receivables | - | - | - | - | - | - | - |
| Due from other funds | 6,391 | 879,574 | 73,612 | 83,513 | 344 | 1,022 | 10,000 |
| Total assets | \$ 6,391 | \$ 879,574 | \$ 73,612 | \$ 83,513 | \$ 344 | \$ 1,022 | \$ 10,000 |

ASSETS

| | | | | | | | |
|-------------------------------|-----------------|-------------------|------------------|------------------|---------------|-----------------|------------------|
| Cash | - | - | - | - | - | - | - |
| Intergovernmental receivables | - | - | - | - | - | - | - |
| Due from other funds | 6,391 | 879,574 | 73,612 | 83,513 | 344 | 1,022 | 10,000 |
| Total assets | \$ 6,391 | \$ 879,574 | \$ 73,612 | \$ 83,513 | \$ 344 | \$ 1,022 | \$ 10,000 |

LIABILITIES AND FUND BALANCES

| | | | | | | | |
|--------------------------|----------|----------|----------|----------|----------|----------|----------|
| Liabilities | | | | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | - | - | - | - | - | - | - |
| Total liabilities | - |

Fund balances (deficits)

| | | | | | | | |
|--|-----------------|-------------------|------------------|------------------|---------------|-----------------|------------------|
| <i>Restricted for:</i> | | | | | | | |
| Public safety programs | - | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - |
| Health and human services | - | - | - | - | 344 | 1,022 | 10,000 |
| <i>Committed for:</i> | | | | | | | |
| Public works programs | - | - | - | 83,513 | - | - | - |
| Culture and recreation | 6,391 | 879,574 | 73,612 | - | - | - | - |
| <i>Unassigned</i> | - | - | - | - | - | - | - |
| Total fund balances (deficits) | 6,391 | 879,574 | 73,612 | 83,513 | 344 | 1,022 | 10,000 |
| Total liabilities and fund balances | \$ 6,391 | \$ 879,574 | \$ 73,612 | \$ 83,513 | \$ 344 | \$ 1,022 | \$ 10,000 |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted Town
Combining Balance Sheet
June 30, 2011

| | 240 | 242 | 244 | 246 | 255 | 275 | 262 |
|---------------------|-----------------|---------------------------|---------------------------------|-----------------------|--------------------------|------------------------|-------------------------|
| | RIEMA III | Resource Sharing 08 | Legislative Grant Moffitt | Mapleroot Cemetery | Document Preservation | RIEMA Communication | Drug Seizure Fund |
| \$ | - | - | - | - | - | - | 56,872 |
| | - | - | - | - | - | - | - |
| | 2,449 | - | 2,110 | 1,500 | 24,077 | - | - |
| Total assets | \$ 2,449 | \$ - | \$ 2,110 | \$ 1,500 | \$ 24,077 | \$ - | \$ 56,872 |

ASSETS

Cash
Intergovernmental receivables
Due from other funds

Total assets

LIABILITIES AND FUND BALANCES

Liabilities

Due to other funds
Accounts payable

Total liabilities

Fund balances (deficits)

Restricted for:

Public safety programs
Culture and recreation
Health and human services

Committed for:

Public works programs
Culture and recreation

Unassigned

Total fund balances (deficits)

Total liabilities and fund balances

| | | | | | | | |
|--|-----------------|-------------|-----------------|-----------------|------------------|-------------|------------------|
| \$ | - | 207 | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| | 2,449 | - | - | - | 24,077 | - | 56,872 |
| | - | - | 2,110 | - | - | - | - |
| | - | - | - | 1,500 | - | - | - |
| | - | (207) | - | - | - | - | - |
| | 2,449 | (207) | 2,110 | 1,500 | 24,077 | - | 56,872 |
| Total liabilities and fund balances | \$ 2,449 | \$ - | \$ 2,110 | \$ 1,500 | \$ 24,077 | \$ - | \$ 56,872 |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted Town
Combining Balance Sheet
June 30, 2011

| | 265 | 266 | 267 | 274 | 301 | 302 | 303 |
|---------------------|------------------------|-----------------|-----------------|------------------|---------------|-----------------|-------------------|
| | Teen Center Operations | Rec. Grant | Byrne Grant | Resource Sharing | Traffic Grant | Calea ETC Grant | Bulletproof Vests |
| \$ | - | - | - | - | - | - | - |
| | | | 1,032 | | | | 638 |
| | 9,638 | 3,000 | - | 6,532 | - | - | - |
| Total assets | \$ 9,638 | \$ 3,000 | \$ 1,032 | \$ 6,532 | \$ - | \$ - | \$ 638 |

ASSETS

Cash
Intergovernmental receivables
Due from other funds

Total assets

LIABILITIES AND FUND BALANCES

Liabilities

Due to other funds
Accounts payable

Total liabilities

Fund balances (deficits)

Restricted for:

Public safety programs
Culture and recreation
Health and human services

Committed for:

Public works programs
Culture and recreation

Unassigned

Total fund balances (deficits)

Total liabilities and fund balances

| | | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|---------------|
| \$ | - | - | - | - | - | - | - |
| | | | 2,753 | | 8,778 | 29,084 | 127 |
| | - | - | - | - | - | - | - |
| | 9,638 | 3,000 | - | 6,532 | - | - | - |
| | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| | - | - | (1,721) | - | (8,778) | (29,084) | 511 |
| Total fund balances (deficits) | 9,638 | 3,000 | (1,721) | 6,532 | (8,778) | (29,084) | 511 |
| Total liabilities and fund balances | \$ 9,638 | \$ 3,000 | \$ 1,032 | \$ 6,532 | \$ - | \$ - | \$ 638 |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted Town
Combining Balance Sheet
June 30, 2011

| | 239-273 | 306 | 321 | 322 | 277 | 327 | 330 |
|-------------------------------|------------------|------------------------------------|------------------------------|------------------|---------------------|-------------------------------|----------------------------|
| | | DUI/Speed Click it or Ticket | Federal Energy Grant I | MEDS Grant | E-Citation Grant | Federal Energy Grant II | March Flood Disaster |
| Cash | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental receivables | 13,176 | - | - | - | - | - | - |
| Due from other funds | 5,169 | - | 1,885 | 18,619 | 1,973 | - | 164,279 |
| Total assets | \$ 18,345 | \$ - | \$ 1,885 | \$ 18,619 | \$ 1,973 | \$ - | \$ 164,279 |

ASSETS

| | | | | | | | |
|-------------------------------|--------|------|-------|--------|-------|------|---------|
| Cash | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental receivables | 13,176 | - | - | - | - | - | - |
| Due from other funds | 5,169 | - | 1,885 | 18,619 | 1,973 | - | 164,279 |

Total assets

| | | | | | | | |
|---------------------|------------------|-------------|-----------------|------------------|-----------------|-------------|-------------------|
| Total assets | \$ 18,345 | \$ - | \$ 1,885 | \$ 18,619 | \$ 1,973 | \$ - | \$ 164,279 |
|---------------------|------------------|-------------|-----------------|------------------|-----------------|-------------|-------------------|

LIABILITIES AND FUND BALANCES

Liabilities

| | | | | | | | |
|--------------------|-----------|----------|------|------|------|-----------|------|
| Due to other funds | \$ 23,051 | \$ 4,327 | \$ - | \$ - | \$ - | \$ 40,555 | \$ - |
| Accounts payable | - | - | - | - | - | - | - |

Total liabilities

| | | | | | | | |
|--------------------------|------------------|-----------------|-------------|-------------|-------------|------------------|-------------|
| Total liabilities | \$ 23,051 | \$ 4,327 | \$ - | \$ - | \$ - | \$ 40,555 | \$ - |
|--------------------------|------------------|-----------------|-------------|-------------|-------------|------------------|-------------|

Fund balances (deficits)

Restricted for:

| | | | | | | | |
|---------------------------|---|---|-------|--------|-------|---|---------|
| Public safety programs | - | - | - | - | 1,973 | - | 164,279 |
| Culture and recreation | - | - | 1,885 | 18,619 | - | - | - |
| Health and human services | - | - | - | - | - | - | - |

Committed for:

| | | | | | | | |
|---------------------------------------|----------------|----------------|--------------|---------------|--------------|-----------------|----------------|
| Public works programs | - | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - |
| <i>Unassigned</i> | (4,706) | (4,327) | - | - | - | (40,555) | - |
| Total fund balances (deficits) | (4,706) | (4,327) | 1,885 | 18,619 | 1,973 | (40,555) | 164,279 |

Total liabilities and fund balances

| | | | | | | | |
|--|------------------|-------------|-----------------|------------------|-----------------|-------------|-------------------|
| Total liabilities and fund balances | \$ 18,345 | \$ - | \$ 1,885 | \$ 18,619 | \$ 1,973 | \$ - | \$ 164,279 |
|--|------------------|-------------|-----------------|------------------|-----------------|-------------|-------------------|

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted Town
Combining Balance Sheet
June 30, 2011

| | 400 | 404 | 408 | 420 | |
|--|-----------|-------------------|----------------|-------------|-----------------------------------|
| | Food Bank | Fire District EMA | Coventry Cares | Impact Fees | Total Special Revenue Town |

| | | | | | |
|-------------------------------|---------------|---------------|--------------|----------------|------------------|
| ASSETS | | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - | \$ 441,731 |
| Intergovernmental receivables | - | - | - | - | 34,116 |
| Due from other funds | 28,705 | 48,878 | 5,632 | - | 1,442,790 |
| Total assets | 28,705 | 48,878 | 5,632 | 384,859 | 1,918,637 |

LIABILITIES AND FUND BALANCES

| | | | | | |
|--------------------------|----------|----------|----------|---------------|----------------|
| Liabilities | | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ 74,695 | \$ 260,644 |
| Accounts payable | - | - | - | 10,708 | 10,708 |
| Total liabilities | - | - | - | 85,403 | 271,352 |

| | | | | | |
|--|------------------|------------------|-----------------|-------------------|---------------------|
| Fund balances (deficits) | | | | | |
| <i>Restricted for:</i> | | | | | |
| Public safety programs | - | 48,878 | - | - | 285,897 |
| Culture and recreation | - | - | - | - | 77,113 |
| Health and human services | 28,705 | - | - | - | 89,993 |
| <i>Committed for:</i> | | | | | |
| Public works programs | - | - | - | - | 85,013 |
| Culture and recreation | - | - | 5,632 | 299,456 | 1,264,665 |
| <i>Unassigned</i> | - | - | - | - | (155,396) |
| Total fund balances (deficits) | 28,705 | 48,878 | 5,632 | 299,456 | 1,647,285 |
| Total liabilities and fund balances | \$ 28,705 | \$ 48,878 | \$ 5,632 | \$ 384,859 | \$ 1,918,637 |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted Town
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2011

| | 104 | 144 | 146 | 147 | 205 | 206 | 209 |
|--|-----------------|-------------------|--------------------------|------------------------|----------------------------------|--------------------------------|-------------------------------|
| | Town Gym | Land Trust | Cell Phone Tower Fund | Inspection Services | Legislative Grant Raptakis | Senior Center Operations | Legislative Grant Inman |
| REVENUES | | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ 3,000 | \$ 9,234 | \$ - |
| Charges for services | 975 | - | 646,483 | - | - | - | - |
| Investment income | - | - | - | - | - | - | - |
| Contributions and private grants | - | - | - | - | - | - | - |
| Total Revenues | 975 | - | 646,483 | - | 3,000 | 9,234 | - |
| EXPENDITURES | | | | | | | |
| Executive and administration | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - | - |
| Community and economic development | - | - | - | - | - | - | - |
| Health and human services | - | - | - | - | 3,050 | 8,933 | - |
| Culture & recreation | 583 | 29,312 | - | - | - | - | - |
| Capital expenditures | - | - | - | - | - | - | - |
| Total Expenditures | 583 | 29,312 | - | - | 3,050 | 8,933 | - |
| Excess of revenues over (under) Expenditures | 392 | (29,312) | 646,483 | - | (50) | 301 | - |
| Other Financing Sources (uses) | | | | | | | |
| Operating transfers in | - | 84,306 | - | - | - | - | - |
| Operating transfers out | - | - | (565,000) | - | - | - | - |
| Total other financing sources | - | 84,306 | (565,000) | - | - | - | - |
| Excess of revenues and other sources over (under) expenditures and other uses | 392 | 54,994 | 81,483 | - | (50) | 301 | - |
| FUND BALANCE - July 1, 2010 | 5,999 | 824,580 | (7,871) | 83,513 | 394 | 721 | 10,000 |
| FUND BALANCE - June 30, 2011 | \$ 6,391 | \$ 879,574 | \$ 73,612 | \$ 83,513 | \$ 344 | \$ 1,022 | \$ 10,000 |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted Town
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2011

| | 211 | 215 | 225 | 227 | 230 | 245 | 237 |
|--|------------------|-------------------------|--------------------|------------------------|------------------|-----------------------|-------------|
| | Project Friends | Rural Health Mini Grant | Anthony Village | Resource Sharing 09/10 | Bramley Grant | Painefield Skate Park | RIEMA I |
| REVENUES | | | | | | | |
| Intergovernmental | \$ 284,036 | \$ 4,000 | \$ 31,137 | \$ - | \$ 41,856 | \$ 26,000 | \$ - |
| Charges for services | - | - | - | - | - | - | - |
| Investment income | - | - | - | - | - | - | - |
| Contributions and private grants | - | - | - | - | - | - | - |
| Total Revenues | 284,036 | 4,000 | 31,137 | - | 41,856 | 26,000 | - |
| EXPENDITURES | | | | | | | |
| Executive and administration | - | - | 65,716 | 4,370 | - | - | - |
| Public safety | - | - | - | - | 32,291 | - | - |
| Public works | - | - | - | - | - | - | - |
| Community and economic development | - | - | - | - | - | - | - |
| Health and human services | 310,253 | 2,589 | - | - | - | - | - |
| Culture & recreation | - | - | - | - | - | - | - |
| Capital expenditures | - | - | - | - | - | - | - |
| Total Expenditures | 310,253 | 2,589 | 65,716 | 4,370 | 32,291 | - | - |
| Excess of revenues over (under) Expenditures | (26,217) | 1,411 | (34,579) | (4,370) | 9,565 | 26,000 | - |
| Other Financing Sources (uses) | | | | | | | |
| Operating transfers in | - | - | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - | - | - |
| Total other financing sources | - | - | - | - | - | - | - |
| Excess of revenues and other sources over (under) expenditures and other uses | (26,217) | 1,411 | (34,579) | (4,370) | 9,565 | 26,000 | - |
| FUND BALANCE - July 1, 2010 | 61,391 | (1,535) | (31,826) | 4,370 | 1,881 | - | - |
| FUND BALANCE - June 30, 2011 | \$ 35,174 | \$ (124) | \$ (66,405) | \$ - | \$ 11,446 | \$ 26,000 | \$ - |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted Town
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2011

| | 240 | 242 | 244 | 246 | 255 | 275 | 262 |
|--|----------|----------|-------------|-----------|--------------|---------------|-----------|
| | RIEMA | Resource | Legislative | Mapleroot | Document | RIEMA | Drug |
| | III | Sharing | Grant | Cemetery | Preservation | Communication | Seizure |
| | | 08 | Moffitt | | | | Fund |
| REVENUES | | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 45,784 | \$ 6,375 |
| Charges for services | - | - | - | - | 31,519 | - | - |
| Investment income | - | - | - | - | - | - | 272 |
| Contributions and private grants | - | - | - | - | - | - | - |
| Total Revenues | - | - | - | - | 31,519 | 45,784 | 6,647 |
| EXPENDITURES | | | | | | | |
| Executive and administration | - | - | - | - | 46,900 | - | - |
| Public safety | - | - | - | - | - | 45,784 | 6,472 |
| Public works | - | - | - | - | - | - | - |
| Community and economic development | - | - | - | - | - | - | - |
| Health and human services | - | - | - | - | - | - | - |
| Culture & recreation | - | - | - | - | - | - | - |
| Capital expenditures | - | - | - | - | - | - | - |
| Total Expenditures | - | - | - | - | 46,900 | 45,784 | 6,472 |
| Excess of revenues over (under) Expenditures | - | - | - | - | (15,381) | - | 175 |
| Other Financing Sources (uses) | | | | | | | |
| Operating transfers in | - | - | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - | - | - |
| Total other financing sources | - | - | - | - | - | - | - |
| Excess of revenues and other sources over (under) expenditures and other uses | - | - | - | - | (15,381) | - | 175 |
| FUND BALANCE - July 1, 2010 | 2,449 | (207) | 2,110 | 1,500 | 39,458 | - | 56,697 |
| FUND BALANCE - June 30, 2011 | \$ 2,449 | \$ (207) | \$ 2,110 | \$ 1,500 | \$ 24,077 | \$ - | \$ 56,872 |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted Town
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2011

| | 265 Teen Center Operations | 266 Rec. Receptacle Grant | 267 Byrne Grant | 274 Resource Sharing | 301 Traffic Grant | 302 Calea ETC Grant | 303 Bulletproof Vests |
|--|-------------------------------------|------------------------------------|-----------------------|----------------------------|-------------------------|---------------------------|-----------------------------|
| REVENUES | | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ 71,465 | \$ 109,100 | \$ - | \$ - | \$ 638 |
| Charges for services | - | - | - | - | - | - | - |
| Investment income | - | - | - | - | - | - | - |
| Contributions and private grants | - | - | - | - | - | - | - |
| Total Revenues | - | - | 71,465 | 109,100 | - | - | 638 |
| EXPENDITURES | | | | | | | |
| Executive and administration | - | - | - | 102,568 | - | - | - |
| Public safety | - | - | 24,560 | - | 3,828 | 5,183 | 638 |
| Public works | - | - | - | - | - | - | - |
| Community and economic development | - | - | - | - | - | - | - |
| Health and human services | - | - | - | - | - | - | - |
| Culture & recreation | - | - | - | - | - | - | - |
| Capital expenditures | - | - | 48,626 | - | - | - | - |
| Total Expenditures | - | - | 73,186 | 102,568 | 3,828 | 5,183 | 638 |
| Excess of revenues over (under) Expenditures | - | - | (1,721) | 6,532 | (3,828) | (5,183) | - |
| Other Financing Sources (uses) | | | | | | | |
| Operating transfers in | - | - | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - | - | - |
| Total other financing sources | - | - | - | - | - | - | - |
| Excess of revenues and other sources over (under) expenditures and other uses | - | - | (1,721) | 6,532 | (3,828) | (5,183) | - |
| FUND BALANCE - July 1, 2010 | 9,638 | 3,000 | - | - | (4,950) | (23,901) | 511 |
| FUND BALANCE - June 30, 2011 | \$ 9,638 | \$ 3,000 | \$ (1,721) | \$ 6,532 | \$ (8,778) | \$ (29,084) | \$ 511 |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted Town
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2011

| | 239-273 | 306 | 321 | 322 | 277 | 327 | 330 |
|--|---------|------------------------------------|------------------------------|---------------|---------------------|-------------------------------|----------------------------|
| | CDBG | DUI/Speed Click it or Ticket | Federal Energy Grant I | MEDS Grant | E-Citation Grant | Federal Energy Grant II | March Flood Disaster |
| REVENUES | | | | | | | |
| Intergovernmental | \$ | 268,610 | \$ | - | \$ | - | \$ |
| Charges for services | - | - | - | 4,000 | - | - | 162,216 |
| Investment income | - | - | - | - | - | - | - |
| Contributions and private grants | - | - | - | - | 1,973 | - | - |
| Total Revenues | | 268,610 | 31,658 | 4,000 | 1,973 | - | 162,216 |
| EXPENDITURES | | | | | | | |
| Executive and administration | - | - | - | - | - | - | - |
| Public safety | - | 37,124 | - | 8,576 | - | - | - |
| Public works | - | - | - | - | - | 13,050 | 3,533 |
| Community and economic development | 273,316 | - | - | - | - | - | - |
| Health and human services | - | - | - | - | - | - | - |
| Culture & recreation | - | - | 3,319 | - | - | - | - |
| Capital expenditures | - | - | 110,890 | - | - | - | - |
| Total Expenditures | | 273,316 | 37,124 | 8,576 | - | 27,505 | 35,148 |
| | | | 114,209 | | | 40,555 | 38,681 |
| Excess of revenues over (under) Expenditures | | (4,706) | (5,466) | (4,576) | 1,973 | (40,555) | 123,535 |
| Other Financing Sources (uses) | | | | | | | |
| Operating transfers in | - | - | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - | - | - |
| Total other financing sources | | | | | | | |
| Excess of revenues and other sources over (under) expenditures and other uses | | (4,706) | (5,466) | (4,576) | 1,973 | (40,555) | 123,535 |
| FUND BALANCE - July 1, 2010 | | - | 1,139 | 23,195 | - | - | 40,744 |
| FUND BALANCE - June 30, 2011 | | (4,706) | (4,327) | 1,885 | 1,973 | (40,555) | 164,279 |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted Town
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2011

| | 400 | 404 | 408 | 420 | TOTAL |
|--|------------------|------------------|-----------------|-------------------|---------------------|
| | Food | Fire | Coventry | Impact | Special Revenue |
| | Bank | District | Cares | Fees | Town |
| | | EMA | | | |
| REVENUES | | | | | |
| Intergovernmental | - | 22,500 | - | - | 1,121,609 |
| Charges for services | - | - | - | 90,647 | 769,624 |
| Investment income | - | - | - | 735 | 1,007 |
| Contributions and private grants | 31,231 | - | 85 | - | 33,289 |
| Total Revenues | 31,231 | 22,500 | 85 | 91,382 | 1,925,529 |
| EXPENDITURES | | | | | |
| Executive and administration | - | - | - | - | 219,554 |
| Public safety | - | - | - | - | 164,456 |
| Public works | - | - | - | - | 16,583 |
| Community and economic development | - | - | - | 6,759 | 280,075 |
| Health and human services | 62,354 | - | - | - | 387,179 |
| Culture & recreation | - | - | - | - | 33,214 |
| Capital expenditures | - | - | - | 265,783 | 487,952 |
| Total Expenditures | 62,354 | - | - | 272,542 | 1,589,013 |
| Excess of revenues over (under) Expenditures | (31,123) | 22,500 | 85 | (181,160) | 336,516 |
| Other Financing Sources (uses) | | | | | |
| Operating transfers in | - | - | - | - | 84,306 |
| Operating transfers out | - | - | - | (100,000) | (665,000) |
| Total other financing sources | - | - | - | (100,000) | (580,694) |
| Excess of revenues and other sources over (under) expenditures and other uses | (31,123) | 22,500 | 85 | (281,160) | (244,178) |
| FUND BALANCE - July 1, 2010 | 59,828 | 26,378 | 5,547 | 580,616 | 1,891,463 |
| FUND BALANCE - June 30, 2011 | \$ 28,705 | \$ 48,878 | \$ 5,632 | \$ 299,456 | \$ 1,647,285 |
| (concluded) | | | | | (concluded) |

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted School
Combining Balance Sheet
June 30, 2011

| | 21011100 | 21011200 | 21013100 | 21014100 | 21014200 | 21021100 | 21024100 |
|--|----------|------------|-------------|-----------|------------|----------|----------|
| | IDEA | IDEA | IDEA Part B | ARRA IDEA | ARRA IDEA | Title I | ARRA |
| | Part B | Pre School | Targeted | Part B | Pre School | Title I | Title I |

| | | | | | | | |
|-------------------------------|----|---------|----|---------|----|--------|--------|
| ASSETS | | | | | | | |
| Intergovernmental receivables | \$ | 408,998 | \$ | 14,235 | \$ | 8,390 | \$ |
| Due from other funds | - | - | - | 317,618 | - | 18,456 | \$ |
| | - | - | - | - | - | - | 57,746 |

| | | | | | | | |
|---------------------|----|---------|----|--------|----|-------|-----------|
| Total assets | \$ | 408,998 | \$ | 14,235 | \$ | 8,390 | \$ |
| | | | | | | | \$ 57,746 |

LIABILITIES AND FUND BALANCES

| | | | | | | | |
|--------------------|---------|--------|-------|---------|--------|--------|-------|
| Liabilities | | | | | | | |
| Accounts payable | \$ | 37,563 | \$ | 1,727 | \$ | 3,855 | \$ |
| Due to other funds | 325,644 | 7,912 | 4,535 | 228,890 | 15,223 | 27,256 | \$ |
| Accrued salaries | 45,791 | 4,596 | - | 61,472 | - | - | \$ |
| Deferred Revenues | - | - | - | - | - | - | \$ |
| | - | - | - | - | - | - | 2,963 |

| | | | | | | | |
|--------------------------|----|---------|----|--------|----|-------|-----------|
| Total liabilities | \$ | 408,998 | \$ | 14,235 | \$ | 8,390 | \$ |
| | | | | | | | \$ 57,746 |

Fund balances (deficits)

| | | | | | | | |
|---------------------------------------|---|---|---|---|---|---|---|
| <i>Restricted for:</i> | | | | | | | |
| Educational programs | - | - | - | - | - | - | - |
| <i>Unassigned</i> | - | - | - | - | - | - | - |
| Total fund balances (deficits) | - | - | - | - | - | - | - |

| | | | | | | | |
|--|----|---------|----|--------|----|-------|-----------|
| Total liabilities and fund balances | \$ | 408,998 | \$ | 14,235 | \$ | 8,390 | \$ |
| | | | | | | | \$ 57,746 |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted School
Combining Balance Sheet
June 30, 2011

| 21032302 | 21051100 | 21031100 | 21091100 | 21091101 | 21092104 | 21092105 |
|--------------|-----------------|------------------|---------------------------|---------------------|-------------|-------------------------|
| E212 | Title IV | Title II | Perkins Vocational Ed. | Perkins Odd Year | VTA | Perkins VTA Odd Year |
| \$ - | \$ 2,454 | \$ 89,399 | \$ - | \$ 98,451 | \$ - | \$ 22,048 |
| 58 | - | - | 3,064 | - | - | - |
| \$ 58 | \$ 2,454 | \$ 89,399 | \$ 3,064 | \$ 98,451 | \$ - | \$ 22,048 |

ASSETS

Intergovernmental receivables
Due from other funds

Total assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable
Due to other funds
Accrued salaries
Deferred Revenue

Total liabilities

Fund balances (deficits)

Restricted for:

Educational programs

Unassigned

Total fund balances (deficits)

Total liabilities and fund balances

| | | | | | | |
|--------------|-----------------|------------------|-----------------|------------------|-------------|------------------|
| \$ 58 | \$ 245 | \$ 10,406 | \$ 3,064 | \$ 111 | \$ - | 19 |
| - | 2,209 | 56,076 | - | 96,941 | - | 21,495 |
| - | - | 22,917 | - | 1,399 | - | 534 |
| - | - | - | - | - | - | - |
| \$ 58 | \$ 2,454 | \$ 89,399 | \$ 3,064 | \$ 98,451 | \$ - | \$ 22,048 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| \$ 58 | \$ 2,454 | \$ 89,399 | \$ 3,064 | \$ 98,451 | \$ - | \$ 22,048 |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted School
Combining Balance Sheet
June 30, 2011

| | 21243100 | 23021000 | 21034303 | 23242000 | 23352000 | 23112001 | 23112002 |
|-------------------------------|-----------------------|-------------------|-----------------------|--------------------|-----------------------------|--------------------------------|-----------------|
| RIDE Fellows Federal Grant | Literacy Set Aside | ARRA E2T2 | Achieve Algebra II | Achieve Algebra | Gen. Assembly Volunteers | Legislative Grant Reach Out | |
| \$ | 63,183 | \$ - | \$ 3,861 | \$ 3,596 | \$ 7,097 | \$ 472 | \$ - |
| | - | 119,161 | - | - | - | - | 5,348 |
| Total assets | \$ 63,183 | \$ 119,161 | \$ 3,861 | \$ 3,596 | \$ 7,097 | \$ 472 | \$ 5,348 |

ASSETS

Intergovernmental receivables
Due from other funds

Total assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable
Due to other funds
Accrued salaries
Deferred Revenue

Total liabilities

Fund balances (deficits)

Restricted for:

Educational programs

Unassigned

Total fund balances (deficits)

Total liabilities and fund balances

| | | | | | | | |
|--|------------------|-------------------|-----------------|-----------------|-----------------|---------------|-----------------|
| \$ | 3,877 | \$ 2,857 | \$ - | \$ - | \$ - | \$ - | \$ - |
| | 33,415 | - | 3,861 | 3,596 | 7,097 | 472 | - |
| | 25,508 | 27,919 | - | - | - | - | - |
| | - | 74,148 | - | - | - | - | 5,348 |
| Total liabilities | 62,800 | 104,924 | 3,861 | 3,596 | 7,097 | 472 | 5,348 |
| | 383 | 14,237 | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| Total fund balances (deficits) | 383 | 14,237 | - | - | - | - | - |
| Total liabilities and fund balances | \$ 63,183 | \$ 119,161 | \$ 3,861 | \$ 3,596 | \$ 7,097 | \$ 472 | \$ 5,348 |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted School
Combining Balance Sheet
June 30, 2011

| | 23112003 | 23142000 | 21110000 | 23183000 | 23183001 | 2318002 | 24012004 | 24050037 |
|----|-------------------|----------|-----------------------|-----------------|----------------------|--------------------|-----------------|-----------------|
| | Legislative Grant | RISCA | Learn & Serve America | RISCA Give Me 5 | RISCA Big Yellow Bus | RISCA Arts Talk HS | Feinstein Grant | Sports Programs |
| \$ | - | - | - | - | - | - | 2,000 | \$ |
| | 165 | 225 | | 800 | | | 385,793 | 1,968 |
| \$ | 165 | 225 | | 800 | | | 387,793 | 1,968 |

ASSETS

Intergovernmental receivables
Due from other funds

Total assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable
Due to other funds
Accrued salaries
Deferred Revenue

Total liabilities

Fund balances (deficits)

Restricted for:
Educational programs
Unassigned
Total fund balances (deficits)

Total liabilities and fund balances

| | | | | | | | | |
|----|-----|-----|---|-----|---|---|---------|-------|
| \$ | - | - | - | - | - | - | - | \$ |
| | - | - | - | - | - | - | 75,157 | - |
| | - | - | - | - | - | - | - | - |
| | 165 | 225 | | 800 | | | 236,524 | 1,968 |
| \$ | 165 | 225 | | 800 | | | 311,681 | 1,968 |
| | - | - | - | - | - | - | 76,112 | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | 76,112 | - |
| \$ | 165 | 225 | | 800 | | | 387,793 | 1,968 |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted School
Combining Balance Sheet
June 30, 2011

| | 24012005 | 24012006 | 23112004 | 24012009 | 24012024 | 24012035 | 24030023 | 90000001 |
|----|-----------|------------|----------------------------------|------------|------------------------------|----------|--------------------|-------------------------|
| | Feinstein | Kiducation | Legislative Grant WC Wireless | United Way | Feinstein Restricted Fund | Amgen | Kids Consortium | Direct Reimbursement |
| \$ | - | - | - | - | - | - | - | \$ |
| | 16,317 | 33 | 13 | 436 | 75,000 | 1,185 | 210 | - |
| \$ | 16,317 | 33 | 13 | 436 | 75,000 | 1,185 | 210 | \$ |

ASSETS

Intergovernmental receivables
Due from other funds

Total assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable
Due to other funds
Accrued salaries
Deferred Revenue

Total liabilities

Fund balances (deficits)

Restricted for:
Educational programs
Unassigned

Total fund balances (deficits)

Total liabilities and fund balances

| | | | | | | | | |
|----|--------|----|----|-----|--------|-------|-----|---------|
| \$ | - | - | - | - | - | - | - | \$ |
| | - | - | - | - | - | - | - | 5,614 |
| | - | - | - | - | - | - | - | 3,269 |
| | - | 33 | 13 | 436 | - | 1,185 | 210 | - |
| \$ | - | 33 | 13 | 436 | - | 1,185 | 210 | 8,883 |
| | 16,317 | - | - | - | 75,000 | - | - | - |
| | - | - | - | - | - | - | - | (8,883) |
| \$ | 16,317 | - | - | - | 75,000 | - | - | (8,883) |
| \$ | 16,317 | 33 | 13 | 436 | 75,000 | 1,185 | 210 | \$ |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted School
Combining Balance Sheet
June 30, 2011

| | 24040010 | 24050005 | 24030025 | 24050008 | 24030052 | 24050006 | 60020000 | Total |
|----|---------------------------|------------------------------|------------------------|------------------------|-----------------------|-------------------------|--------------------|------------------------------------|
| | RI Center for the Arts | Transportation Fundraiser | RI Interlocal trust | Athletic Field Fund | Schwab Scholarship | Learn & Serve Raffle | Adult Education | Spec. Revenue Restricted School |
| \$ | - | - | 1,000 | - | - | - | - | \$ 1,303,227 |
| | 586 | 2,047 | - | 5,490 | 650 | 785 | 31,128 | 650,462 |
| \$ | 586 | 2,047 | 1,000 | 5,490 | 650 | 785 | 31,128 | 1,953,689 |

ASSETS

Intergovernmental receivables
Due from other funds

Total assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable
Due to other funds
Accrued salaries
Deferred Revenue

Total liabilities

Fund balances (deficits)

Restricted for:

Educational programs

Unassigned

Total fund balances (deficits)

Total liabilities and fund balances

| | | | | | | | | |
|----|-----|-------|-------|-------|-----|-----|--------|------------|
| \$ | - | - | 1,000 | - | - | - | - | \$ 122,215 |
| | - | - | - | - | - | - | - | 1,078,176 |
| | - | - | - | - | - | - | - | 218,391 |
| | 586 | - | - | - | 650 | 785 | 13,218 | 336,294 |
| \$ | 586 | - | 1,000 | - | 650 | 785 | 13,218 | 1,755,076 |
| | - | 2,047 | - | 5,490 | - | - | 17,910 | 207,496 |
| | - | - | - | - | - | - | - | (8,883) |
| | - | 2,047 | - | 5,490 | - | - | 17,910 | 198,613 |
| \$ | 586 | 2,047 | 1,000 | 5,490 | 650 | 785 | 31,128 | 1,953,689 |

(concluded)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2011

| | 2101100 | 2101200 | 21013100 | 21014100 | 21014200 | 21021100 | 21024100 |
|--|------------------|---------------|---------------|----------------|---------------|----------------|----------------|
| | IDEA | IDEA | IDEA Part B | ARRA IDEA | ARRA IDEA | Title I | ARRA |
| | Part B | Pre School | Targeted | Part B | Pre School | Title I | Title I |
| REVENUES | | | | | | | |
| Federal Grants | \$ 1,132,050 | \$ 39,330 | \$ 18,827 | \$ 752,861 | \$ 18,456 | \$ 477,879 | \$ 149,075 |
| State Grants | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total revenues | 1,132,050 | 39,330 | 18,827 | 752,861 | 18,456 | 477,879 | 149,075 |
| EXPENDITURES | | | | | | | |
| Salaries | 743,077 | 30,009 | 6,332 | 543,963 | - | 282,243 | 83,003 |
| Employee benefits | 303,013 | 9,321 | 212 | 164,793 | - | 103,143 | 24,794 |
| Purchased services | 56,347 | - | 3,300 | 7,135 | - | 40,842 | 1,486 |
| Supplies and materials | 8,163 | - | 5,413 | - | - | 17,693 | 240 |
| Property and equipment | 21,450 | - | 3,570 | 36,970 | 18,456 | 33,958 | 39,552 |
| Other objects | - | - | - | - | - | - | - |
| Total expenditures | 1,132,050 | 39,330 | 18,827 | 752,861 | 18,456 | 477,879 | 149,075 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - | - | - | - | - |
| Other Financing Sources (uses) | | | | | | | |
| Operating transfers out | - | - | - | - | - | - | - |
| Total other financing sources | - | - | - | - | - | - | - |
| Excess of revenues and other sources over (under) expenditures and other uses | - | - | - | - | - | - | - |
| FUND BALANCE - JULY 1, 2010 | - | - | - | - | - | - | - |
| FUND BALANCE - JUNE 30, 2011 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2011

| | 21032302 | 21051100 | 21031100 | 21091100 | 21091101 | 21092104 | 21092105 |
|--|---------------|--------------|------------------------|------------------|----------------|--------------|---------------|
| E2T2 | Title IV | Title II | Perkins Vocational Ed. | Perkins Odd Year | VTA | Perkins VTA | Odd Year |
| REVENUES | | | | | | | |
| Federal Grants | \$ 56,100 | \$ 2,741 | \$ 252,697 | \$ 22,171 | \$ 181,314 | \$ 1,119 | \$ 36,101 |
| State Grants | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total revenues | 56,100 | 2,741 | 252,697 | 22,171 | 181,314 | 1,119 | 36,101 |
| EXPENDITURES | | | | | | | |
| Salaries | - | - | 178,551 | 8,892 | 21,855 | 1,040 | 25,454 |
| Employee benefits | - | - | 59,777 | 2,828 | 17,432 | 79 | 758 |
| Purchased services | - | - | 13,453 | 9,517 | 79,695 | - | 4,053 |
| Supplies and materials | 56,100 | 2,741 | 916 | 934 | 2,808 | - | 5,836 |
| Property and equipment | - | - | - | - | 59,524 | - | - |
| Other objects | - | - | - | - | - | - | - |
| Total expenditures | 56,100 | 2,741 | 252,697 | 22,171 | 181,314 | 1,119 | 36,101 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - | - | - | - | - |
| Other Financing Sources (uses) | | | | | | | |
| Operating transfers out | - | - | - | - | - | - | - |
| Total other financing sources | - | - | - | - | - | - | - |
| Excess of revenues and other sources over (under) expenditures and other uses | - | - | - | - | - | - | - |
| FUND BALANCE - JULY 1, 2010 | - | - | - | - | - | - | - |
| FUND BALANCE - JUNE 30, 2011 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
 Special Revenue Restricted School
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 For the fiscal year ended June 30, 2010

| | 21243100 | 23021000 | 21034303 | 23242000 | 23352000 | 23112001 | 23112002 |
|--|----------------|------------------|--------------|--------------|--------------|---------------|-------------------|
| | RIDE Fellows | Literacy | ARRA | Achieve | Achieve | Gen. Assembly | Legislative Grant |
| | Grants | Set Aside | E2T2 | Algebra II | Algebra | Volunteers | Reach Out |
| REVENUES | | | | | | | |
| Federal Grants | \$ 138,618 | \$ - | \$ 3,861 | \$ - | \$ - | \$ - | \$ - |
| State Grants | - | 460,099 | - | 3,596 | 7,097 | 472 | 14 |
| Other | - | - | - | - | - | - | - |
| Total revenues | 138,618 | 460,099 | 3,861 | 3,596 | 7,097 | 472 | 14 |
| EXPENDITURES | | | | | | | |
| Salaries | 100,481 | 370,597 | - | - | - | - | - |
| Employee benefits | 38,137 | 89,502 | - | - | - | - | - |
| Purchased services | 81 | - | - | - | - | - | - |
| Supplies and materials | - | - | 3,861 | 3,596 | 7,097 | 472 | 14 |
| Property and equipment | - | - | - | - | - | - | - |
| Other objects | - | - | - | - | - | - | - |
| Total expenditures | 138,699 | 460,099 | 3,861 | 3,596 | 7,097 | 472 | 14 |
| Excess (deficiency) of revenues over (under) expenditures | (81) | - | - | - | - | - | - |
| Other Financing Sources (uses) | | | | | | | |
| Operating transfers out | - | - | - | - | - | - | - |
| Total other financing sources | - | - | - | - | - | - | - |
| Excess of revenues and other sources over (under) expenditures and other uses | (81) | - | - | - | - | - | - |
| FUND BALANCE - JULY 1, 2010 | 464 | 14,237 | - | - | - | - | - |
| FUND BALANCE - JUNE 30, 2011 | \$ 383 | \$ 14,237 | \$ - | \$ - | \$ - | \$ - | \$ - |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2011

| | 23112003 | 23142000 | 21110000 | 23183000 | 23183001 | 2318002 | 24012004 | 24050037 |
|--|-------------------|----------|---------------|-----------|------------|--------------|-----------|----------|
| | Legislative Grant | RISCA | Learn & Serve | RISCA | RISCA Big | RISCA | Feinstein | Sports |
| | HH Art Club | | America | Give Me 5 | Yellow Bus | Arts Talk HS | Grant | Programs |
| \$ | - | \$ | 499 | \$ | - | \$ | - | \$ |
| | - | - | - | - | 1,990 | 1,503 | - | - |
| | - | - | - | - | - | - | 75,157 | 3,032 |
| Total revenues | - | - | 499 | - | 1,990 | 1,503 | 75,157 | 3,032 |
| EXPENDITURES | | | | | | | | |
| Salaries | - | - | - | - | 800 | 750 | - | - |
| Employee benefits | - | - | - | - | - | 61 | - | - |
| Purchased services | - | - | 499 | - | 1,190 | 659 | - | 1,205 |
| Supplies and materials | - | - | - | - | - | - | - | 1,791 |
| Property and equipment | - | - | - | - | - | - | - | 36 |
| Other objects | - | - | - | - | - | 33 | - | - |
| Total expenditures | - | - | 499 | - | 1,990 | 1,503 | - | 3,032 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - | - | - | - | 75,157 | - |
| Other Financing Sources (uses) | - | - | - | - | - | - | (75,157) | - |
| Operating transfers out | - | - | - | - | - | - | (75,157) | - |
| Total other financing sources | - | - | - | - | - | - | (75,157) | - |
| Excess of revenues and other sources over (under) expenditures and other uses | - | - | - | - | - | - | - | - |
| FUND BALANCE - JULY 1, 2010 | - | - | - | - | - | - | 76,112 | - |
| FUND BALANCE - JUNE 30, 2011 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2011

| | 24012005 | 24012006 | 23112004 | 24012009 | 24012024 | 24012035 | 24030023 | 90000001 |
|--|---------------|------------|-------------------|------------|-----------------|----------|------------|---------------|
| | Feinstein | Kiducation | Legislative Grant | United Way | Feinstein | Amgen | Kids | Direct |
| | Comm. Support | | WC Wireless | | Restricted Fund | | Consortium | Reimbursement |
| \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | - | - | 987 | - | - | - | - | - |
| | - | - | - | - | 7,324 | - | - | 3,776 |
| Total revenues | - | - | 987 | - | 7,324 | - | - | 3,776 |
| EXPENDITURES | | | | | | | | |
| Salaries | - | - | - | - | - | - | - | 6,913 |
| Employee benefits | - | - | 987 | - | - | - | - | 303 |
| Purchased services | - | - | - | - | - | - | - | 650 |
| Supplies and materials | 933 | - | - | - | - | 7,324 | - | - |
| Property and equipment | - | - | - | - | - | - | - | - |
| Other objects | - | - | - | - | - | - | - | - |
| Total expenditures | 933 | - | 987 | - | - | 7,324 | - | 7,866 |
| Excess (deficiency) of revenues over (under) expenditures | (933) | - | - | - | - | - | - | (4,090) |
| Other Financing Sources (uses) | - | - | - | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources | - | - | - | - | - | - | - | - |
| Excess of revenues and other sources over (under) expenditures and other uses | (933) | - | - | - | - | - | - | (4,090) |
| FUND BALANCE - JULY 1, 2010 | 17,250 | - | - | - | 75,000 | - | - | (4,793) |
| FUND BALANCE - JUNE 30, 2011 | \$ 16,317 | \$ - | \$ - | \$ - | \$ 75,000 | \$ - | \$ - | \$ (8,883) |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Special Revenue Restricted School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2011

| | 24040010 | 24050005 | 24030025 | 24050008 | 24030052 | 24050006 | 60020000 | Total |
|--|--------------|-----------------|---------------|-----------------|-------------|---------------|------------------|-------------------|
| | RI Center | Transportation | RI Interlocal | Athletic | Schwab | Learn & Serve | Adult | Special Revenue |
| | for the Arts | Fundraiser | trust | Field Fund | Scholarship | Raffle | Education | Restricted School |
| REVENUES | | | | | | | | |
| Federal Grants | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,283,699 |
| State Grants | - | - | - | - | - | - | - | 475,758 |
| Other | 265 | - | 1,000 | - | 350 | 3,032 | 4,923 | 98,859 |
| Total revenues | 265 | - | 1,000 | - | 350 | 3,032 | 4,923 | 3,858,316 |
| EXPENDITURES | | | | | | | | |
| Salaries | - | - | - | - | - | - | 868 | 2,404,828 |
| Employee benefits | - | - | - | - | - | - | 13 | 815,153 |
| Purchased services | - | - | - | - | - | 3,032 | - | 223,144 |
| Supplies and materials | 265 | - | 1,000 | - | - | - | 4,042 | 131,239 |
| Property and equipment | - | - | - | - | - | - | - | 213,516 |
| Other objects | - | - | - | - | 350 | - | - | 383 |
| Total expenditures | 265 | - | 1,000 | - | 350 | 3,032 | 4,923 | 3,788,263 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - | - | - | - | - | 70,053 |
| Other Financing Sources (uses) | | | | | | | | |
| Operating transfers out | - | - | - | - | - | - | - | (75,157) |
| Total other financing sources | - | - | - | - | - | - | - | (75,157) |
| Excess of revenues and other sources over (under) expenditures and other uses | - | - | - | - | - | - | - | (5,104) |
| FUND BALANCE - JULY 1, 2010 | - | 2,047 | - | 5,490 | - | - | 17,910 | 203,717 |
| FUND BALANCE - JUNE 30, 2011 | \$ - | \$ 2,047 | \$ - | \$ 5,490 | \$ - | \$ - | \$ 17,910 | \$ 198,613 |

(concluded)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Private Purpose Trust Funds
Combining Balance Sheet
June 30, 2011

| | Waterman Fund | Fiske Fund | Cemetery Fund | Total |
|--|---------------------|-------------------|------------------|---------------------|
| ASSETS | | | | |
| Cash | \$ 157,672 | \$ 4,429 | \$ 3,296 | \$ 165,397 |
| Investments | 1,622,523 | 199,700 | 24,299 | 1,846,522 |
| Due from other funds | 711,258 | - | - | 711,258 |
| Total assets | \$ 2,491,453 | \$ 204,129 | \$ 27,595 | \$ 2,723,177 |
| LIABILITIES | | | | |
| Due to other funds | \$ - | \$ - | \$ 10,000 | \$ 10,000 |
| Total liabilities | \$ - | \$ - | \$ 10,000 | \$ 10,000 |
| FUND BALANCES | | | | |
| Unreserved | 2,491,453 | 204,129 | 17,595 | 2,713,177 |
| Total fund balances (deficits) | 2,491,453 | 204,129 | 17,595 | 2,713,177 |
| Total liabilities and fund balances | \$ 2,491,453 | \$ 204,129 | \$ 27,595 | \$ 2,723,177 |

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Private Purpose Trust Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2011

| | 600 | 601 | 602 | Total |
|---|---------------------|-------------------|------------------|---------------------|
| | Waterman Fund | Fiske Fund | Cemetery Fund | |
| REVENUES | | | | |
| Investment income | \$ 78,734 | \$ 6,657 | \$ 9,293 | \$ 94,684 |
| Other income | - | - | 25 | 25 |
| Net increase in fair value of investments | 224,697 | 28,227 | - | 252,924 |
| Total Revenues | <u>303,431</u> | <u>34,884</u> | <u>9,318</u> | <u>347,633</u> |
| EXPENDITURES | | | | |
| Social services | 21,427 | 6,856 | 31,174 | 59,457 |
| Total Expenditures | <u>21,427</u> | <u>6,856</u> | <u>31,174</u> | <u>59,457</u> |
| Excess of revenues over (under) Expenditures | 282,004 | 28,028 | (21,856) | 288,176 |
| FUND BALANCE - July 1, 2010 | 2,209,449 | 176,101 | 39,451 | 2,425,001 |
| FUND BALANCE - June 30, 2011 | <u>\$ 2,491,453</u> | <u>\$ 204,129</u> | <u>\$ 17,595</u> | <u>\$ 2,713,177</u> |

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Agency Funds - Town
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2011

| | <u>Balance</u> <u>July 1, 2010</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2011</u> |
|-------------------------------------|---------------------------------------|-------------------|-------------------|--|
| PARKS & RECREATION | | | | |
| Assets | | | | |
| Cash | 60,261 | 116,474 | 137,729 | 39,006 |
| Total assets | <u>\$ 60,261</u> | <u>\$ 116,474</u> | <u>\$ 137,729</u> | <u>\$ 39,006</u> |
| Liabilities | | | | |
| Deposits held in custody for others | \$ 60,261 | \$ 116,474 | \$ 137,729 | \$ 39,006 |
| Total liabilities | <u>\$ 60,261</u> | <u>\$ 116,474</u> | <u>\$ 137,729</u> | <u>\$ 39,006</u> |
| PERFORMANCE BONDS | | | | |
| Assets | | | | |
| Cash | \$ 1,075,567 | \$ 294,415 | \$ 302,108 | \$ 1,067,874 |
| Total assets | <u>\$ 1,075,567</u> | <u>\$ 294,415</u> | <u>\$ 302,108</u> | <u>\$ 1,067,874</u> |
| Liabilities | | | | |
| Deposits held in custody for others | \$ 1,075,567 | \$ 294,415 | \$ 302,108 | \$ 1,067,874 |
| Total liabilities | <u>\$ 1,075,567</u> | <u>\$ 294,415</u> | <u>\$ 302,108</u> | <u>\$ 1,067,874</u> |
| COVENTRY LANDFILL | | | | |
| Assets | | | | |
| Cash | \$ 210,730 | \$ - | \$ 210,730 | \$ - |
| Total assets | <u>\$ 210,730</u> | <u>\$ -</u> | <u>\$ 210,730</u> | <u>\$ -</u> |
| Liabilities | | | | |
| Deposits held in custody for others | \$ 210,730 | \$ - | \$ 210,730 | \$ - |
| Total liabilities | <u>\$ 210,730</u> | <u>\$ -</u> | <u>\$ 210,730</u> | <u>\$ -</u> |
| TOTAL | | | | |
| Assets | | | | |
| Cash | \$ 1,346,558 | \$ 410,889 | \$ 650,567 | \$ 1,106,880 |
| Total assets | <u>\$ 1,135,828</u> | <u>\$ 410,889</u> | <u>\$ 650,567</u> | <u>\$ 1,106,880</u> |
| Liabilities | | | | |
| Deposits held in custody for others | \$ 1,346,558 | \$ 410,889 | \$ 650,567 | \$ 1,106,880 |
| Total liabilities | <u>\$ 1,135,828</u> | <u>\$ 410,889</u> | <u>\$ 650,567</u> | <u>\$ 1,106,880</u> |

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Agency Funds School Department
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2011

| | <u>Balance</u> <u>July 1, 2010</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2011</u> |
|-------------------------------------|---------------------------------------|-------------------|-------------------|--|
| COVENTRY HIGH SCHOOL | | | | |
| Assets | | | | |
| Cash | \$ 179,157 | \$ 683,032 | \$ 703,940 | \$ 158,249 |
| Total assets | <u>\$ 179,157</u> | <u>\$ 683,032</u> | <u>\$ 703,940</u> | <u>\$ 158,249</u> |
| Liabilities | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - |
| Deposits held in custody for others | 179,157 | 683,032 | 703,940 | 158,249 |
| Total liabilities | <u>\$ 179,157</u> | <u>\$ 683,032</u> | <u>\$ 703,940</u> | <u>\$ 158,249</u> |
| FEINSTEIN MIDDLE SCHOOL | | | | |
| Assets | | | | |
| Cash | \$ 121,694 | \$ 603,276 | \$ 579,716 | \$ 145,254 |
| Total assets | <u>\$ 121,694</u> | <u>\$ 603,276</u> | <u>\$ 579,716</u> | <u>\$ 145,254</u> |
| Liabilities | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - |
| Deposits held in custody for others | 121,694 | 603,276 | 579,716 | 145,254 |
| Total liabilities | <u>\$ 121,694</u> | <u>\$ 603,276</u> | <u>\$ 579,716</u> | <u>\$ 145,254</u> |
| HOPKINS HILL | | | | |
| Assets | | | | |
| Cash | \$ 19,948 | \$ 69,786 | \$ 65,490 | \$ 24,244 |
| Total assets | <u>\$ 19,948</u> | <u>\$ 69,786</u> | <u>\$ 65,490</u> | <u>\$ 24,244</u> |
| Liabilities | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - |
| Deposits held in custody for others | 19,948 | 69,786 | 65,490 | 24,244 |
| Total liabilities | <u>\$ 19,948</u> | <u>\$ 69,786</u> | <u>\$ 65,490</u> | <u>\$ 24,244</u> |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Agency Funds School Department
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2011

| | <u>Balance</u> <u>July 1, 2010</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2011</u> |
|---------------------------------------|---------------------------------------|-------------------|-------------------|--|
| BLACK ROCK | | | | |
| Assets | | | | |
| Cash | \$ 14,819 | \$ 27,413 | \$ 20,392 | \$ 21,840 |
| Total assets | <u>\$ 14,819</u> | <u>\$ 27,413</u> | <u>\$ 20,392</u> | <u>\$ 21,840</u> |
| Liabilities | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - |
| Deposits held in custody for others | 14,819 | 27,413 | 20,392 | 21,840 |
| Total liabilities | <u>\$ 14,819</u> | <u>\$ 27,413</u> | <u>\$ 20,392</u> | <u>\$ 21,840</u> |
| OAK HAVEN | | | | |
| Assets | | | | |
| Cash | \$ 1,020 | \$ 480 | \$ 480 | \$ 1,020 |
| Total assets | <u>\$ 1,020</u> | <u>\$ 480</u> | <u>\$ 480</u> | <u>\$ 1,020</u> |
| Liabilities | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - |
| Deposits held in custody for others | 1,020 | 480 | 480 | 1,020 |
| Total liabilities | <u>\$ 1,020</u> | <u>\$ 480</u> | <u>\$ 480</u> | <u>\$ 1,020</u> |
| REGIONAL CAREER & TECH CTR | | | | |
| Assets | | | | |
| Cash | \$ 22,008 | \$ 151,701 | \$ 154,438 | \$ 19,271 |
| Total assets | <u>\$ 22,008</u> | <u>\$ 151,701</u> | <u>\$ 154,438</u> | <u>\$ 19,271</u> |
| Liabilities | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - |
| Deposits held in custody for others | 22,008 | 151,701 | 154,438 | 19,271 |
| Total liabilities | <u>\$ 22,008</u> | <u>\$ 151,701</u> | <u>\$ 154,438</u> | <u>\$ 19,271</u> |
| TIOGUE SCHOOL | | | | |
| Assets | | | | |
| Cash | \$ 7,572 | \$ 75,595 | \$ 65,979 | \$ 17,188 |
| Total assets | <u>\$ 7,572</u> | <u>\$ 75,595</u> | <u>\$ 65,979</u> | <u>\$ 17,188</u> |
| Liabilities | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - |
| Deposits held in custody for others | 7,572 | 75,595 | 65,979 | 17,188 |
| Total liabilities | <u>\$ 7,572</u> | <u>\$ 75,595</u> | <u>\$ 65,979</u> | <u>\$ 17,188</u> |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Agency Funds School Department
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2011

| | <u>Balance</u> <u>July 1, 2010</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2011</u> |
|-------------------------------------|---------------------------------------|-------------------|-------------------|--|
| WESTERN COVENTRY | | | | |
| Assets | | | | |
| Cash | \$ 12,317 | \$ 79,287 | \$ 79,855 | \$ 11,749 |
| Total assets | <u>\$ 12,317</u> | <u>\$ 79,287</u> | <u>\$ 79,855</u> | <u>\$ 11,749</u> |
| Liabilities | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - |
| Deposits held in custody for others | 12,317 | 79,287 | 79,855 | 11,749 |
| Total liabilities | <u>\$ 12,317</u> | <u>\$ 79,287</u> | <u>\$ 79,855</u> | <u>\$ 11,749</u> |
| WASHINGTON OAK SCHOOL | | | | |
| Assets | | | | |
| Cash | \$ 39,276 | \$ 102,227 | \$ 98,044 | \$ 43,459 |
| Total assets | <u>\$ 39,276</u> | <u>\$ 102,227</u> | <u>\$ 98,044</u> | <u>\$ 43,459</u> |
| Liabilities | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - |
| Deposits held in custody for others | 39,276 | 102,227 | 98,044 | 43,459 |
| Total liabilities | <u>\$ 39,276</u> | <u>\$ 102,227</u> | <u>\$ 98,044</u> | <u>\$ 43,459</u> |
| PHYSICAL PLANT | | | | |
| Assets | | | | |
| Cash | \$ 975 | \$ 321 | \$ 326 | \$ 970 |
| Total assets | <u>\$ 975</u> | <u>\$ 321</u> | <u>\$ 326</u> | <u>\$ 970</u> |
| Liabilities | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - |
| Deposits held in custody for others | 975 | 321 | 326 | 970 |
| Total liabilities | <u>\$ 975</u> | <u>\$ 321</u> | <u>\$ 326</u> | <u>\$ 970</u> |
| LITTLE OAKERS PRE SCHOOL | | | | |
| Assets | | | | |
| Cash | \$ - | \$ 195,919 | \$ 77,244 | \$ 118,675 |
| Total assets | <u>\$ -</u> | <u>\$ 195,919</u> | <u>\$ 77,244</u> | <u>\$ 118,675</u> |
| Liabilities | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - |
| Deposits held in custody for others | - | 195,919 | 77,244 | 118,675 |
| Total liabilities | <u>\$ -</u> | <u>\$ 195,919</u> | <u>\$ 77,244</u> | <u>\$ 118,675</u> |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF COVENTRY, RHODE ISLAND
Agency Funds School Department
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2011

| | <u>Balance</u> <u>July 1, 2010</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2011</u> |
|-------------------------------------|---------------------------------------|---------------------|---------------------|--|
| BENEFITS | | | | |
| Assets | | | | |
| Cash | \$ 462,396 | \$ 1,722,811 | \$ 1,831,069 | \$ 354,138 |
| Total assets | <u>\$ 462,396</u> | <u>\$ 1,722,811</u> | <u>\$ 1,831,069</u> | <u>\$ 354,138</u> |
| Liabilities | | | | |
| Due to other funds | \$ 252,843 | \$ 43,705.00 | \$ - | 296,548 |
| Deposits held in custody for others | 209,553 | 1,679,106 | 1,831,069 | 57,590 |
| Total liabilities | <u>\$ 462,396</u> | <u>\$ 1,722,811</u> | <u>\$ 1,831,069</u> | <u>\$ 354,138</u> |
| RETIREE MEDICAL | | | | |
| Assets | | | | |
| Cash | \$ 26,000 | \$ - | \$ 6,000 | \$ 20,000 |
| Total assets | <u>\$ 26,000</u> | <u>\$ -</u> | <u>\$ 6,000</u> | <u>\$ 20,000</u> |
| Liabilities | | | | |
| Due to other funds | \$ 3,066 | \$ 7,452 | \$ 10,518 | - |
| Deposits held in custody for others | 22,934 | (7,452) | (4,518) | 20,000 |
| Total liabilities | <u>\$ 26,000</u> | <u>\$ -</u> | <u>\$ 6,000</u> | <u>\$ 20,000</u> |
| TOTAL AGENCY FUNDS | | | | |
| Assets | | | | |
| Cash | \$ 907,182 | \$ 3,711,848 | \$ 3,682,973 | \$ 936,057 |
| Total assets | <u>\$ 907,182</u> | <u>\$ 3,711,848</u> | <u>\$ 3,682,973</u> | <u>\$ 936,057</u> |
| Liabilities | | | | |
| Due to other funds | \$ 255,909 | \$ 51,157 | \$ 10,518 | \$ 296,548 |
| Deposits held in custody for others | 651,273 | 3,660,691 | 3,672,455 | 639,509 |
| Total liabilities | <u>\$ 907,182</u> | <u>\$ 3,711,848</u> | <u>\$ 3,682,973</u> | <u>\$ 936,057</u> |

(concluded)

STATISTICAL SECTION

The Statistical Schedules differ from other financial statement presentations because they generally disclose more than one fiscal year and may present non-accounting data such as social and economic data and financial trends of the Town.

TOWN OF COVENTRY, RHODE ISLAND
Schedule of Tax Collections
For the Fiscal Year Ended June 30, 2011

| Real Estate and Property Tax Assessment of | Total Balance Uncollected 7/1/2010 | Assessment | Additions Adjustments | Abatements | Refunds and Adjustments | Total Available for Collection | Collections | (a) Balance Uncollected 6/30/2011 |
|--|------------------------------------|---------------|-----------------------|-------------|-------------------------|--------------------------------|---------------|-----------------------------------|
| 2010 | \$ - | \$ 57,044,768 | \$ 158,121 | \$ (72,942) | \$ 88,553 | \$ 57,218,500 | \$ 56,442,159 | \$ 776,341 |
| 2009 | 625,640 | - | 2,783 | (4,322) | 5,162 | 629,263 | 470,576 | 158,687 |
| 2008 | 112,246 | - | 2,801 | (3,555) | 3,772 | 115,264 | 20,018 | 95,246 |
| 2007 | 49,848 | - | 2,107 | - | 195 | 52,150 | 11,523 | 40,627 |
| 2006 | 72,203 | - | - | - | - | 72,203 | 6,281 | 65,922 |
| 2005 | 66,749 | - | - | - | 156 | 66,905 | 5,043 | 61,862 |
| 2004 | 70,624 | - | - | - | 120 | 70,744 | 2,333 | 68,411 |
| 2003 | 62,013 | - | - | - | - | 62,013 | 1,172 | 60,841 |
| 2002 | 52,319 | - | - | - | - | 52,319 | 1,119 | 51,200 |
| 2001 | 72,212 | - | - | - | - | 72,212 | 998 | 71,214 |
| 2000 | 66,795 | - | - | - | - | 66,795 | 946 | 65,849 |
| 1999 | 65,081 | - | - | (76) | - | 65,005 | 918 | 64,087 |
| 1998 | 35,321 | - | - | - | - | 35,321 | - | 35,321 |
| 1997 | 15,689 | - | - | - | - | 15,689 | - | 15,689 |
| 1996 | 4,722 | - | - | - | - | 4,722 | - | 4,722 |
| Prior years | 1,592 | - | - | - | - | 1,592 | - | 1,592 |
| TOTAL PROPERTY | \$ 1,373,054 | \$ 57,044,768 | \$ 165,812 | \$ (80,895) | \$ 97,958 | \$ 58,600,697 | \$ 56,963,086 | \$ 1,637,611 |

| Auto Excise Tax Assessment of | Total Balance Uncollected 7/1/2010 | Assessment | Additions Adjustments | Abatements | Authorized Transfers and Adjustments | Total Available for Collection | Collections | Balance Uncollected 6/30/2011 |
|-------------------------------|------------------------------------|--------------|-----------------------|-------------|--------------------------------------|--------------------------------|--------------|-------------------------------|
| 2010 | \$ - | \$ 2,518,067 | \$ - | \$ - | \$ 3,644 | \$ 2,516,012 | \$ 2,369,441 | \$ 146,571 |
| 2009 | 119,311 | - | 14 | (383) | 237 | 119,179 | 65,638 | 53,541 |
| 2008 | 69,751 | - | - | (16) | 108 | 69,843 | 14,856 | 54,987 |
| 2007 | 56,248 | - | 61 | (27) | - | 56,282 | 5,904 | 50,378 |
| 2006 | 49,189 | - | - | - | - | 49,189 | 6,340 | 42,849 |
| 2005 | 40,771 | - | - | - | (27) | 40,744 | 2,379 | 38,365 |
| 2004 | 27,401 | - | - | - | (25) | 27,376 | 1,313 | 26,063 |
| 2003 | 19,946 | - | - | - | - | 19,946 | 55 | 19,891 |
| 2002 | 14,443 | - | - | - | - | 14,443 | 176 | 14,267 |
| 2001 | 22,244 | - | - | - | - | 22,244 | 390 | 21,854 |
| 2000 | 22,901 | - | - | (22,690) | - | 211 | 211 | - |
| 1999 | 22,897 | - | - | (22,638) | - | 259 | 259 | - |
| TOTAL AUTO | \$ 465,102 | \$ 2,518,067 | \$ 75 | \$ (51,453) | \$ 3,937 | \$ 2,935,728 | \$ 2,466,962 | \$ 468,766 |

TOTAL PROPERTY TAX AND AUTO EXCISE TAX

| | | | | | | | |
|--------------|---------------|------------|--------------|------------|---------------|---------------|--------------|
| \$ 1,838,156 | \$ 59,562,835 | \$ 165,887 | \$ (132,348) | \$ 101,895 | \$ 61,536,425 | \$ 59,430,048 | \$ 2,106,377 |
|--------------|---------------|------------|--------------|------------|---------------|---------------|--------------|

TOWN OF COVENTRY, RHODE ISLAND
Supplementary Information
Schedule of Assessed Property Valuations, Exemptions and Tax Levy
For the Year Ended June 30, 2011

| | December 31, 2009 | December 31, 2008 | December 31, 2007 | December 31, 2006 | December 31, 2005 | December 31, 2004 | December 31, 2003 | December 31, 2002 |
|---|----------------------|----------------------|----------------------|----------------------|------------------------|------------------------|------------------------|------------------------|
| Assessed Property Valuations: | | | | | | | | |
| Real Property | \$ 3,688,440,259 | \$ 3,679,277,325 | \$ 3,661,025,184 | \$ 3,315,487,502 | \$3,281,103,269 | \$3,228,273,210 | \$1,818,154,563 | \$1,784,855,091 |
| Tangibles | 114,421,880 | 116,794,405 | 116,558,916 | 27,615,172 | 21,656,098 | 22,042,993 | 18,508,304 | 16,852,588 |
| Motor Vehicles | 298,253,258 | 250,975,340 | 283,134,618 | 271,963,528 | 271,118,304 | 241,805,645 | 214,780,443 | 212,372,489 |
| | 4,101,115,397 | 4,047,047,070 | 4,060,718,718 | 3,615,066,202 | 3,573,877,671 | 3,492,121,848 | 2,051,443,310 | 2,014,080,168 |
| Less Exemptions: | | | | | | | | |
| Blindness | 488,872 | 445,500 | 392,830 | 409,330 | 343,330 | 304,430 | 254,930 | 94,820 |
| Elderly and Disabled | 19,752,580 | 19,488,580 | 19,472,580 | 18,779,111 | 18,857,004 | 18,811,924 | 18,629,004 | 18,380,900 |
| Gold Star Mothers | 15,000 | 15,000 | 18,000 | 15,000 | 15,000 | 12,000 | 12,000 | 9,000 |
| Rectories and Parsonages | - | 453,400 | 453,400 | 480,150 | 1,326,130 | 744,910 | 703,350 | 703,350 |
| State Veterans | 120,265 | 125,415 | 130,795 | 127,661 | 156,177 | 161,943 | 161,090 | 149,927 |
| Veterans | 18,959,180 | 19,303,080 | 19,750,880 | 20,087,370 | 20,613,470 | 20,597,110 | 21,095,110 | 21,681,480 |
| POW's | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 45,000 | 45,000 | 60,000 |
| 100% Disabled | 130,400 | 133,400 | 129,400 | 125,400 | 132,400 | 116,400 | 113,400 | 31,000 |
| Variable | 2,085,572 | - | - | - | - | 0 | 0 | 0 |
| Specially Adapted Housing | - | 12,300 | 30,300 | 30,300 | 32,638 | 20,000 | 30,000 | 30,000 |
| Motor Vehicle Phase-out | 163,838,839 | - | - | - | - | - | - | - |
| Tax Relief Program | 23,471,310 | 24,368,374 | 26,616,550 | 26,196,724 | 31,068,368 | 31,686,258 | 33,413,808 | 34,261,492 |
| Total Exemptions | 228,892,018 | 64,375,049 | 67,024,735 | 66,281,046 | 72,574,517 | 72,499,975 | 74,457,692 | 75,401,969 |
| NET TAXABLE ASSESSED | | | | | | | | |
| PROPERTY VALUATIONS \$ | 3,872,223,379 | 3,982,672,021 | 3,993,693,983 | 3,548,785,156 | \$3,501,303,154 | \$3,419,621,873 | \$1,976,985,618 | \$1,938,678,199 |
| Tax Levy: | | | | | | | | |
| Real and personal property and tangible tax | \$ 57,044,768 | \$ 56,830,394 | \$ 56,350,234 | \$ 53,733,335 | \$51,033,500 | \$45,861,014 | \$43,491,250 | \$41,183,057 |
| Motor vehicle tax | 2,518,067 | 2,183,732 | 2,756,369 | 2,558,668 | 2,581,006 | 2,330,573 | 2,348,012 | 2,094,363 |
| TOTAL TAXES ASSESSED, | | | | | | | | |
| NET OF EXEMPTIONS \$ | 59,562,835 | \$ 59,014,126 | \$ 59,106,603 | \$ 56,292,003 | \$53,614,506 | \$48,191,587 | \$45,839,262 | \$43,277,420 |

TOWN OF COVENTRY, RHODE ISLAND
Schedule of long-term liabilities - Primary Government
For the fiscal year ended June 30, 2011

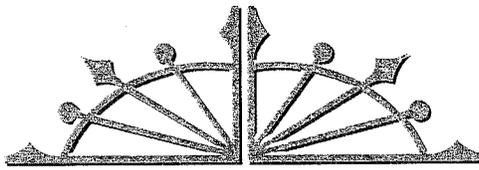
| Date of Issuance | Interest Rate | Date of Maturity | Authorized | Outstanding July 1, 2010 | Additions | Maturities During Year | Outstanding June 30, 2011 | Interest Paid |
|---|----------------------|-------------------------|----------------------|---------------------------------|----------------------|-------------------------------|----------------------------------|----------------------|
| General Obligation Bonds Payable | | | | | | | | |
| 02/25/99 | 3.4% - 4.15% | 11/01/10 | \$ 5,095,000 | \$ 365,000 | \$ - | \$ 365,000 | \$ - | \$ 7,574 |
| 06/15/02 | 3.50% to 5.00% | 06/15/22 | 15,000,000 | 9,000,000 | - | 750,000 | 8,250,000 | 416,625 |
| 12/01/01 | 3.50% to 5.00% | 11/01/21 | 11,000,000 | 6,600,000 | - | 550,000 | 6,050,000 | 298,375 |
| 12/15/03 | 2.00% to 4.00% | 6/15/23 | 8,000,000 | 5,200,000 | - | 400,000 | 4,800,000 | 181,400 |
| 4/12/11 | 2.50% | 4/11/12 | 4,330,000 | - | 4,330,000 | - | 4,330,000 | - |
| 4/13/10 | 1.25% | 4/12/11 | 4,330,000 | 4,330,000 | - | 4,330,000 | - | 53,975 |
| | | | 47,755,000 | 25,495,000 | 4,330,000 | 6,395,000 | 23,430,000 | 957,949 |
| Total general obligation bonds payable | | | | | | | | |
| Notes Payable | | | | | | | | |
| 12/31/07 | 5.00% | 12/31/13 | 126,892 | 88,648 | - | 20,568 | 68,080 | 4,432 |
| Sewer Bonds Payable | | | | | | | | |
| 09/01/03 | 0.49% - 1.49% | 9/1/23 | 3,400,000 | 2,880,000 | - | 145,000 | 2,735,000 | 15,591 |
| 7/29/09 | 3.50% | 7/28/10 | 5,500,000 | 5,500,000 | - | 5,500,000 | - | 165,821 |
| 7/30/10 | 0.00% | 7/29/11 | 5,500,000 | - | 5,500,000 | - | 5,500,000 | - |
| 12/6/06 | 1.33% | 9/1/27 | 3,205,000 | 2,933,000 | - | 139,000 | 2,794,000 | 38,217 |
| 12/12/07 | 3.75% to 5.08% | 9/1/28 | 5,000,000 | 4,792,000 | - | 211,000 | 4,581,000 | 71,706 |
| 10/6/09 | .7% - 2.64% | 9/1/29 | 2,564,519 | 2,564,519 | - | 103,608 | 2,460,911 | 44,604 |
| | | | 25,169,519 | 18,669,519 | 5,500,000 | 6,098,608 | 18,070,911 | 335,939 |
| Total Sewer bonds payable | | | | | | | | |
| | | | \$ 72,924,519 | 44,164,519 | 9,830,000 | 12,493,608 | 41,500,911 | 1,293,888 |
| Total bonds and notes | | | | | | | | |
| Accrued expenses | | | | | | | | |
| | | | | 4,527,897 | - | 166,608 | 4,361,289 | n/a |
| | | | | 32,108,831 | 1,861,045 | - | 33,969,876 | n/a |
| | | | | 661,121 | 376,084 | - | 1,037,205 | n/a |
| | | | 37,297,849 | 2,237,129 | 166,608 | 39,368,370 | | |
| Total accrued expenses | | | | | | | | |
| | | | \$ 81,462,368 | \$ 12,067,129 | \$ 12,660,216 | \$ 80,869,281 | | |
| Total long-term liabilities | | | | | | | | |

**TOWN OF COVENTRY, RHODE ISLAND
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2011**

| | |
|--|-------------------------|
| Grossed assessed value | \$ 4,101,115,397 |
| Less: exemptions and adjustments | (228,892,018) |
| Total taxable assessed value | \$ 3,872,223,379 |
| | |
| Debt Limit - 3 percent of total assessed value | \$ 116,166,701 |
| Amount of debt applicable to debt limit: | |
| Total bonded debt-governmental bonds | 23,430,000 |
| | |
| Legal debt margin | \$ 92,736,701 |

TOWN OF COVENTRY, RHODE ISLAND

SINGLE AUDIT SECTION



BAXTER DANSEREAU & ASSOCIATES, LLP
Accounting, Consulting & Tax Services

Partners
William J. Baxter, Jr., CPA
Paul L. Dansereau, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

The Honorable President
and Members of the Town Council
Town of Coventry, Rhode Island

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Coventry, Rhode Island, as of and for the year fiscal ended June 30, 2011, and have issued our report thereon dated February 18, 2012. The auditor's report on the governmental activities and the aggregate remaining fund information has been modified due to a material uncertainty in the presentation of the financial statements. Please see the opinion on the financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Town of Coventry, Rhode Island is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

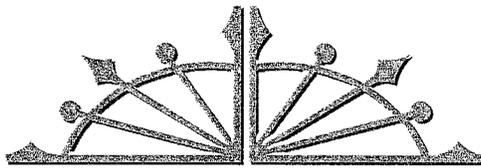
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the Town in a separate letter dated February 18, 2012.

This report is intended solely for the information and use of management, the Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Baxter Dansereau & Associates, LLP
February 18, 2012



BAXTER DANSEREAU & ASSOCIATES, LLP
Accounting, Consulting & Tax Services

Partners
William J. Baxter, Jr., CPA
Paul L. Dansereau, CPA

**REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

The Honorable President
and Members of the Town Council
Town of Coventry, Rhode Island

Compliance

We have audited the Town of Coventry, Rhode Island, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2011. The Town of Coventry's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Coventry's management. Our responsibility is to express an opinion on the Town of Coventry's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

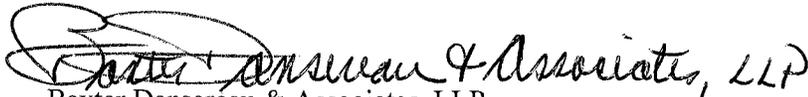
Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a direct and material effect on a major federal program

to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Baxter Dansereau & Associates, LLP
February 18, 2012

TOWN OF COVENTRY, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011

| <u>Federal Grantor/Pass-through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Grantor's Number</u> | <u>Expenditures</u> |
|---|------------------------------------|--|---------------------|
| U.S. Department of Agriculture: | | | |
| <i>Passed through State of Rhode Island Department of Education:</i> | | | |
| <i>Child Nutrition Cluster:</i> | | | |
| School Breakfast Program | 10.553 | N/A | \$ 95,753 |
| National School Lunch Program | 10.555 | N/A | 503,543 |
| Special School Milk Program for Children | 10.556 | N/A | 6,917 |
| Food Donation - See Note 4 | 10.550 | N/A | 71,956 |
| Total U.S. Department of Agriculture | | | <u>\$ 678,169</u> |
| U.S. Department of Housing and Urban Development: | | | |
| <i>Pass-Through State of Rhode Island Division of Planning, Office of Housing and Community Development</i> | | | |
| Community Development Block Grant | 14.228 | N/A | \$ 273,316 |
| Total U.S. Department of Housing and Urban Development | | | <u>\$ 273,316</u> |
| U.S. Department of Justice: | | | |
| <i>Pass-Through State of Rhode Island Governor's Justice Commission</i> | | | |
| <i>Edward Byrne Memorial State & Local Enforcement Assistance</i> | | | |
| Discretionary Grants Program | 16.580 | N/A | \$ 73,186 |
| ARRA - Ed Byrne Memorial Justice Assistance Grant - Grants to Local Gov't | 16.804 | N/A | 9,011 |
| Bulletproof Vests Partnership Program | 16.607 | N/A | 638 |
| Total U.S. Department of Justice | | | <u>\$ 82,835</u> |
| U.S. Department of Transportation | | | |
| <i>Pass-through State of Rhode Department of Transportation</i> | | | |
| <i>Highway Safety Cluster:</i> | | | |
| State and Community Highway Safety | 20.600 | | \$ 15,100 |
| Alcohol Impaired Driving Countermeasures Incentive Grants I | 20.601 | | 19,700 |
| Total U.S. Department of Transportation | | | <u>\$ 34,800</u> |
| U.S. Environmental Protection Agency | | | |
| <i>Direct Award</i> | | | |
| ARRA - Capitalization Grant for Clean Water State Revolving Fund | 66.458 | | \$ 13,506 |
| Total U.S. Environmental Protection Agency | | | <u>\$ 13,506</u> |
| U.S. Department of Energy | | | |
| <i>Pass-through State of Rhode Island</i> | | | |
| ARRA - Energy Efficiency and Conversion Block Grant Program | 81.128 | | \$ 154,764 |
| Total U.S. Department of Energy | | | <u>\$ 154,764</u> |
| U.S. Department of Education: | | | |
| <i>Passed through State of Rhode Island Department of Education:</i> | | | |
| ARRA - State Fiscal Stabilization Funds - Education State Grants | 84.394 | 4572-10502-001 | \$ 776,032 |
| <i>Education Cluster:</i> | | | |
| Title I Grants to Local Education Agencies | 84.010A | 2725-11702-001 | 477,879 |
| ARRA - Title I Grants to Local Education Agencies | 84.389 | 4572-10102-001 | 149,115 |
| Career & Technical Education - Basic Grants to States | 84.048A | 2725-15602-001 | 240,705 |
| Improving Teacher Quality State Grants | 84.367A | 2725-16402-001 | 252,697 |
| Safe and Drug-Free Schools and Communities - State Grants | 84.186A | 2725-12602-001 | 2,741 |
| Education Technology | 84.318X | 1420-53600-930 | 56,100 |
| Teacher Quality Partnership Grants | 84.336 | N/A | 138,618 |
| <i>Special Education Cluster:</i> | | | |
| Special Education Grants to States | 84.027A | 2725-13202-001 | 1,150,877 |
| Special Education Preschool Grants | 84.173A | 2725-13502-001 | 39,330 |
| ARRA - Special Education Grants to States | 84.391 | 4572-10202-001 | 752,226 |
| ARRA - Special Education Preschool Grants | 84.392 | 4572-10202-001 | 18,456 |
| Total U.S. Department of Education | | | <u>\$ 4,054,776</u> |

continued

TOWN OF COVENTRY, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011

| <u>Federal Grantor/Pass-through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Grantor's Number</u> | <u>Expenditures</u> |
|---|------------------------------------|--|---------------------|
| U.S. Department of Health & Human Services | | | |
| <i>Passed through State of Rhode Island Department of Health</i> | | | |
| Public Health and Emergency Preparedness | 93.069 | N/A | \$ 8,576 |
| Medical Assistance Program | 93.778 | N/A | 310,254 |
| Total U.S. Department of Health & Human Services | | | <u>\$ 318,830</u> |
| Corporation for National and Community Service | | | |
| <i>Passed through State of Rhode Island Department of Education:</i> | | | |
| Learn & Serve America School & Community Based Programs | 94.004 | 2725-11002-001 | \$ 499 |
| Total Corporation for National and Community Service | | | <u>\$ 499</u> |
| U.S. Department of Homeland Security | | | |
| <i>Pass-through State of Rhode Island Emergency Management Agency:</i> | | | |
| Emergency Management Performance Grants | 97.042 | N/A | \$ 45,784 |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | N/A | 38,681 |
| Homeland Security Grant Program | 97.067 | N/A | 21,840 |
| Total U.S. Department of Homeland Security | | | <u>\$ 106,305</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 5,717,800</u> |
| | | | <i>concluded</i> |

TOWN OF COVENTRY, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weakness (es) identified? _____ yes X no

Significant deficiency (ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness (es) identified? _____ yes X no

Significant deficiency (ies) identified that are not considered to be material weakness (es)? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB circular A-133? _____ yes X no

Identification of major programs:

| <i>CFDA Number(s)</i> | <i>Name of Federal Program or Cluster</i> |
|-----------------------|--|
| 81.128 | ARRA – Energy Efficiency & Conversion Block Grant Program |
| | <i>Education Cluster</i> |
| 84.010 | Title I Grants to LEA |
| 84.389 | ARRA Title I Grants to LEA |
| | <i>Special Education Cluster</i> |
| 84.027 | Special Education Grants to States |
| 84.173 | Special Education Preschool Grants |
| 84.391 | ARRA Special Education Grants to States |
| 84.392 | ARRA Special Education Preschool Grants |
| 84.394 | ARRA State Fiscal Stabilization Funds |
| 93.778 | Medical Assistance Program |

TOWN OF COVENTRY, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2011
(continued)

**SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT
AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

A. Significant Deficiency in Internal Control

None Reported

B. Compliance

None Reported

SECTION III – FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS

A. Findings

None Reported

B. Questioned Costs

None Reported

TOWN OF COVENTRY, RHODE ISLAND
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011

PRIOR YEAR FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS

A. Findings

None Reported

B. Questioned Costs

None Reported

TOWN OF COVENTRY, RHODE ISLAND
Notes to Schedule of Expenditures of Federal Awards
June 30, 2011

1. **General** - The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs of the Town of Coventry, Rhode Island.
2. **Basis of Accounting** - The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.
3. **Determination of Type A, Type B and Major Programs** - The determination of Type A and Type B federal programs was based upon the expenditures for all federal programs for the Town of Coventry, Rhode Island. As such, the threshold for determining Type A vs. Type B programs is determined at the entity level. For the fiscal year-ended June 30, 2011, grants with expenditures exceeding \$300,000 were determined to be Type A programs and all other grants were considered Type B programs. The following programs were considered major programs:

| <u>CFDA</u> | <u>Program Name</u> |
|-------------|---|
| 81.128 | ARRA – Energy Efficiency and Conversion Block Grant Program |
| | <i>Education Cluster</i> |
| 84.010 | Title I Grants to LEA |
| 84.389 | ARRA Title I Grants to LEA |
| | <i>Special Education Cluster</i> |
| 84.027 | Special Education Grants to States |
| 84.173 | Special Education Preschool Grants |
| 84.391 | ARRA Special Education Grants to States |
| 84.392 | ARRA Special Education Preschool Grants |
| 84.394 | ARRA State Fiscal Stabilization Funds |
| 93.778 | Medicaid Assistance Program |

4. **Non-Cash Assistance**

U.S.D.A. Contributions: The United States Department of Agriculture makes available commodities for donations to schools. The amount of \$71,956 represents the market value of such commodities used during the period.