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***TOWN OF COVENTRY***

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***ANNUAL  
FINANCIAL REPORT***

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2010***

***Thomas R. Hoover  
Town Manager***

***Prepared by: Finance Department***

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***COVENTRY, RHODE ISLAND***

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**TOWN OF COVENTRY, RHODE ISLAND  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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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, 2010**

## **TOWN COUNCIL**

Raymond E. Spear – President  
Laura A. Flanagan – Vice President  
Kenneth L. Cloutier  
Glenford J. Shibley  
Frank Hyde

## **TOWN MANAGER**

Thomas R. Hoover

## **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

## *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, 2010, 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'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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the Town as of June 30, 2010, 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 March 15, 2011 on our consideration of the Town'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 62 through 68 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.

  
Parmelee, Poiriet & Associates, LLP  
March 15, 2011

**TOWN OF COVENTRY, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2010**  
**(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, 2010. Please read it in conjunction with the Town's financial statements that follow this section.

**Financial Highlights**

- ❖ The net assets of the Town's primary government increased \$3,893,228 as a result of current year's operations before recognition of the \$567,314 prior period adjustment (see note 20). 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 \$2,027,570. Net assets of business activities increased by \$254,713, or 3.3%, while net assets of Governmental Activities increased by \$3,638,515, or 28%.
- ❖ The Town's Government-wide (governmental and business activities) operating expenses were \$98,492,015 a 2.6% decrease from the prior year, while revenues collected were \$106,407,730 a 5.8% increase.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,627,821. Over 95% of this amount, \$9,187,918 is unreserved 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 unreserved fund balance was \$6,942,332, or 10.5% of the total general fund expenditures for the fiscal year. The current fiscal year's expenditures and transfers exceeded revenues and transfers by \$1,406,885. On a budgetary basis revenues exceeded expenditures and transfers by \$1,634,051.

**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.

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.

**TOWN OF COVENTRY, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2010**  
**(Un-audited)**

**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.

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.

**TOWN OF COVENTRY, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2010**  
**(Un-audited)**

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 61.

**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 62 through 69.

The combining statements referred to earlier in connection with non-major governmental funds, are presented on pages 70 through 104.

**TOWN OF COVENTRY, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2010**  
**(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 \$9,866,073 as of June 30, 2010. The cumulative deficit in the governmental activities net assets was reduced by \$3,638,515 from current year activity before a prior period adjustment of (\$567,314) (see note 20 for a further explanation).

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

|                          | <i>Town of Coventry</i>         |                                |                       |                                 |                                |                       |
|--------------------------|---------------------------------|--------------------------------|-----------------------|---------------------------------|--------------------------------|-----------------------|
|                          | <i>Net Assets</i>               |                                |                       |                                 |                                |                       |
|                          | <i>June 30, 2010</i>            |                                |                       | <i>June 30, 2009</i>            |                                |                       |
|                          | Govern-<br>mental<br>Activities | Business<br>Type<br>Activities | Total                 | Govern-<br>mental<br>Activities | Business<br>Type<br>Activities | Total                 |
| Current and Other Assets | \$ 24,969,054                   | \$ 14,676,917                  | \$ 39,645,971         | \$ 23,445,820                   | \$ 11,547,377                  | \$ 34,993,197         |
| Capital assets           | <u>35,556,854</u>               | <u>22,938,183</u>              | <u>58,495,037</u>     | <u>32,345,888</u>               | <u>23,038,263</u>              | <u>55,384,151</u>     |
| Total Assets             | <u>60,525,908</u>               | <u>37,615,100</u>              | <u>98,141,008</u>     | <u>55,791,708</u>               | <u>34,585,640</u>              | <u>90,377,348</u>     |
| Other Liabilities        | 7,510,484                       | 11,107,078                     | 18,617,562            | 10,661,804                      | 10,411,850                     | 21,073,654            |
| Long-Term Liabilities    | <u>62,881,497</u>               | <u>18,669,519</u>              | <u>81,551,016</u>     | <u>58,067,178</u>               | <u>16,590,000</u>              | <u>74,657,178</u>     |
| Total Liabilities        | <u>70,391,981</u>               | <u>29,776,597</u>              | <u>100,168,578</u>    | <u>68,728,982</u>               | <u>27,001,850</u>              | <u>95,730,832</u>     |
| Net Assets:              |                                 |                                |                       |                                 |                                |                       |
| Invested in Capital      |                                 |                                |                       |                                 |                                |                       |
| Net of Related Debt      | 10,061,854                      | 3,866,837                      | 13,928,691            | 9,105,888                       | 6,444,592                      | 15,550,480            |
| Unrestricted             | <u>(19,927,927)</u>             | <u>3,971,666</u>               | <u>(15,956,261)</u>   | <u>(22,043,162)</u>             | <u>1,139,198</u>               | <u>(20,903,964)</u>   |
| Total Net Assets         | <u>\$ (9,866,073)</u>           | <u>\$ 7,838,503</u>            | <u>\$ (2,027,570)</u> | <u>\$ (12,937,274)</u>          | <u>\$ 7,583,790</u>            | <u>\$ (5,353,484)</u> |

**TOWN OF COVENTRY, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2010**  
**(Un-audited)**

The largest portion of the Town's net assets, \$10,061,854 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 \$19,927,927 deficit while the business-type activities reported a \$3,971,666 positive balance.

As of June 30, 2010 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, 2010. 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 increased the Town's net assets by \$3,638,515 for the current period accounting for a 28% increase in the Town's governmental net assets, while business-type activities increased the Town's net assets by \$254,713 for the current period. Overall the Town's increase in net assets was \$3,893,228 from current year activity which is a 73% increase over the prior year.

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, 2010**  
**(Un-audited)**

*Town of Coventry*  
*Changes in Net Assets*

|   | June 30, 2010                   |                                |                       | June 30, 2009                   |                                |                       |
|---|---------------------------------|--------------------------------|-----------------------|---------------------------------|--------------------------------|-----------------------|
|   | Govern-<br>mental<br>Activities | Business<br>Type<br>Activities | Total                 | Govern-<br>mental<br>Activities | Business<br>Type<br>Activities | Total                 |
| <b>Revenues</b>                                 |                                 |                                |                       |                                 |                                |                       |
| <b>Program revenues</b>                         |                                 |                                |                       |                                 |                                |                       |
| Charges for services                            | \$ 4,022,487                    | \$ 2,038,111                   | \$ 6,060,598          | \$ 4,717,337                    | \$ 2,159,178                   | \$ 6,876,515          |
| Federal/State grants                            | 32,765,598                      | -                              | 32,765,598            | 30,499,911                      | -                              | 30,499,911            |
| <b>General Revenues</b>                         |                                 |                                |                       |                                 |                                |                       |
| Property taxes                                  | 62,283,570                      | -                              | 62,283,570            | 56,220,134                      | -                              | 56,220,134            |
| Investment earnings                             | 532,158                         | 285                            | 532,443               | 502,001                         | 7,423                          | 509,424               |
| Miscellaneous                                   | 743,034                         | -                              | 743,034               | 1,708,982                       | -                              | 1,708,982             |
| Transfers                                       | -                               | -                              | -                     | -                               | -                              | -                     |
| Total revenues                                  | <u>100,346,847</u>              | <u>2,038,396</u>               | <u>102,385,243</u>    | <u>93,648,365</u>               | <u>2,166,601</u>               | <u>95,814,966</u>     |
| <b>Expenses</b>                                 |                                 |                                |                       |                                 |                                |                       |
| General government                              | 6,890,194                       | -                              | 6,890,194             | 6,515,316                       | -                              | 6,515,316             |
| Public safety                                   | 9,098,270                       | -                              | 9,098,270             | 9,084,560                       | -                              | 9,084,560             |
| Education                                       | 70,436,089                      | -                              | 70,436,089            | 72,368,325                      | -                              | 72,368,325            |
| Public works                                    | 5,555,051                       | -                              | 5,555,051             | 6,582,663                       | -                              | 6,582,663             |
| Community and economic development              | 355,301                         | -                              | 355,301               | 493,767                         | -                              | 493,767               |
| Health and human services                       | 1,336,807                       | -                              | 1,336,807             | 1,168,757                       | -                              | 1,168,757             |
| Culture and recreation                          | 2,050,664                       | -                              | 2,050,664             | 2,132,959                       | -                              | 2,132,959             |
| Interest on long-term debt                      | 985,956                         | -                              | 985,956               | 1,056,552                       | -                              | 1,056,552             |
| Sewer Fund Expenses                             | -                               | 1,783,683                      | 1,783,683             | -                               | 1,719,467                      | 1,719,467             |
| Special item: Loss on disposal of capital asset | -                               | -                              | -                     | 9,553                           | -                              | 9,553                 |
| Total expenses                                  | <u>96,708,332</u>               | <u>1,783,683</u>               | <u>98,492,015</u>     | <u>99,412,452</u>               | <u>1,719,467</u>               | <u>101,131,919</u>    |
| Change in net assets                            | 3,638,515                       | 254,713                        | 3,893,228             | (5,764,087)                     | 447,134                        | (5,316,953)           |
| Net assets - beginning                          | (12,937,274)                    | 7,583,790                      | (5,353,484)           | (7,173,187)                     | 7,136,556                      | (36,631)              |
| Prior period adjustments                        | (567,314)                       | -                              | (567,314)             | -                               | -                              | -                     |
| Net assets - beginning -restated                | (13,504,588)                    | 7,583,790                      | (5,920,798)           | (7,173,187)                     | 7,136,556                      | (36,631)              |
| Net assets - ending                             | <u>\$ (9,866,073)</u>           | <u>\$ 7,838,503</u>            | <u>\$ (2,027,570)</u> | <u>\$ (12,937,274)</u>          | <u>\$ 7,583,690</u>            | <u>\$ (5,353,584)</u> |

**TOWN OF COVENTRY, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2010**  
**(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 \$9,627,821. Over 95% of this amount, \$9,187,918 is unreserved and available for use within the Town's specific designations and fiscal policies or subject to outside restrictions.

**Reserved fund balances:**

|                                      |                          |
|--------------------------------------|--------------------------|
| Encumbrances                         | \$ 8,795                 |
| Other specific purposes              | <u>431,108</u>           |
| <b>Total reserved fund balances:</b> | <b><u>\$ 439,903</u></b> |

**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 \$3,971,666.

**General Fund Budgetary Highlights**

**Revenues:**

General Property Taxes – were over budget by \$516,743 due to a higher collection rate.

Intergovernmental Revenue – was over budget by \$117,454 due to unanticipated revenues.

Federal Revenue – State Fiscal Stabilization – The School Department was awarded \$919,445 in Federal Stimulus Funds.

Licenses, Fees & Permits – were over budget by \$114,555 due to an unexpected increase in development activity and related fees and permits.

Fines and Interest on Late Payments – was over budget by \$298,639 due to successful collection efforts.



**TOWN OF COVENTRY, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2010**  
**(Un-audited)**

**General Fund Budgetary Highlights – (continued)**

**Expenses:**

Public Safety – was under budget by \$ 281,725 due to open positions mainly from National Guard call ups and an anticipated retirement that didn't occur.

Public Works – was under budget by \$138,719 due to the impact of spring flooding and the resulting effort that was offset by other sources of funding.

**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 \$58,495,037 net of accumulated depreciation at June 30, 2010. 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, 2010                   |                                |            | June 30, 2009                   |                                |            |
|--------------------------------|---------------------------------|--------------------------------|------------|---------------------------------|--------------------------------|------------|
|                                | Govern-<br>mental<br>Activities | Business<br>Type<br>Activities | Total      | Govern-<br>mental<br>Activities | Business<br>Type<br>Activities | Total      |
| Land                           | 8,386,110                       | -                              | 8,386,110  | 2,934,763                       | -                              | 2,934,763  |
| Construction in progress       | -                               | 401,827                        | 401,827    | 666,633                         | 3,671                          | 670,304    |
| Infrastructure                 | 698,815                         | -                              | 698,815    | 740,931                         | -                              | 740,931    |
| Buildings & Improvements       | 25,305,090                      | -                              | 25,305,090 | 26,535,007                      | -                              | 26,535,007 |
| Machinery and equipment        | 44,162                          | -                              | 44,162     | 85,808                          | -                              | 85,808     |
| Office equipment and furniture | 181,434                         | -                              | 181,434    | 241,833                         | -                              | 241,833    |
| Vehicles                       | 941,243                         | -                              | 941,243    | 1,140,913                       | -                              | 1,140,913  |
| Wastewater collection system   | -                               | 22,536,356                     | 22,536,356 | -                               | 23,034,593                     | 23,034,593 |
| Total                          | 35,556,854                      | 22,938,183                     | 58,495,037 | 32,345,888                      | 23,038,264                     | 55,384,152 |

**TOWN OF COVENTRY, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2010**  
**(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 \$25,495,000. 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, 2010</i>            |                                |                   | <i>June 30, 2009</i>            |                                |                   |
|--------------------------|---------------------------------|--------------------------------|-------------------|---------------------------------|--------------------------------|-------------------|
|                          | Govern-<br>mental<br>Activities | Business<br>Type<br>Activities | Total             | Govern-<br>mental<br>Activities | Business<br>Type<br>Activities | Total             |
| General Obligation Bonds | 25,495,000                      | 2,880,000                      | 28,375,000        | 23,240,000                      | 3,020,000                      | 26,260,000        |
| Notes Payable            | 88,648                          | 15,789,519                     | 15,878,167        | -                               | 13,570,000                     | 13,570,000        |
| Totals                   | <u>25,583,648</u>               | <u>18,669,519</u>              | <u>44,253,167</u> | <u>23,240,000</u>               | <u>16,590,000</u>              | <u>39,830,000</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 107 and 108.

**Economic Factors and Next Year's Budgets and Rates**

The Town of Coventry's total budget for fiscal year 2011 amounts to \$ 87,066,245, which reflects an increase of \$44,577 over fiscal 2010 budget of \$87,021,668. Of the Town's 2011 budget, \$62,371,189, or 72% is budgeted for educational purposes, \$21,562,787 or 25% for municipal government, \$3,059,954 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 \$17,625,625 toward the Town's educational expenses for fiscal year 2011. This is an increase of \$ 712,644 over the \$16,912,981 contributed by the State in the fiscal year 2010.

The Town's residential and commercial property tax rates for fiscal 2011 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 2010 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, 2010**  
**(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

## **Management's Discussion and Analysis**

## **BASIC FINANCIAL STATEMENTS**

## **Government-Wide Financial Statements**

**TOWN OF COVENTRY**  
**Statement of Net Assets**  
**June 30, 2010**

|   | <b>Primary Government</b>          |                                     |                       |
|---|------------------------------------|-------------------------------------|-----------------------|
|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>          |
| <i>Assets:</i>  |                                    |                                     |                       |
| <i>Current Assets:</i>                                |                                    |                                     |                       |
| Cash and cash equivalents                             | \$ 16,222,598                      | \$ 362,432                          | \$ 16,585,030         |
| Investments   | 3,341,775                          | -                                   | 3,341,775             |
| Real estate and personal property tax receivable, net | 1,838,156                          | -                                   | 1,838,156             |
| Water and sewer use fees receivable, net              | -                                  | 1,002,145                           | 1,002,145             |
| Due from federal and state government                 | 1,695,200                          | 1,661,204                           | 3,356,404             |
| Other receivables, net                                | 1,870,258                          | -                                   | 1,870,258             |
| <b>Total current assets</b>                           | <b>24,967,987</b>                  | <b>3,025,781</b>                    | <b>27,993,768</b>     |
| <i>Noncurrent assets:</i>                             |                                    |                                     |                       |
| Sewer assessments receivable                          | -                                  | 10,623,526                          | 10,623,526            |
| <b>Capital assets:</b>                                |                                    |                                     |                       |
| Land  | 8,386,110                          | -                                   | 8,386,110             |
| Construction in progress                              | -                                  | 401,827                             | 401,827               |
| Property, plant & equipment - net                     | 27,170,744                         | 22,536,356                          | 49,707,100            |
| Capital assets, net                                   | 35,556,854                         | 22,938,183                          | 58,495,037            |
| Other assets, net                                     | 1,067                              | 1,027,610                           | 1,028,677             |
| <b>Total noncurrent assets</b>                        | <b>35,557,921</b>                  | <b>34,589,319</b>                   | <b>70,147,240</b>     |
| <b>Total assets</b>                                   | <b>60,525,908</b>                  | <b>37,615,100</b>                   | <b>98,141,008</b>     |
| <i>Liabilities:</i>                                   |                                    |                                     |                       |
| Accounts payable and accrued liabilities              | 6,546,719                          | 366,844                             | 6,913,563             |
| Internal balances                                     | (519,170)                          | 519,170                             | -                     |
| Unearned revenues                                     | 360,271                            | 10,221,064                          | 10,581,335            |
| Other   | 1,122,664                          | -                                   | 1,122,664             |
| <b>Total current liabilities</b>                      | <b>7,510,484</b>                   | <b>11,107,078</b>                   | <b>18,617,562</b>     |
| <i>Long-term liabilities:</i>                         |                                    |                                     |                       |
| Due within one year                                   | 6,395,000                          | 6,098,608                           | 12,493,608            |
| Due in more than one year                             | 56,486,497                         | 12,570,911                          | 69,057,408            |
| <b>Total noncurrent liabilities</b>                   | <b>62,881,497</b>                  | <b>18,669,519</b>                   | <b>81,551,016</b>     |
| <b>Total liabilities</b>                              | <b>70,391,981</b>                  | <b>29,776,597</b>                   | <b>100,168,578</b>    |
| <i>Net Assets:</i>                                    |                                    |                                     |                       |
| Invested in capital assets, net of related debt       | 10,061,854                         | 3,866,837                           | 13,928,691            |
| Unrestricted  | (19,927,927)                       | 3,971,666                           | (15,956,261)          |
| <b>Total net assets</b>                               | <b>\$ (9,866,073)</b>              | <b>\$ 7,838,503</b>                 | <b>\$ (2,027,570)</b> |

*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, 2010**

|   | Program revenues     |                      |                                    | Net (Expense) Revenue and Changes in Net Assets |   |                       |
|---|----------------------|----------------------|------------------------------------|---|---|-----------------------|
|   | Expenses             | Charges for Services | Operating Grants and Contributions | Governmental Activities                         | Primary Government Business-type Activities | Total                 |
| <b>Functions/ Programs</b>                  |                      |                      |                                    |   |   |                       |
| <b>Governmental Activities:</b>             |                      |                      |                                    |   |   |                       |
| Governmental activities:                    |                      |                      |                                    |   |   |                       |
| General government                          | \$ 6,890,194         | \$ 674,020           | \$ 4,352,178                       | \$ (1,863,996)                                  |   | \$ (1,863,996)        |
| Public safety                               | 9,098,270            | 51,064               | 2,000,000                          | (7,047,206)                                     |   | (7,047,206)           |
| Education                                   | 70,436,089           | 2,297,515            | 26,327,922                         | (41,810,652)                                    |   | (41,810,652)          |
| Public works                                | 5,555,051            | 84,972               | -                                  | (5,470,079)                                     |   | (5,470,079)           |
| Community and economic development          | 355,301              | 844,990              | -                                  | 489,689   |   | 489,689               |
| Health and human services                   | 1,336,807            | -                    | -                                  | (1,336,807)                                     |   | (1,336,807)           |
| Culture and recreation                      | 2,050,664            | 69,926               | 85,498                             | (1,895,240)                                     |   | (1,895,240)           |
| Interest on long-term debt                  | 985,956              | -                    | -                                  | (985,956)                                       |   | (985,956)             |
| <b>Total governmental activities</b>        | <u>96,708,332</u>    | <u>4,022,487</u>     | <u>32,765,598</u>                  | <u>(59,920,247)</u>                             |   | <u>(59,920,247)</u>   |
| <b>Business type activities:</b>            |                      |                      |                                    |   |   |                       |
| Sewer Fund                                  | 1,783,683            | 2,038,111            | -                                  | -   | \$ 254,428                                  | 254,428               |
| <b>Total business-type activities</b>       | <u>1,783,683</u>     | <u>2,038,111</u>     | <u>-</u>                           | <u>-</u>  | <u>254,428</u>                              | <u>254,428</u>        |
| <b>Total</b>                                | <u>\$ 98,492,015</u> | <u>\$ 6,060,598</u>  | <u>\$ 32,765,598</u>               | <u>(59,920,247)</u>                             | <u>254,428</u>                              | <u>(59,665,819)</u>   |
| <b>General revenues:</b>                    |                      |                      |                                    |   |   |                       |
| Real estate and personal property taxes     |                      |                      |                                    | 62,283,570                                      | -   | 62,283,570            |
| Interest on property taxes                  |                      |                      |                                    | 498,639   | -   | 498,639               |
| Investment earnings                         |                      |                      |                                    | 532,158   | 285   | 532,443               |
| Miscellaneous                               |                      |                      |                                    | 244,395   | -   | 244,395               |
| <b>Total general revenues</b>               |                      |                      |                                    | <u>63,558,762</u>                               | <u>285</u>                                  | <u>63,559,047</u>     |
| <b>Change in net assets</b>                 |                      |                      |                                    | <u>3,638,515</u>                                | <u>254,713</u>                              | <u>3,893,228</u>      |
| <i>Prior period adjustment- see note 20</i> |                      |                      |                                    | (567,314)                                       | -   | (567,314)             |
| <i>Net assets-beginning</i>                 |                      |                      |                                    | (12,937,274)                                    | 7,583,790                                   | (5,353,484)           |
| <b>Net assets-ending</b>                    |                      |                      |                                    | <u>\$ (9,866,073)</u>                           | <u>\$ 7,838,503</u>                         | <u>\$ (2,027,570)</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, 2010**

|  | <i>General<br/>Fund</i> | <i>School<br/>Unrestricted<br/>Fund</i> | <i>Coventry<br/>Landfill<br/>Fund</i> | <i>Other<br/>Governmental<br/>Funds</i> | <i>Total<br/>Governmental<br/>Funds</i> |
|--|-------------------------|---|---------------------------------------|---|---|
| <b>ASSETS</b>                              |                         |   |                                       |   |   |
| Cash and cash equivalents                  | \$ 14,529,521           | \$ 593,740                              | \$ -                                  | \$ 669,342                              | \$ 15,792,603                           |
| Accounts receivable:                       |                         |   |                                       |   |   |
| Real estate and personal property taxes    | 1,838,156               | -                                       | -                                     | -                                       | 1,838,156                               |
| Due from federal and state governments     | -                       | -                                       | -                                     | 1,695,200                               | 1,695,200                               |
| Other receivables                          | 1,158,780               | 711,478                                 | -                                     | -                                       | 1,870,258                               |
| Due from other funds                       | 892,964                 | 4,087,481                               | 431,108                               | 2,435,482                               | 7,847,035                               |
| Prepaid expenses                           | -                       | 1,067                                   | -                                     | -                                       | 1,067                                   |
| <b>Total assets</b>                        | <b>\$ 18,419,421</b>    | <b>\$ 5,393,766</b>                     | <b>\$ 431,108</b>                     | <b>\$ 4,800,024</b>                     | <b>\$ 29,044,319</b>                    |
| <b>LIABILITIES AND FUND BALANCES</b>       |                         |   |                                       |   |   |
| <b>Liabilities:</b>                        |                         |   |                                       |   |   |
| Accounts payable and accrued expenditures  | \$ 188,319              | \$ 5,406,211                            | \$ -                                  | \$ 861,260                              | \$ 6,455,790                            |
| Due to other funds                         | 6,506,607               | -                                       | -                                     | 1,320,462                               | 7,827,069                               |
| Deferred revenues                          | 4,149,908               | -                                       | -                                     | 360,271                                 | 4,510,179                               |
| Other liabilities                          | 623,460                 | -                                       | -                                     | -                                       | 623,460                                 |
| <b>Total liabilities</b>                   | <b>11,468,294</b>       | <b>5,406,211</b>                        | <b>-</b>                              | <b>2,541,993</b>                        | <b>19,416,498</b>                       |
| <b>Fund balances:</b>                      |                         |   |                                       |   |   |
| Reserve for:                               |                         |   |                                       |   |   |
| Encumbrances                               | 8,795                   | -                                       | -                                     | -                                       | 8,795                                   |
| Other specific purposes                    | -                       | -                                       | 431,108                               | -                                       | 431,108                                 |
| Unreserved:                                |                         |   |                                       |   |   |
| Undesignated                               | 6,942,332               | (12,445)                                | -                                     | -                                       | 6,929,887                               |
| Unreserved, reported in:                   |                         |   |                                       |   |   |
| Special revenue funds                      | -                       | -                                       | -                                     | 1,734,851                               | 1,734,851                               |
| Capital project funds                      | -                       | -                                       | -                                     | 523,180                                 | 523,180                                 |
| <b>Total fund balances</b>                 | <b>6,951,127</b>        | <b>(12,445)</b>                         | <b>431,108</b>                        | <b>2,258,031</b>                        | <b>9,627,821</b>                        |
| <b>Total liabilities and fund balances</b> | <b>\$ 18,419,421</b>    | <b>\$ 5,393,766</b>                     | <b>\$ 431,108</b>                     | <b>\$ 4,800,024</b>                     |   |

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)               | 35,312,294            |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note 7)              | 4,058,979             |
| Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 7) | (62,881,497)          |
| Internal service fund equity balance (Note 7)  | 4,016,330             |
| <b>Net assets of governmental activities</b>   | <b>\$ (9,866,073)</b> |

*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, 2010**

|   | <u>General<br/>Fund</u> | <u>School<br/>Unrestricted<br/>Fund</u> | <u>Coventry<br/>Landfill<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|-------------------------|---|---------------------------------------|---|---|
| <b>Revenues</b>   |                         |   |                                       |   |   |
| Real estate and personal property taxes   | \$ 58,954,091           | \$ -                                    | \$ -                                  | \$ -                                    | \$ 58,954,091                           |
| Other taxes   | 759,341                 | -                                       | -                                     | -                                       | 759,341                                 |
| Penalties and interest on taxes   | 498,639                 | -                                       | -                                     | -                                       | 498,639                                 |
| Licenses, fees and permits  | 736,080                 | -                                       | -                                     | -                                       | 736,080                                 |
| Investment income   | 269,871                 | -                                       | -                                     | 3,331                                   | 273,202                                 |
| Intergovernmental   | 4,726,227               | 19,833,342                              | -                                     | 5,925,448                               | 30,485,017                              |
| Federal revenue - SFSF  | 919,445                 | -                                       | -                                     | -                                       | 919,445                                 |
| Contributions and private grants  | -                       | -                                       | -                                     | 42,931                                  | 42,931                                  |
| Third party contributions   | -                       | -                                       | 2,000,000                             | -                                       | 2,000,000                               |
| Charges for services  | -                       | 760,512                                 | -                                     | 1,154,186                               | 1,914,698                               |
| Miscellaneous   | 604,026                 | 119,149                                 | 1,384                                 | 100,298                                 | 824,857                                 |
| <b>Total revenues</b>   | <u>67,467,720</u>       | <u>20,713,003</u>                       | <u>2,001,384</u>                      | <u>7,226,194</u>                        | <u>97,408,301</u>                       |
| <b>Expenditures</b>   |                         |   |                                       |   |   |
| Current:  |                         |   |                                       |   |   |
| General government  | 3,588,641               | -                                       | 490,298                               | 334,012                                 | 4,412,951                               |
| Public safety   | 8,617,941               | -                                       | -                                     | 326,605                                 | 8,944,546                               |
| Education   | -                       | 63,046,684                              | -                                     | 5,392,842                               | 68,439,526                              |
| Public works  | 5,056,429               | -                                       | -                                     | 138,595                                 | 5,195,024                               |
| Community and economic development  | 282,617                 | -                                       | -                                     | 72,684                                  | 355,301                                 |
| Health and human services   | 757,961                 | -                                       | -                                     | 561,971                                 | 1,319,932                               |
| Culture and recreation  | 1,819,334               | -                                       | -                                     | 85,955                                  | 1,905,289                               |
| Capital outlay - land   | -                       | -                                       | 5,433,542                             | 490,376                                 | 5,923,918                               |
| Debt service  | -                       | -                                       | -                                     | -                                       | -                                       |
| Principal payments  | 2,075,000               | -                                       | -                                     | -                                       | 2,075,000                               |
| Interest and fiscal charges   | 984,954                 | -                                       | -                                     | -                                       | 984,954                                 |
| <b>Total expenditures</b>   | <u>23,182,877</u>       | <u>63,046,684</u>                       | <u>5,923,840</u>                      | <u>7,403,040</u>                        | <u>99,556,441</u>                       |
| <b>Excess of revenues over (under) expenditures<br/>before other financing sources (uses)</b> | <u>44,284,843</u>       | <u>(42,333,681)</u>                     | <u>(3,922,456)</u>                    | <u>(176,846)</u>                        | <u>(2,148,140)</u>                      |
| <b>Other financing sources (uses)</b>   |                         |   |                                       |   |   |
| Transfers from other funds  | 200,000                 | 41,783,241                              | -                                     | 652,785                                 | 42,636,026                              |
| Transfers to other funds  | (42,158,513)            | -                                       | -                                     | (477,513)                               | (42,636,026)                            |
| Transfer to other funds - Federal SFSF  | (919,445)               | 919,445                                 | -                                     | -                                       | -                                       |
| Issuance of debt  | -                       | -                                       | 4,330,000                             | -                                       | 4,330,000                               |
| Premium on Ban  | -                       | -                                       | 23,564                                | -                                       | 23,564                                  |
| <b>Total other financing sources (uses)</b>   | <u>(42,877,958)</u>     | <u>42,702,686</u>                       | <u>4,353,564</u>                      | <u>175,272</u>                          | <u>4,353,564</u>                        |
| <b>Excess of revenues and other sources<br/>over (under) expenditures and other uses</b>      | <u>1,406,885</u>        | <u>369,005</u>                          | <u>431,108</u>                        | <u>(1,574)</u>                          | <u>2,205,424</u>                        |
| <b>Fund balances - beginning</b>  | <u>5,544,242</u>        | <u>(313,401)</u>                        | <u>-</u>                              | <u>2,191,556</u>                        | <u>7,422,397</u>                        |
| <b>Prior period adjustment - See Note 20</b>  | -                       | (68,049)                                | -                                     | 68,049                                  | -                                       |
| <b>Fund balances - beginning - restated</b>   | 5,544,242               | (381,450)                               | -                                     | 2,259,605                               | 7,422,397                               |
| <b>Fund balances - ending</b>   | <u>\$ 6,951,127</u>     | <u>\$ (12,445)</u>                      | <u>\$ 431,108</u>                     | <u>\$ 2,258,031</u>                     | <u>\$ 9,627,821</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, 2010**

|   |              |
|---|--------------|
| Net change in fund balances-total governmental funds  | \$ 2,205,424 |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p>   |              |
| <p>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 capital expenditures of \$5,923,918 exceed depreciation expense of \$2,705,032 in the current period.</p> | 3,218,886    |
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>   | 2,570,138    |
| <p>Interest expenses in the statement of activities includes accrued interest calculated for bonds payable</p>  | (1,002)      |
| <p>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.</p>   | (2,235,412)  |
| <p>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.</p>  | (107,926)    |
| <p>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.</p>   | (2,011,593)  |
| <p>Change in net assets of governmental activities.</p>   | \$ 3,638,515 |

*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, 2010**

|   | <u>Enterprise Fund</u> | <u>Internal Service</u> |
|---|------------------------|-------------------------|
|   | <u>Sewer</u>           | <u>Fund</u>             |
|   | <u>Fund</u>            | <u>Self Insurance</u>   |
|   |                        | <u>Reserve</u>          |
| <b>ASSETS</b>                                   |                        |                         |
| <b>Current assets:</b>                          |                        |                         |
| Cash and cash equivalents                       | \$ 362,432             | \$ 429,995              |
| Investments                                     | -                      | 3,341,775               |
| Accounts receivable, net:                       |                        |                         |
| Water and sewer use fees                        | 1,002,145              | -                       |
| Due from RI clean water                         | 1,661,204              | -                       |
| Other current assets                            | -                      | -                       |
| <b>Total current assets</b>                     | <u>3,025,781</u>       | <u>3,771,770</u>        |
| <b>Non-current assets:</b>                      |                        |                         |
| Capital assets                                  |                        |                         |
| Land  | -                      | 141,600                 |
| Construction in progress                        | 401,827                | -                       |
| Depreciable assets - net                        | 22,536,356             | 102,960                 |
| Sewer assessments                               | 10,623,526             | -                       |
| Other assets, net                               | 1,027,610              | -                       |
| <b>Total noncurrent assets</b>                  | <u>34,589,319</u>      | <u>244,560</u>          |
| <b>Total assets</b>                             | <u>37,615,100</u>      | <u>4,016,330</u>        |
| <b>LIABILITIES</b>                              |                        |                         |
| <b>Current liabilities:</b>                     |                        |                         |
| Accounts payable and accrued expenses           | 366,844                | -                       |
| Due to other funds                              | 519,170                | -                       |
| Current portion of long term debt               | 6,098,608              | -                       |
| <b>Total current liabilities</b>                | <u>6,984,622</u>       | <u>-</u>                |
| <b>Non-current liabilities:</b>                 |                        |                         |
| Deferred revenue                                | 10,221,064             | -                       |
| Bonds and loans payable                         | 12,570,911             | -                       |
| <b>Total noncurrent liabilities</b>             | <u>22,791,975</u>      | <u>-</u>                |
| <b>Total liabilities</b>                        | <u>29,776,597</u>      | <u>-</u>                |
| <b>NET ASSETS</b>                               |                        |                         |
| Invested in Capital assets, net of related debt | 3,866,837              | 244,560                 |
| Unrestricted                                    | 3,971,666              | 3,771,770               |
| <b>Total net assets</b>                         | <u>\$ 7,838,503</u>    | <u>\$ 4,016,330</u>     |

*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, 2010**

|   | <b>Enterprise Funds</b> | <b>Internal Service</b> |
|---|-------------------------|-------------------------|
|   | <b>Sewer</b>            | <b>Fund</b>             |
|   | <b>Fund</b>             | <b>Self Insurance</b>   |
|   |                         | <b>Reserve</b>          |
| <b><i>Operating revenues</i></b>                      |                         |                         |
| Assessments and user fees                             | \$ 2,018,491            | \$ -                    |
| Other revenues  | 19,620                  | 85,888                  |
| <b><i>Total operating revenues</i></b>                | <b>2,038,111</b>        | <b>85,888</b>           |
| <b><i>Operating expenses</i></b>                      |                         |                         |
| Contract services                                     | 61,472                  | 86,204                  |
| Operations & Maintenance                              | 839,950                 | -                       |
| Materials and supplies                                | -                       | 25,371                  |
| Depreciation and amortization                         | 513,282                 | 7,920                   |
| Second injury fund                                    | -                       | 28,655                  |
| Claims Paid   | -                       | 304,620                 |
| <b><i>Total operating expenses</i></b>                | <b>1,414,704</b>        | <b>452,770</b>          |
| <b><i>Operating income (loss)</i></b>                 | <b>623,407</b>          | <b>(366,882)</b>        |
| <b><i>Non-operating revenues (expenses)</i></b>       |                         |                         |
| Interest and dividend income                          | 285                     | 258,956                 |
| Interest expense                                      | (368,979)               | -                       |
| <b><i>Total non-operating revenues (expenses)</i></b> | <b>(368,694)</b>        | <b>258,956</b>          |
| <b>Income (loss) before transfers</b>                 | <b>254,713</b>          | <b>(107,926)</b>        |
| <b>Change in Net Assets</b>                           | <b>254,713</b>          | <b>(107,926)</b>        |
| <b>Total Net Assets - Beginning</b>                   | <b>7,583,790</b>        | <b>4,124,256</b>        |
| <b>Total Net Assets - Ending</b>                      | <b>\$ 7,838,503</b>     | <b>\$ 4,016,330</b>     |

*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, 2010**

|  | <b>Enterprise Funds</b> | <b>Internal Service<br/>Fund</b>  |
|--|-------------------------|-----------------------------------|
|  | <b>Sewer<br/>Fund</b>   | <b>Self Insurance<br/>Reserve</b> |
| <b>Cash flows from operating activities</b>  |                         |                                   |
| Cash received from customers   | \$ 2,083,766            | \$ -                              |
| Cash payments to suppliers for goods and services  | (1,090,611)             | (444,850)                         |
| Other operating receipts   | 19,620                  | 85,888                            |
| <b>Net cash provided by (used for) operating activities</b>                                    | 1,012,775               | (358,962)                         |
| <b>Cash flows from non-capital financing activities</b>  |                         |                                   |
| Interfund loans  | (448,191)               | -                                 |
| <b>Net cash provided by (used for) non-capital financing activities</b>                        | (448,191)               | -                                 |
| <b>Cash flows from capital and related financing activities</b>                                |                         |                                   |
| Additions to capital assets  | (413,202)               | -                                 |
| Principal paid on bonds, notes and loans   | (5,985,000)             | -                                 |
| Note proceeds  | 6,403,315               | -                                 |
| Capitalized bond cost  | (203,662)               | -                                 |
| Interest paid on notes   | (368,979)               | -                                 |
| <b>Net cash provided (used for) capital and related financing activities</b>                   | (567,528)               | -                                 |
| <b>Cash flows from investing activities</b>  |                         |                                   |
| Interest and dividends on investment   | 285                     | 258,956                           |
| Change in market value   | -                       | (308,762)                         |
| <b>Net cash provided by (used for) investing activities</b>                                    | 285                     | (49,806)                          |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                    | (2,659)                 | (408,768)                         |
| <b>Cash and cash equivalents at beginning of year</b>  | 365,091                 | 838,763                           |
| <b>Cash and cash equivalents at end of year</b>  | \$ 362,432              | \$ 429,995                        |
| <b>Reconciliation of operating income to net cash provided by operating activities</b>         |                         |                                   |
| <b>Operating income (Loss)</b>   | \$ 623,407              | \$ (366,882)                      |
| <b>Adjustments to reconcile operating income to net cash provided by operating activities:</b> |                         |                                   |
| Depreciation and amortization  | 513,282                 | 7,920                             |
| <b>Changes in assets and liabilities:</b>  |                         |                                   |
| (Increase) decrease in accounts receivable   | 65,275                  | -                                 |
| Increase (decrease) in accounts payable  | (189,189)               | -                                 |
| <b>Total adjustments</b>   | 389,368                 | 7,920                             |
| <b>Net cash provided by operating activities</b>   | \$ 1,012,775            | \$ (358,962)                      |

*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, 2010**

|                                      | <u>Police<br/>Pension Fund</u> | <u>Municipal<br/>Pension Fund</u> | <u>Permanent<br/>Funds</u> | <u>Agency Funds</u> |
|--------------------------------------|--------------------------------|-----------------------------------|----------------------------|---------------------|
| <b>ASSETS</b>                        |                                |                                   |                            |                     |
| Cash                                 | \$ 1,593,381                   | \$ 248,066                        | \$ 78,726                  | \$ 2,253,740        |
| Receivables:                         |                                |                                   |                            |                     |
| Internal balances                    | -                              | -                                 | 757,613                    | -                   |
| Total receivables                    | -                              | -                                 | 757,613                    | -                   |
| Investments, at fair value:          |                                |                                   |                            |                     |
| Fixed income-governmental securities | 697,588                        | 452,033                           | 1,591,162                  | -                   |
| Mutual funds                         | 1,583,197                      | 941,856                           | -                          | -                   |
| Equities                             | 2,586,682                      | 1,811,779                         | -                          | -                   |
| Total investments                    | 4,867,467                      | 3,205,668                         | 1,591,162                  | -                   |
| <b>Total Assets</b>                  | <u>6,460,848</u>               | <u>3,453,734</u>                  | <u>2,427,501</u>           | <u>2,253,740</u>    |
| <b>LIABILITIES</b>                   |                                |                                   |                            |                     |
| Internal balances                    | -                              | -                                 | 2,500                      | 255,909             |
| Deposits held in custody for others  | -                              | -                                 | -                          | 1,997,831           |
| Total liabilities                    | -                              | -                                 | 2,500                      | <u>\$ 2,253,740</u> |
| <b>NET ASSETS</b>                    |                                |                                   |                            |                     |
| Held in trust for other purposes     | <u>\$ 6,460,848</u>            | <u>\$ 3,453,734</u>               | <u>\$ 2,425,001</u>        |                     |

*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, 2010**

|  | <u>Police<br/>Pension Fund</u> | <u>Municipal<br/>Pension Fund</u> | <u>Permanent<br/>Funds</u> |
|--|--------------------------------|-----------------------------------|----------------------------|
| <b>Additions</b>                                     |                                |                                   |                            |
| Contributions  |                                |                                   |                            |
| Employer contributions                               | \$ 2,274,733                   | \$ 550,000                        | \$ -                       |
| Plan members contributions                           | 312,577                        | 214,185                           | -                          |
| Other contributions                                  | -                              | -                                 | 1,850                      |
| Total contributions                                  | <u>2,587,310</u>               | <u>764,185</u>                    | <u>1,850</u>               |
| <b>Investment earnings</b>                           |                                |                                   |                            |
| Interest and dividends                               | 433,387                        | 269,681                           | 92,618                     |
| Net increase (decrease) in fair value of investments | 128,949                        | 44,885                            | 36,524                     |
| Total investment earnings                            | <u>562,336</u>                 | <u>314,566</u>                    | <u>129,142</u>             |
| <b>Total additions</b>                               | <u>3,149,646</u>               | <u>1,078,751</u>                  | <u>130,992</u>             |
| <b>Deductions</b>                                    |                                |                                   |                            |
| Benefits paid  | 2,568,220                      | 578,521                           | -                          |
| Operating expenses                                   | 22,810                         | 22,917                            | 120,274                    |
| Total deductions                                     | <u>2,591,030</u>               | <u>601,438</u>                    | <u>120,274</u>             |
| Change in net assets                                 | 558,616                        | 477,313                           | 10,718                     |
| Net assets - beginning of year                       | 5,902,232                      | 2,976,421                         | 2,414,283                  |
| <b>Net assets - end of year</b>                      | <u>\$ 6,460,848</u>            | <u>\$ 3,453,734</u>               | <u>\$ 2,425,001</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, 2010**

***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, 2010**

***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 2010:

\* 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, 2010**

**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 the proceeds of specific revenue sources (other than expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

**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.

**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

***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, 2010**

**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, 2010.

**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, 2010**

**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<br/>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.

**Designated Fund Balances**

Designated fund balances represent amounts, which the Town intends to use in future years to pay for non-contracted expenditures at year-end.

**Reserved Fund Balances**

Reserved fund balances represent amounts, which the Town is contractually obligated to pay but has not as of the balance sheet date received the goods or services.

**Fund Equity**

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distribution.



**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***

**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.

**Property Taxes**

The Town is permitted by state law to levy property taxes. Current tax collections for the Town were approximately 98.74% of the total December 31, 2008 levy.

The Town's fiscal 2010 property taxes were levied in July of 2009 on assessed valuation as of December 31, 2008. 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.

**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

**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 interfund transactions (sources and uses) were eliminated except for those with fiduciary funds.

The Town utilizes the interfund 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.

**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.

**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

***NOTE 2 – BUDGETARY DATA AND BUDGETARY COMPLIANCE (Continued)***

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 \$119,480,161 based on the December 31, 2008 assessment. As of June 30, 2010 the Town's debt is under the debt limit by \$93,985,161.

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.

***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.

**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 4 – CASH AND INVESTMENTS (continued)**

**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, 2010, \$15,526,640 of the Town's bank balance of \$22,683,921 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.

**Cash and investments of the Town consist of the following at June 30, 2010**

|  |                             |
|--|-----------------------------|
| <b><i>Cash and Cash Equivalents</i></b>    |                             |
| Deposits with financial institutions       | \$ 20,758,943               |
| <br><b><i>Investments</i></b>              |                             |
| <b><i>Private Purpose Trust Funds:</i></b> |                             |
| Fixed Income Pool                          | 1,591,162                   |
| <b>Total Private Purpose Trust Funds</b>   | <u>1,591,162</u>            |
| <b><i>Pension Trust Funds:</i></b>         |                             |
| Fixed Income-government securities         | 1,149,621                   |
| Mutual Funds                               | 2,525,053                   |
| Equities                                   | 4,398,461                   |
| <b>Total Pension Trust Funds</b>           | <u>8,073,135</u>            |
| <b><i>Internal Service Fund:</i></b>       |                             |
| Certificates of Deposits & Annuities       | 1,197,944                   |
| Mutual Funds                               | 1,764,281                   |
| Corporate Bonds                            | 379,550                     |
| <b>Total Internal Service</b>              | <u>3,341,775</u>            |
| <b>Total Cash and Investments</b>          | <u><u>\$ 33,765,015</u></u> |

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

|                                       |                             |
|---------------------------------------|-----------------------------|
| <b><i>Statement of Net Assets</i></b> |                             |
| Cash and cash equivalents             | \$ 16,585,030               |
| Investments                           | 3,341,775                   |
|                                       | <u>19,926,805</u>           |
| <br><b><i>Fiduciary Funds</i></b>     |                             |
| Cash                                  | 4,173,913                   |
| Investments                           | 9,664,297                   |
|                                       | <u>13,838,210</u>           |
| <b>Total Cash and Investments</b>     | <u><u>\$ 33,765,015</u></u> |

**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 4 – CASH AND INVESTMENTS (continued)**

*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 | \$ 1,083,706        | \$ 150,144                       | \$ 736,529        | \$ 197,033        | \$ -          |
| Corporate Bonds         | 379,550             | 101,684                          | 127,074           | 150,792           | -             |
| Total                   | <u>\$ 1,463,256</u> | <u>\$ 251,828</u>                | <u>\$ 863,603</u> | <u>\$ 347,825</u> | <u>\$ -</u>   |

*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                     | 227,474                |
| A-                    | 53,322                 |
| BBB-                  | 98,754                 |
|                       | <u>\$ 379,550</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, 2010**

**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, 2010 was as follows:**

|   | Primary Government   |                     |                   | Ending<br>Balance    |
|---|----------------------|---------------------|-------------------|----------------------|
|   | Beginning<br>Balance | Increases           | Decreases         |                      |
| <b>Governmental activities:</b>               |                      |                     |                   |                      |
| Capital assets not being depreciated:         |                      |                     |                   |                      |
| Land  | \$ 2,793,163         | \$ 5,451,347        | \$ -              | \$ 8,244,510         |
| Construction in process                       | 666,633              | 13,395              | 680,028           | -                    |
| Total capital assets not being depreciated    | <u>3,459,796</u>     | <u>5,464,742</u>    | <u>680,028</u>    | <u>8,244,510</u>     |
| Depreciable assets                            |                      |                     |                   |                      |
| Infrastructure                                | 33,005,324           | -                   | -                 | 33,005,324           |
| Buildings & improvements                      | 93,408,316           | 918,634             | -                 | 94,326,950           |
| Machinery and equipment                       | 943,420              | -                   | -                 | 943,420              |
| Office equipment and furniture                | 6,609,073            | -                   | -                 | 6,609,073            |
| Vehicles                                      | 6,014,538            | 220,570             | -                 | 6,235,108            |
| Total other capital assets at historical cost | <u>139,980,671</u>   | <u>1,139,204</u>    | <u>-</u>          | <u>141,119,875</u>   |
| Less accumulated depreciation for:            |                      |                     |                   |                      |
| Infrastructure                                | 32,264,393           | 42,116              | -                 | 32,306,509           |
| Buildings & improvements                      | 66,984,189           | 2,140,631           | -                 | 69,124,820           |
| Machinery and equipment                       | 857,612              | 41,646              | -                 | 899,258              |
| Office equipment and furniture                | 6,367,240            | 60,399              | -                 | 6,427,639            |
| Vehicles                                      | 4,873,625            | 420,240             | -                 | 5,293,865            |
| Total accumulated depreciation                | <u>111,347,059</u>   | <u>2,705,032</u>    | <u>-</u>          | <u>114,052,091</u>   |
| Net Depreciable Assets                        | <u>28,633,612</u>    | <u>(1,565,828)</u>  | <u>-</u>          | <u>27,067,784</u>    |
| Governmental activities capital assets, net   | <u>\$ 32,093,408</u> | <u>\$ 3,898,914</u> | <u>\$ 680,028</u> | <u>\$ 35,312,294</u> |

Depreciation expense was charged to functions/programs as follows:

|  |                     |
|--|---------------------|
| Governmental activities:                           |                     |
| General Government                                 | \$ 12,880           |
| Public safety                                      | 153,724             |
| Public Works                                       | 360,027             |
| Health and Human Services                          | 16,875              |
| Education  | 1,996,563           |
| Culture and Recreation                             | 164,963             |
| Total governmental activities depreciation expense | <u>\$ 2,705,032</u> |

**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 6 – CAPITAL ASSETS (continued)**

Capital asset activity for business-type activity for the fiscal year ended June 30, 2010 was as follows:

|   | Primary Government   |                     |             | Ending<br>Balance    |
|---|----------------------|---------------------|-------------|----------------------|
|   | Beginning<br>Balance | Increases           | Decreases   |                      |
| <b>Business-type activities:</b>              |                      |                     |             |                      |
| Capital assets not being depreciated:         |                      |                     |             |                      |
| Land  | \$ 141,600           | \$ -                | \$ -        | \$ 141,600           |
| Construction in progress                      | 3,671                | 398,156             | -           | 401,827              |
| Total capital assets not being depreciated    | <u>145,271</u>       | <u>398,156</u>      | <u>-</u>    | <u>543,427</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                                     | 47,520               | 7,920               | -           | 55,440               |
| Wastewater collection system                  | 1,553,744            | 498,237             | -           | 2,051,981            |
| Total accumulated depreciation                | <u>1,601,264</u>     | <u>506,157</u>      | <u>-</u>    | <u>2,107,421</u>     |
| Business-type activities capital assets, net  | <u>\$ 23,290,744</u> | <u>\$ (108,001)</u> | <u>\$ -</u> | <u>\$ 23,182,743</u> |

Depreciation expense was charged to functions as follows:

|   |                   |
|---|-------------------|
| Business-type activities:                           |                   |
| Sewer   | \$ 498,237        |
| Internal Service Fund                               | 7,920             |
| Total business-type activities depreciation expense | <u>\$ 506,157</u> |

**TOWN OF COVENTRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**  
**(CONTINUED)**

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

"Total fund balances" of the Town's governmental funds (\$9,627,821) differs from "net assets" of governmental activities (\$9,866,073) 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**

|  | <u>Total<br/>Governmental<br/>Funds</u> | <u>Long-term<br/>Assets/<br/>Liabilities (1)</u> | <u>Reclassifications<br/>and<br/>Eliminations (2)</u> | <u>Statement<br/>Net Assets<br/>Totals</u> |
|--|---|--|---|--|
| <b>Assets</b>                                    |   |  |   |  |
| Cash and cash equivalents                        | \$ 15,792,603                           | \$ -   | \$ 429,995  | \$ 16,222,598                              |
| Investments                                      | -                                       | -  | 3,341,775   | 3,341,775                                  |
| <b>Accounts receivable:</b>                      |   |  |   |  |
| Real estate & personal property taxes receivable | 1,838,156                               | -  | -   | 1,838,156                                  |
| Due from federal and state governments           | 1,695,200                               | -  | -   | 1,695,200                                  |
| Other receivables                                | 1,870,258                               | -  | -   | 1,870,258                                  |
| Due from other funds                             | 7,847,035                               | -  | (7,847,035)   | -  |
| Other assets                                     | 1,067                                   | -  | -   | 1,067                                      |
| Land   | -                                       | 8,244,510  | 141,600   | 8,386,110                                  |
| Depreciable capital assets - net                 | -                                       | 27,067,784                                       | 102,960   | 27,170,744                                 |
| <b>Total assets</b>                              | <u>29,044,319</u>                       | <u>35,312,294</u>                                | <u>(3,830,705)</u>                                    | <u>60,525,908</u>                          |
| <b>LIABILITIES AND FUND BALANCES</b>             |   |  |   |  |
| <b>Liabilities:</b>                              |   |  |   |  |
| Accounts payable and accrued expenses            | 6,455,790                               | 90,929   | -   | 6,546,719                                  |
| Due to other funds                               | 7,827,069                               | -  | (8,346,239)   | (519,170)                                  |
| Deferred revenues                                | 4,510,179                               | (4,149,908)                                      | -   | 360,271                                    |
| Other liabilities                                | 623,460                                 | -  | 499,204   | 1,122,664                                  |
| <b>Long-term liabilities</b>                     |   |  |   |  |
| Due within one year                              | -                                       | 6,395,000  | -   | 6,395,000                                  |
| Due in more than one year                        | -                                       | 56,486,497                                       | -   | 56,486,497                                 |
| <b>Total liabilities</b>                         | <u>19,416,498</u>                       | <u>58,822,518</u>                                | <u>(7,847,035)</u>                                    | <u>70,391,981</u>                          |
| <b>Fund Balances/Net Assets</b>                  |   |  |   |  |
| Total fund balances/net assets                   | 9,627,821                               | (23,510,224)                                     | 4,016,330   | (9,866,073)                                |
| Total liabilities and fund balances/net assets   | <u>\$ 29,044,319</u>                    | <u>\$ 35,312,294</u>                             | <u>\$ (3,830,705)</u>                                 | <u>\$ 60,525,908</u>                       |



**TOWN OF COVENTRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**  
**(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   | 141,119,875          |
| Accumulated depreciation | <u>(114,052,091)</u> |
|                          | <u>\$ 35,312,294</u> |

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 | <u>\$ 4,149,908</u> |
|--------------------------------|---------------------|

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 | <u>\$ (90,929)</u> |
|--|--------------------|

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        | 25,583,648           |
| Accrued compensated absences | 4,527,897            |
| Net pension obligation       | 32,108,831           |
| Net OPEB obligation          | 661,121              |
|                              | <u>\$ 62,881,497</u> |

- (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.

|  |                     |
|--|---------------------|
|  | <u>\$ 4,016,330</u> |
|--|---------------------|

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

|  |                     |
|--|---------------------|
|  | <u>\$ 8,346,239</u> |
|--|---------------------|

The reclassification of monies owed to and from fiduciary funds

|  |                   |
|--|-------------------|
|  | <u>\$ 499,204</u> |
|--|-------------------|

**TOWN OF COVENTRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**  
*(continued)*

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

The "net change in the fund balances" for governmental funds (\$2,205,424) differs from the "change in net assets" for governmental activities (\$3,638,515) 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**

|   | <b>Total<br/>Governmental<br/>Funds</b> | <b>Long-term<br/>Revenues/<br/>Expenses &amp;<br/>Reclassifications (1)</b> | <b>Capital-<br/>related<br/>Items (2)</b> | <b>Internal<br/>Service<br/>Fund (3)</b> | <b>Long-term<br/>Debt<br/>Transactions (4)</b> | <b>Statement<br/>of Activities<br/>Totals</b> |
|---|---|---|---|--|--|---|
| <b>Revenues</b>                                   |   |   |   |  |  |   |
| Real estate and personal property taxes           | \$ 58,954,091                           | \$ 2,570,138  | \$ -                                      | \$ -                                     | \$ -   | \$ 61,524,229                                 |
| Other taxes                                       | 759,341                                 | -   | -   | -  | -  | 759,341                                       |
| Penalties and interest on taxes                   | 498,639                                 | -   | -   | -  | -  | 498,639                                       |
| Licenses, fees and permits                        | 736,080                                 | -   | -   | -  | -  | 736,080                                       |
| Investment income                                 | 273,202                                 | -   | -   | 258,956                                  | -  | 532,158                                       |
| Intergovernmental                                 | 30,485,017                              | -   | -   | -  | -  | 30,485,017                                    |
| Federal revenue - State Fiscal Stabilization Fund | 919,445                                 | -   | -   | -  | -  | 919,445                                       |
| Contributions and private grants                  | 42,931                                  | -   | -   | -  | -  | 42,931  |
| Third party contributions                         | 2,000,000                               | -   | -   | -  | -  | 2,000,000                                     |
| Charges for services                              | 1,914,698                               | -   | -   | 85,888                                   | -  | 2,000,586                                     |
| Miscellaneous                                     | 824,857                                 | -   | -   | -  | -  | 824,857                                       |
| <b>Total revenues</b>                             | <b>97,408,301</b>                       | <b>2,570,138</b>  | <b>-</b>                                  | <b>344,844</b>                           | <b>-</b>                                       | <b>100,323,283</b>                            |
| <b>Expenditures</b>                               |   |   |   |  |  |   |
| <b>Current:</b>                                   |   |   |   |  |  |   |
| General government                                | 4,412,951                               | -   | 12,880                                    | 452,770                                  | 2,011,593                                      | 6,890,194                                     |
| Public safety                                     | 8,944,546                               | -   | 153,724                                   | -  | -  | 9,098,270                                     |
| Education   | 68,439,526                              | -   | 1,996,563                                 | -  | -  | 70,436,089                                    |
| Public works                                      | 5,195,024                               | -   | 360,027                                   | -  | -  | 5,555,051                                     |
| Community and economic development                | 355,301                                 | -   | -   | -  | -  | 355,301                                       |
| Health and human services                         | 1,319,932                               | -   | 16,875                                    | -  | -  | 1,336,807                                     |
| Culture and recreation                            | 1,905,289                               | -   | 164,963                                   | -  | (19,588)                                       | 2,050,664                                     |
| Capital outlay                                    | 5,923,918                               | -   | (5,923,918)                               | -  | -  | -   |
| Debt service                                      |   |   |   |  |  |   |
| Principal payments                                | 2,075,000                               | -   | -   | -  | (2,075,000)                                    | -   |
| Interest and fiscal charges                       | 984,954                                 | 1,002   | -   | -  | -  | 985,956                                       |
| <b>Total expenditures</b>                         | <b>99,556,441</b>                       | <b>1,002</b>  | <b>(3,218,886)</b>                        | <b>452,770</b>                           | <b>(82,995)</b>                                | <b>96,708,332</b>                             |
| <b>Other financing uses/changes in net assets</b> |   |   |   |  |  |   |
| Net transfers (to) from other funds               | -                                       | -   | -   | -  | -  | -   |
| Issuance of debt                                  | 4,330,000                               | -   | -   | -  | (4,330,000)                                    | -   |
| Premium on Ban                                    | 23,564                                  | -   | -   | -  | -  | 23,564  |
| <b>Total other financing uses</b>                 | <b>4,353,564</b>                        | <b>-</b>  | <b>-</b>                                  | <b>-</b>                                 | <b>(4,330,000)</b>                             | <b>23,564</b>                                 |
| Net change for the year                           | <b>\$ 2,205,424</b>                     | <b>\$ 2,569,136</b>   | <b>\$ 3,218,886</b>                       | <b>\$ (107,926)</b>                      | <b>\$ (4,247,005)</b>                          | <b>\$ 3,638,515</b>                           |

**TOWN OF COVENTRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**  
**(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.

|                                 |                     |
|---------------------------------|---------------------|
| Deferred revenue property taxes | 2,570,138           |
|                                 | <u>\$ 2,570,138</u> |

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

|   |            |
|---|------------|
| Accrued interest expenditure adjustment | \$ (1,002) |
|---|------------|

|           |                     |
|-----------|---------------------|
| Total (1) | <u>\$ 2,569,136</u> |
|-----------|---------------------|

- (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.

|                      |                     |
|----------------------|---------------------|
| Capital outlay       | 5,923,918           |
| Depreciation expense | (2,705,032)         |
| Difference           | <u>\$ 3,218,886</u> |

- (3) Internal service funds are use by management to charge the cost of certain activates, 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.

|  |                     |
|--|---------------------|
|  | <u>\$ (107,926)</u> |
|--|---------------------|

- (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.

|  |                       |
|--|-----------------------|
| Net increase in compensated absences   | \$ (167,875)          |
| Net increase in net pension obligation | (1,510,597)           |
| Net increase in net OPEB obligation    | (333,121)             |
| Difference                             | <u>\$ (2,011,593)</u> |

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 an do not result in an expense in the statement of activities.

|                               |                       |
|-------------------------------|-----------------------|
| Bond principal payments       | 2,075,000             |
| Issuance of debt              | (4,330,000)           |
| Note principal payments       | 19,588                |
| Total principal payments made | <u>\$ (2,235,412)</u> |

|           |                       |
|-----------|-----------------------|
| Total (4) | <u>\$ (4,247,005)</u> |
|-----------|-----------------------|

**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**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, 2010 was as follows:

|   | <u>Balance<br/>July 1, 2009</u> | <u>Additions</u>    | <u>Retirements</u>  | <u>Balance<br/>June 30, 2010</u> | <u>Amounts<br/>Due within<br/>One Year</u> |
|---|---------------------------------|---------------------|---------------------|----------------------------------|--|
| <b>Governmental Activities</b>                |                                 |                     |                     |                                  |  |
| Bonds Payable                                 | \$ 23,240,000                   | \$ 4,330,000        | \$ 2,075,000        | \$ 25,495,000                    | \$ 6,395,000                               |
| Total bonds payable                           | <u>23,240,000</u>               | <u>4,330,000</u>    | <u>2,075,000</u>    | <u>25,495,000</u>                | <u>6,395,000</u>                           |
| Other liabilities:                            |                                 |                     |                     |                                  |  |
| Notes payable                                 | -                               | 108,236             | 19,588              | 88,648                           | -  |
| Accrued compensated absences                  | 4,360,022                       | 167,875             | -                   | 4,527,897                        | -  |
| Net pension obligation                        | 30,139,156                      | 1,969,675           | -                   | 32,108,831                       | -  |
| Net OPEB obligation                           | 328,000                         | 333,121             | -                   | 661,121                          | -  |
| Total other liabilities                       | <u>34,827,178</u>               | <u>2,578,907</u>    | <u>19,588</u>       | <u>37,386,497</u>                | <u>-</u>                                   |
| Governmental Activities long-term liabilities | <u>\$ 58,067,178</u>            | <u>\$ 6,908,907</u> | <u>\$ 2,094,588</u> | <u>\$ 62,881,497</u>             | <u>\$ 6,395,000</u>                        |
| <b>Business-Type Activities</b>               |                                 |                     |                     |                                  |  |
| Sewer Department bonds payable                | \$ 3,020,000                    | \$ -                | \$ 140,000          | \$ 2,880,000                     | \$ 145,000                                 |
| Rhode Island Clean Water                      | 3,070,000                       | -                   | 137,000             | 2,933,000                        | 139,000                                    |
| Rhode Island Clean Water                      | 5,000,000                       | -                   | 208,000             | 4,792,000                        | 211,000                                    |
| Rhode Island Clean Water                      | -                               | 2,564,519           | -                   | 2,564,519                        | 103,608                                    |
| Total bonds and notes payable                 | <u>11,090,000</u>               | <u>2,564,519</u>    | <u>485,000</u>      | <u>13,169,519</u>                | <u>598,608</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>\$ 16,590,000</u>            | <u>\$ 8,064,519</u> | <u>\$ 5,985,000</u> | <u>\$ 18,669,519</u>             | <u>\$ 6,098,608</u>                        |

The following schedule summarizes the Town's bonds and notes

|  | Interest Rates | Principal            | Due Dates |
|--|----------------|----------------------|-----------|
| Governmental bonds                       | 1.25% - 5.00%  | \$ 25,495,000        | 2011-2023 |
| Enterprise Funds bonds and notes payable | .49% - 5.08%   | 18,669,519           | 2011-2030 |
| <b>Total All Funds</b>                   |                | <u>\$ 44,164,519</u> |           |

**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 9 –LONG-TERM LIABILITIES (continued)**

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

| <b>Fiscal<br/>Year Ended<br/>June 30</b> | <b><u>Principal</u></b>     | <b><u>Interest</u></b>     | <b><u>Total</u></b>         |
|--|-----------------------------|----------------------------|-----------------------------|
| 2011                                     | 6,395,000                   | 957,948                    | 7,352,948                   |
| 2012                                     | 1,700,000                   | 829,711                    | 2,529,711                   |
| 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                   |
| Thereafter                               | 8,900,000                   | 1,224,650                  | 10,124,650                  |
| <b>TOTALS</b>                            | <b><u>\$ 25,495,000</u></b> | <b><u>\$ 6,098,746</u></b> | <b><u>\$ 31,593,746</u></b> |

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

| <b>Fiscal<br/>Year Ended<br/>June 30</b> | <b><u>Principal</u></b>     | <b><u>Interest</u></b>     | <b><u>Total</u></b>         |
|--|-----------------------------|----------------------------|-----------------------------|
| 2011                                     | 6,098,608                   | 188,556                    | 6,287,164                   |
| 2012                                     | 616,493                     | 191,787                    | 808,280                     |
| 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                     |
| Thereafter                               | 8,625,728                   | 956,447                    | 9,582,175                   |
| <b>TOTALS</b>                            | <b><u>\$ 18,669,519</u></b> | <b><u>\$ 2,177,898</u></b> | <b><u>\$ 20,847,417</u></b> |

**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 10 – FUND DEFICIT**

The following individual funds had deficit fund equity balances as of June 30, 2010:

**Governmental Funds**

Special Revenue Funds

|                         |                   |    |
|-------------------------|-------------------|----|
| School Unrestricted     | \$ 12,445         | *  |
| School Food Service     | 360,329           | *  |
| Cell Tower Fund         | 7,871             | ** |
| Rural Health Mini Grant | 1,535             | ** |
| Anthony Village         | 31,825            | ** |
| Resource Sharing 08     | 207               | ** |
| Traffic Grant           | 4,950             | ** |
| Calea ETC Grant         | 23,901            | ** |
| Direct Reimbursement    | <u>4,793</u>      | *  |
| Total                   | <u>\$ 447,856</u> |    |

\* 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, 2010, a balance of \$755,113 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, 2010**

**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, 2010.

|                               | <u>Due from other funds</u> |                     | <u>Due to other funds</u> |
|-------------------------------|-----------------------------|---------------------|---------------------------|
| <i>General Fund</i>           | \$ 892,964                  |                     | \$ 6,506,607              |
| <i>Special Revenue Funds:</i> |                             |                     |                           |
| School Unrestricted           | 4,087,481                   |                     | -                         |
| School Restricted             | 619,687                     |                     | 946,669                   |
| Town Restricted               | 1,280,164                   |                     | 373,793                   |
| Coventry Landfill Fund        | <u>431,108</u>              | 6,418,440           | <u>-</u> 1,320,462        |
| <i>Capital Projects:</i>      |                             |                     |                           |
| School Improvement            | 77,169                      |                     | -                         |
| Town Capital Improvement      | <u>458,462</u>              | 535,631             | <u>-</u> -                |
| <i>Fiduciary Funds:</i>       |                             |                     |                           |
| Permanent Funds               | 757,613                     |                     | 2,500                     |
| Agency Funds                  | <u>-</u>                    | 757,613             | <u>255,909</u> 258,409    |
| <i>Proprietary Funds</i>      |                             |                     |                           |
| Sewer Fund                    | -                           |                     | 519,170                   |
| Internal Service              | <u>-</u>                    | <u>-</u>            | <u>-</u> 519,170          |
| <i>Totals</i>                 |                             | <u>\$ 8,604,648</u> | <u>\$ 8,604,648</u>       |

**NOTE 13 - FUND EQUITY RESERVES**

The following reserves are recorded in the financial statements at June 30, 2010:

**Reserve for encumbrances** - to reserve for purchase commitments, which have not lapsed at year-end, but do not constitute an expenditure or liability \$8,795.

**Reserve for other specific purposes** - to reserve for Coventry landfill fund \$431,108.

**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. Such an investigation is still ongoing and is subject to the supervision of the U.S. District Court for the District of Rhode Island.

The Town is being represented in a lawsuit in a case concerning a parcel of undeveloped real property that the plaintiff acquired from a private seller in 2000. The property surrounds the site of the former Town landfill on three sides. This litigation was settled on February 26, 2010.

**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

***NOTE 14 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES***

**A. Litigation- (continued)**

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. In the lawsuit the, Plaintiffs seek enforcement of the document. 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, 2010 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.

***NOTE 15 – COMMITMENTS***

**Sewer Project**

The Sewer Enterprise Fund through the Town of Coventry entered into a long term bond agreement on December 12, 2007, with Rhode Island Clean Water Finance Agency for \$5,000,000. The proceeds from this bond will be used to finance the engineering and construction of a portion of the Town of Coventry's overall Sewer Construction Program, as well as, certain financing costs and to set up a debt service reserve fund. The bonds will require annual payment of principal and interest over 20 years at a varying rate of interest ranging from 3.75% to 5.08%. As of June 30 2010, construction related to this borrowing was not complete.



**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 16 - 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, 2009, employee membership data related to this plan was as follows:

|                  |            |
|------------------|------------|
| Active Members   | 110        |
| Inactive Members | 42         |
| Retired Members  | <u>59</u>  |
| TOTAL            | <u>211</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.

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.

**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

**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.

**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**.

**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

**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.

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, 2010. The beginning net pension obligation has been restated due to a prior period adjustment. See Note 20 for further information.

|  |                            |
|--|----------------------------|
| Annual required contribution                         | \$ 806,558                 |
| Interest on net pension obligation                   | 660,998                    |
| Adjustment to annual required contribution           | <u>(541,127)</u>           |
| Annual pension cost                                  | 926,429                    |
| Contributions made                                   | <u>550,000</u>             |
| Increase in net pension obligation                   | <u>376,429</u>             |
| Net pension obligation beginning of year-as restated | <u>8,262,473</u>           |
| Net pension obligation end of year                   | <u><u>\$ 8,638,902</u></u> |

**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 16 - PENSION PLANS (continued)**

**REQUIRED SUPPLEMENTARY INFORMATION**

**Trend Information Municipal Retirement Plan (Town Plan)**

| Fiscal<br>Year Ended<br>June 30, | Annual<br>Required<br>Contribution | Percentage<br>Contributed | Net<br>Pension<br>Obligation | Actual<br>Contribution |
|----------------------------------|------------------------------------|---------------------------|------------------------------|------------------------|
| 2010                             | 806,558                            | 68.19%                    | 8,638,902                    | 550,000                |
| 2009                             | 806,558                            | 89.06%                    | 8,094,171                    | 718,302                |
| 2008                             | 1,361,081                          | 57.63%                    | 7,891,428                    | 784,442                |
| 2007                             | 1,567,266                          | 60.28%                    | 7,559,033                    | 944,703                |
| 2006                             | 1,443,927                          | 12.88%                    | 7,200,074                    | 186,000                |
| 2005                             | 1,363,517                          | 13.93%                    | 6,145,935                    | 190,000                |

**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, 2009 employee membership data related to this plan was as follows:

|                  |     |
|------------------|-----|
| Active members   | 60  |
| Inactive members | 2   |
| Retired members  | 66  |
|                  | 128 |

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

**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 16 - PENSION PLANS (continued)**

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.

**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

**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 16 - PENSION PLANS (continued)**

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.
- 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, 2010. The beginning net pension obligation has been restated due to a prior period adjustment. See Note 20 for further information.

|  |                             |
|--|-----------------------------|
| Annual required contribution                         | \$ 3,084,953                |
| Interest on net pension obligation                   | 1,786,861                   |
| Adjustment to annual required contribution           | <u>(1,462,913)</u>          |
| Annual pension cost                                  | 3,408,901                   |
| Contributions made                                   | <u>2,274,733</u>            |
| Increase in net pension obligation                   | <u>1,134,168</u>            |
| Net pension obligation beginning of year-as restated | <u>22,335,761</u>           |
| Net pension obligation end of year                   | <u><u>\$ 23,469,929</u></u> |

**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 16 - PENSION PLANS (continued)**

**REQUIRED SUPPLEMENTARY INFORMATION**

**Trend Information Police Pension Plan**

| Fiscal<br>Year Ended<br>June 30, | Annual<br>Required<br>Contribution | Percentage<br>Contributed | Net<br>Pension<br>Obligation | Actual<br>Contribution |
|----------------------------------|------------------------------------|---------------------------|------------------------------|------------------------|
| 2010                             | 3,084,953                          | 73.74%                    | 23,469,929                   | 2,274,733              |
| 2009                             | 3,084,953                          | 73.74%                    | 22,335,761                   | 2,274,733              |
| 2008                             | 4,071,928                          | 68.03%                    | 21,217,807                   | 2,769,961              |
| 2007                             | 4,921,572                          | 88.38%                    | 21,141,815                   | 4,349,466              |
| 2006                             | 5,479,790                          | 28.29%                    | 22,001,005                   | 1,550,000              |
| 2005                             | 4,870,087                          | 27.72%                    | 19,328,658                   | 1,350,000              |

**3. Coventry School Employees Pension Plan**

**Plan Description**

The Town of Coventry contributes to the Coventry School Employee Pension Plan. This plan, originally established in April 1977, was restated as of January 1, 1991, 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 retains the right to amend the Plan.

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, 2010, 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, 2010, was equal to 12.75% of the regular payroll of employees subject to the plan.

As of September 1, 2008, employee membership data related to this plan was as follows:

|                 |     |
|-----------------|-----|
| Active members  | 221 |
| Vested members  | 18  |
| Retired members | 121 |
|                 | 360 |

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, 2010**

**NOTE 16 - PENSION PLANS (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<br>Ended June 30, | Annual<br>Required<br>Pension Cost<br>Town | Annual<br>Required<br>Pension Cost<br>Employees | Percent<br>Contributed<br>Both Plans |
|-------------------------------|--|---|--------------------------------------|
| 2010                          | 672,228                                    | 421,790   | 100%                                 |
| 2009                          | 688,538                                    | 432,023   | 100%                                 |
| 2008                          | 689,046                                    | 432,343   | 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](http://www.ersri.org).

**Plan Description**

All Town certified school personnel are eligible to participate in the System if the Board of Regents certifies that they are engaged in teaching as principal occupation and are regularly employed on at least a half time basis. The Plan provides a two-tier benefit structure referred to as Schedule A and B.

**Schedule A Benefits**

Schedule A benefits are available to members who possess 10 years or more of contributory service on or before July 1, 2005. Schedule A provides unreduced benefits of 1.7% of earnings for each of the first ten years of service; 1.9% for each of the next ten years; 3.0% per year for each of the next fourteen years; and 2.0% for the 35<sup>th</sup> year. Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62),



**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 16 - PENSION PLANS (continued)**

including cost of living increases, minus the member's estimated social security benefit payable at age sixty-two (62). The maximum benefit is 80% of final average earnings after 35 years of service. Such benefits are available to members at least age 60 with 10 years of service, or after 28 years at any age. Benefits for all employees are based on the average of the highest three consecutive years' earnings, exclusive of overtime.

On the third January after retirement, a cost-of-living increase of 3.0% (compounded annually) is provided independent of actual changes in the consumer price index. The plan also provides nonservice-connected disability benefits after five years of service; service-connected disability pensions with no minimum service requirement; vested benefits after ten years of service; survivor's benefits for service-connected death; and lump sum death benefits.

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

**Plan Description (continued)**

**Schedule B Benefits**

Schedule B benefits are provided to members who have less than 10 years of contributory service on or before July 1, 2005. For Schedule B members, the plan provides unreduced benefits of 1.6% of earnings for each of the first ten years of service; 1.8% for each of the next ten years; 2.0% per year for years 21 through 25 inclusive; 2.25% per year for years 26 through 30 inclusive; 2.5% per year for years 31 through 37 inclusive and 2.25% for the 38<sup>th</sup> year. Only single life, and joint and survivor options are available. The maximum benefit is 75% of his or her average highest three (3) years of compensation after 38 years of service. Such benefits are available to members at least age 65 with 10 years of service, or after 29 years of service and age 59. Actuarially reduced retirement is available at age 55 and 20 years of service, the benefit is reduced actuarially for each month that the age of the member is less than sixty-five (65) years.

On the month following the third anniversary date of the retirement, and on the month following the anniversary date of each succeeding year, a cost-of-living increase of 3.0% (compounded annually) of the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics, determined as of September 30 of the prior calendar year, whichever is less is provided for Schedule B members.

**Funding Policy**

Rhode Island General Laws relating to state employees and teachers benefits were amended during the fiscal year ended June 30, 2009. Members eligible to retire as of September 30, 2009 are not affected by the changes. The legislation established a minimum retirement age of 62 for all members, except those Schedule B members who retire with less than 29 years of service, their retirement eligibility remains 65 years old with a minimum of 10 years of service credit. For affected state employees and teachers the law provides a proportional downward adjustment of the minimum retirement age based on the years of service credit of a member at September 30, 2009, a final average salary based on the 5 consecutive highest years of salary and a cost-of-living adjustment from 3.0% compounded annually to the COLA provided under Schedule B which is the lower of the Consumer Price Index (CPI) or 3.0%, compounded annually and required a full three year anniversary for receipt.

**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 16 - PENSION PLANS (continued)**

This legislation also amended the disability retirement provision for state employees and teachers. Effective for applications filed after September 30, 2009, accidental disability will be available at 66 2/3% for members who are permanently and totally disabled as determined by the Retirement Board. If the disability is determined to be partial and the member is able to work in other jobs, the benefit will be limited to 50%. Both benefits will be subject to an annual review by ERSRI. The law also required service credit purchases, excluding contribution refund paybacks and military service, requested after June 16, 2009 to be calculated at full actuarial cost.

The plan provides a survivor benefit to public school teachers via a "Teachers Survivor Benefits Fund" in lieu of Social Security. Not all school districts participate in the plan. The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other one-half (1/2) is contributed and paid by the respective city, town or school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

**Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements of the System are prepared on the accrual basis of accounting. Under this method revenues are recorded when earned and expenses are recorded when incurred. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each 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 each plan. Dividend income is recorded on the ex-dividend date.

**Method Used to Value Investments**

Investments are recorded in the financial statements at fair value. Fair value is the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller that is, other than a forced liquidation sale. The fair value of fixed income and domestic and international stocks are generally based on published market prices and quotations from national security exchanges and securities pricing services. Commingled funds consist of institutional domestic and international equity index funds and a short duration fixed income fund.

**Contributions and Reserves**

Contribution requirements for plan members and employers are established pursuant to Rhode Island General Laws. Employers are required to contribute at an actuarially determined rate. Plan member contributions are fixed by statute.

**Concentrations**

There is no single issuer exposure within the System's portfolio that comprises 5% of the overall portfolio and, therefore, there is no concentration of credit risk.

**TOWN OF COVENTRY, RHODE ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 16 - PENSION PLANS (continued)**

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

*Required Contributions:*

| Fiscal Yr<br>Ended June 30 | Annual<br>Required<br>Pension Cost | Percentage<br>Contributed |
|----------------------------|------------------------------------|---------------------------|
| 2010                       | 4,088,664                          | 100%                      |
| 2009                       | 4,346,179                          | 100%                      |
| 2008                       | 4,586,088                          | 100%                      |

**Funding Policy**

Rhode Island general laws set the contribution rates for participating State employees at 9.5% of salary. Annual contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as percentage of participants' payroll. The Town was required to contribute 11.25%, 11.89%, and 13.04%, for all full-time employees for fiscal years 2010, 2009, and 2008, respectively. The 2010 contribution rates are based on the State of Rhode Island's FY 2010 Pension Reform Reconciliation. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of June 30, 1999 over 30 years; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability. Both employers and employees contribute 1% of the first \$9,600 of salary for survivor benefits. A variety of significant actuarial assumptions are used and these assumptions are summarized below:

- **Mortality** – 1994 Group Annuity Mortality Tables.
- **Investment return** – 8.25 percent, compounded annually.
- **Salary increase** - Salaries will increase at a rate of 4.5-13.25 percent, compounded annually.
- **Retirement age** - Teachers are assumed to retire at the later of age 60 with 10 years of service credit or any age with at least 28 years' service credit.
- **Cost of living adjustments** – Schedule A - 3.0 percent compounded annually for members eligible at 9/30/09, 2.5 percent compounded annually for members not eligible at 9/30/09. Schedule B – 2.5 percent compounded.

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 8.18% of non-federally reimbursable payrolls totaling \$2,754,993 for the fiscal year ended June 30, 2010. 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, 2010**

**NOTE 16 - PENSION PLANS (continued)**

**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 Statues.

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, 2010, employee membership data related to this plan was as follows:

|                  |          |
|------------------|----------|
| Active members   | 5        |
| Inactive members | <u>2</u> |
| Total            | 7        |

*Required Contributions:*

| Fiscal Yr<br>Ended June 30, | Annual<br>Required<br>Pension Cost | Percentage<br>Contributed |
|-----------------------------|------------------------------------|---------------------------|
| 2010                        | 41,550                             | 100%                      |
| 2009                        | 55,484                             | 100%                      |
| 2008                        | 42,093                             | 100%                      |
| 2007                        | 40,263                             | 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 Statues. For FY2010 there was only one employee on this pension plan.

Covered payroll for the Town Administration Pension Plan for the year ended June 30, 2010 was \$59,387. The Town's total payroll for all employees was approximately \$54,279,490 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, 2010**

**NOTE 16 - PENSION PLANS (continued)**

*Required Contributions:*

| Fiscal Yr<br>Ended June 30, | Annual<br>Required<br>Pension Cost | Percentage<br>Contributed |
|-----------------------------|------------------------------------|---------------------------|
| 2010                        | 2,330                              | 100%                      |
| 2009                        | 3,571                              | 100%                      |
| 2008                        | 6,699                              | 100%                      |

**7. 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

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.

**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 16 - PENSION PLANS (continued)**

**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, 2010 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<br>Valuation<br>Date | Actuarial<br>Value<br>of Assets | Accrued<br>Liability<br>(AAL) | Unfunded<br>AAL<br>(UAAL) | Funded<br>Ratio | Covered<br>Payroll | Percentage<br>of Covered<br>Payroll |
|--------------------------------|---------------------------------|-------------------------------|---------------------------|-----------------|--------------------|-------------------------------------|
| June 30                        | (a)                             | (b)                           | (b-a)                     | (a/b)           | (c)                | ((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:

|                                |  |
|--------------------------------|--|
| 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                                     |

**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 16 - PENSION PLANS (continued)**

*Annual OPEB Cost and Net OPEB Obligation:* Below are the required OPEB obligation presentations per GASB 45 for the period ending June 30, 2010:

|   |                   |
|---|-------------------|
| Annual Required Contribution                  | \$ 1,200,000      |
| Interest on OPEB                              | 13,120            |
| Adjustments to ARC                            | (20,999)          |
| Annual OPEB Cost                              | 1,192,121         |
| Contributions made                            | 859,000           |
| Increase (decrease) in Net Pension Obligation | <u>333,121</u>    |
| Net OPEB obligation beginning of year         | <u>328,000</u>    |
| Net OPEB obligation end of year               | <u>\$ 661,121</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 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.

**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 18 – SUBSEQUENT EVENT**

Management has evaluated subsequent events through March 15, 2011 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 28, 2010, payable July 27, 2011 with an interest rate of 2.98%.

**NOTE 19 – STATE FISCAL STABILIZATION FUNDS**

State education aid to school districts was reduced for fiscal year 2009 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 (General) Fund. For fiscal year 2010, the Coventry School Department was awarded and received \$991,443 in Stabilization Funding.

**NOTE 20 – PRIOR PERIOD ADJUSTMENT**

The June 30, 2009 Financial Statements included employee and employer contributions as part of calculation of the Net Pension Obligation. During the fiscal year 2010 the actuarial report was updated to show the actual employer contributions amounts for the fiscal year 2008-09. These corrections increased the net pension obligation by \$459,078; including \$168,302 in the Town plan and \$290,776 in the Police plan. See below for restated calculations of the net pension obligations for the Police and Town plans as of June 30, 2009. See Note 16 for the Net Pension Obligation for the combined Municipal and Police pension plans as of June 30, 2010.

Municipal Employees Retirement plan calculation including prior period adjustment:

|   |                            |
|---|----------------------------|
| Annual required contribution                    | \$ 806,558                 |
| Interest on net pension obligation              | 631,314                    |
| Adjustment to annual required contribution      | <u>(516,827)</u>           |
| Annual pension cost                             | 921,045                    |
| Contributions made                              | <u>550,000</u>             |
| Increase in net pension obligation              | <u>371,045</u>             |
| Net pension obligation beginning of year 7/1/08 | <u>7,891,428</u>           |
| Net pension obligation end of year 6/30/09      | <u><u>\$ 8,262,473</u></u> |



**TOWN OF COVENTRY, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

***NOTE 20 – PRIOR PERIOD ADJUSTMENT – (continued)***

Police Employees Retirement plan calculation including prior period adjustment:

|   |                             |
|---|-----------------------------|
| Annual required contribution                    | \$ 3,084,953                |
| Interest on net pension obligation              | 1,697,425                   |
| Adjustment to annual required contribution      | <u>(1,389,691)</u>          |
| Annual pension cost                             | 3,392,687                   |
| Contributions made                              | <u>2,274,733</u>            |
| Increase in net pension obligation              | <u>1,117,954</u>            |
| Net pension obligation beginning of year 7/1/08 | <u>21,217,807</u>           |
| Net pension obligation end of year 6/30/09      | <u><u>\$ 22,335,761</u></u> |

In the 2007-2008 fiscal year the development rights to the Neylon property was purchased through the Coventry land trust. A promissory note was issued for a portion of the purchase but never recorded in the financial records. The effect to the statement of net assets is a prior period adjustment of \$108,236.

***NOTE 21 – PRIOR PERIOD ADJUSTMENT – School Department***

In prior years the School Department combined the reporting of the School Capital Projects Fund and the Adult Educational Fund in with the reporting of the School Unrestricted Operating Fund. To present the accounting of school operations more clearly for fiscal year 2010 these funds have been presented as a separate capital project fund and a separate special revenue fund on the financial statements. Their prior year balances have been adjusted.

## **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, 2010**

|   | <u>Original<br/>Budgeted</u> | <u>Revised<br/>Budget</u> | <u>Actual</u>       | <u>Variance</u>     |
|---|------------------------------|---------------------------|---------------------|---------------------|
| <b>Revenues:</b>  |                              |                           |                     |                     |
| General property taxes  | \$ 58,437,348                | \$ 58,437,348             | \$ 58,954,091       | \$ 516,743          |
| Other taxes   | 680,000                      | 680,000                   | 759,341             | 79,341              |
| Intergovernmental revenue   | 4,608,773                    | 4,608,773                 | 4,726,227           | 117,454             |
| Federal Revenue - State Fiscal Stabilization  | -                            | -                         | 919,445             | 919,445             |
| Licenses, fees and permits  | 621,525                      | 621,525                   | 736,080             | 114,555             |
| Fines and interest on late payments   | 200,000                      | 200,000                   | 498,639             | 298,639             |
| Interest on investments   | 200,000                      | 200,000                   | 269,871             | 69,871              |
| Other revenue   | 599,730                      | 599,730                   | 604,026             | 4,296               |
| <b>Total revenues</b>   | <u>65,347,376</u>            | <u>65,347,376</u>         | <u>67,467,720</u>   | <u>2,120,344</u>    |
| <b>Expenditures:</b>  |                              |                           |                     |                     |
| Legislative, judicial and general administrati  | 1,356,773                    | 1,356,773                 | 1,365,723           | (8,950)             |
| Financial administrative  | 723,570                      | 723,570                   | 744,569             | (20,999)            |
| Public safety   | 8,899,666                    | 8,899,666                 | 8,617,941           | 281,725             |
| Public works  | 5,195,148                    | 5,195,148                 | 5,056,429           | 138,719             |
| Parks & Recreation  | 1,892,720                    | 1,892,720                 | 1,819,334           | 73,386              |
| Human resources   | 709,165                      | 709,165                   | 734,933             | (25,768)            |
| Planning & Development  | 289,977                      | 289,977                   | 282,617             | 7,360               |
| General government  | 1,514,675                    | 1,514,675                 | 1,433,349           | 81,326              |
| Debt service:   |                              |                           |                     |                     |
| Principal payments  | 2,075,000                    | 2,075,000                 | 2,075,000           | -                   |
| Interest and fiscal charges   | 984,954                      | 984,954                   | 984,954             | -                   |
| <b>Total expenditures</b>   | <u>23,641,648</u>            | <u>23,641,648</u>         | <u>23,114,849</u>   | <u>526,799</u>      |
| <b>Excess/(deficiency) of revenues<br/>over expenditures</b>  | <u>41,705,728</u>            | <u>41,705,728</u>         | <u>44,352,871</u>   | <u>2,647,143</u>    |
| <b>Other financing sources/(uses):</b>  |                              |                           |                     |                     |
| Transfers (to) other funds  | (484,138)                    | (484,138)                 | (577,785)           | (93,647)            |
| School appropriation  | (41,580,728)                 | (41,580,728)              | (41,580,728)        | -                   |
| Impact Fees - Cell Tower  | 200,000                      | 200,000                   | 200,000             | -                   |
| Transfer out to others - Federal SFSF   | -                            | -                         | (919,445)           | (919,445)           |
| Appropriated fund balance   | 159,138                      | 159,138                   | 159,138             | -                   |
| <b>Total other financing sources</b>  | <u>(41,705,728)</u>          | <u>(41,705,728)</u>       | <u>(42,718,820)</u> | <u>(1,013,092)</u>  |
| <b>Excess/(deficiency) of revenues and other<br/>financing sources over expenditures and<br/>other financing uses</b> | <u>\$ -</u>                  | <u>\$ -</u>               | <u>\$ 1,634,051</u> | <u>\$ 1,634,051</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, 2010**

|  | <u>Original<br/>Budget<br/>Revenues</u> | <u>Revised<br/>Budget<br/>Revenues</u> | <u>Actual<br/>Revenues</u> | <u>Variance</u> |
|--|---|--|----------------------------|-----------------|
| <b>General property taxes</b>          |   |  |                            |                 |
| Real Estate Taxes - current            | \$ 54,146,172                           | \$ 54,146,172                          | \$ 54,612,079              | \$ 465,907      |
| Real Estate Taxes - prior              | 600,000                                 | 600,000                                | 586,332                    | (13,668)        |
| Real Estate Taxes - debt service       | 1,591,176                               | 1,591,176                              | 1,591,176                  | -               |
| Motor Vehicle Excise Tax               | 2,100,000                               | 2,100,000                              | 2,164,504                  | 64,504          |
| <b>Total general property taxes</b>    | <u>58,437,348</u>                       | <u>58,437,348</u>                      | <u>58,954,091</u>          | <u>516,743</u>  |
| <b>Other Taxes</b>                     |   |  |                            |                 |
| Telephone Tax                          | 300,000                                 | 300,000                                | 364,531                    | 64,531          |
| Hotel Tax                              | 60,000                                  | 60,000                                 | 60,335                     | 335             |
| Meal and Beverage Tax                  | 320,000                                 | 320,000                                | 334,475                    | 14,475          |
| <b>Total other taxes</b>               | <u>680,000</u>                          | <u>680,000</u>                         | <u>759,341</u>             | <u>79,341</u>   |
| <b>Intergovernmental Revenue</b>       |   |  |                            |                 |
| State Aid School Housing               | 1,468,778                               | 1,468,778                              | 1,626,572                  | 157,794         |
| Payment in Lieu of Taxes               | 50,000                                  | 50,000                                 | 59,238                     | 9,238           |
| State Aid to Libraries                 | 189,995                                 | 189,995                                | 85,498                     | (104,497)       |
| State Reimbursement Auto Tax           | 2,900,000                               | 2,900,000                              | 2,954,919                  | 54,919          |
| <b>Total Intergovernmental Revenue</b> | <u>4,608,773</u>                        | <u>4,608,773</u>                       | <u>4,726,227</u>           | <u>117,454</u>  |
| <b>Licenses and Permits</b>            |   |  |                            |                 |
| Building Permits                       | 100,000                                 | 100,000                                | 97,314                     | (2,686)         |
| Plumbing and Heating                   | 20,000                                  | 20,000                                 | 13,865                     | (6,135)         |
| Electrical Permits                     | 15,000                                  | 15,000                                 | 12,277                     | (2,723)         |
| Recording Fees                         | 250,000                                 | 250,000                                | 322,993                    | 72,993          |
| Probate Fees                           | 40,000                                  | 40,000                                 | 49,068                     | 9,068           |
| Marriage Licenses                      | 1,500                                   | 1,500                                  | 1,216                      | (284)           |
| Dog Licenses                           | 20,000                                  | 20,000                                 | 18,550                     | (1,450)         |
| Animal Rescue Fees                     | 10,000                                  | 10,000                                 | 17,636                     | 7,636           |
| Realty Fees                            | 40,000                                  | 40,000                                 | 40,000                     | -               |
| Alcoholic Beverage Licenses            | 25,000                                  | 25,000                                 | 26,071                     | 1,071           |
| Hunting and Fishing Licenses           | 25                                      | 25                                     | 22                         | (3)             |
| Library Fees                           | 22,000                                  | 22,000                                 | 26,995                     | 4,995           |
| Planning Commission Fees               | 15,000                                  | 15,000                                 | 15,005                     | 5               |
| Planning Commission Steno Fees         | 3,000                                   | 3,000                                  | 10,096                     | 7,096           |
| Miscellaneous Fees                     | 60,000                                  | 60,000                                 | 84,972                     | 24,972          |
| <b>Total Licenses and Permits</b>      | <u>621,525</u>                          | <u>621,525</u>                         | <u>736,080</u>             | <u>114,555</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, 2010**  
(continued)

|  | <u>Original<br/>Budget<br/>Revenues</u> | <u>Revised<br/>Budget<br/>Revenues</u> | <u>Actual<br/>Revenues</u> | <u>Variance</u>     |
|--|---|--|----------------------------|---------------------|
| <b>Fines and Interest on Late Payments</b>       |   |  |                            |                     |
| Interest and Penalties                           | 200,000                                 | 200,000                                | 498,639                    | 298,639             |
| <b>Total Fines and Interest on Late Payments</b> | <u>200,000</u>                          | <u>200,000</u>                         | <u>498,639</u>             | <u>298,639</u>      |
| <b>Interest on Investments</b>                   |   |  |                            |                     |
| Interest Earnings                                | 200,000                                 | 200,000                                | 269,871                    | 69,871              |
| <b>Total Interest on Investments</b>             | <u>200,000</u>                          | <u>200,000</u>                         | <u>269,871</u>             | <u>69,871</u>       |
| <b>Other Revenue</b>                             |   |  |                            |                     |
| Police Car Rental                                | 30,000                                  | 30,000                                 | 51,064                     | 21,064              |
| Municipal Court                                  | 100,000                                 | 100,000                                | 75,008                     | (24,992)            |
| Land Trust Fees                                  | 250,000                                 | 250,000                                | 245,478                    | (4,522)             |
| Miscellaneous Receipts                           | 169,730                                 | 169,730                                | 170,446                    | 716                 |
| Lease buy out                                    | 50,000                                  | 50,000                                 | 62,030                     | 12,030              |
| <b>Total Other Revenue</b>                       | <u>599,730</u>                          | <u>599,730</u>                         | <u>604,026</u>             | <u>4,296</u>        |
| <b>Special Item</b>                              |   |  |                            |                     |
| Federal Revenue - State Fiscal Stabilization     | -                                       | -                                      | 919,445                    | 919,445             |
| <b>Total Special Items</b>                       | <u>-</u>                                | <u>-</u>                               | <u>919,445</u>             | <u>919,445</u>      |
| <b>Total Revenue</b>                             | <u>65,347,376</u>                       | <u>65,347,376</u>                      | <u>67,467,720</u>          | <u>2,120,344</u>    |
| <b>Other Financing Sources</b>                   |   |  |                            |                     |
| Impact Fees - Cell Tower                         | 200,000                                 | 200,000                                | 200,000                    | -                   |
| Use of Priors Years Surplus                      | 159,138                                 | 159,138                                | 159,138                    | -                   |
| <b>Total Other Financing Sources</b>             | <u>359,138</u>                          | <u>359,138</u>                         | <u>359,138</u>             | <u>-</u>            |
| <b>Total Town Revenue</b>                        | <u>\$ 65,706,514</u>                    | <u>\$ 65,706,514</u>                   | <u>\$ 67,826,858</u>       | <u>\$ 2,120,344</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, 2010**

|   | <u>Original<br/>Budgeted<br/>Expenditures</u> | <u>Revised<br/>Budgeted<br/>Expenditures</u> | <u>Actual<br/>Expenditures</u> | <u>Variance</u> |
|---|---|--|--------------------------------|-----------------|
| <b>Legislative, judicial and general administrative</b>           |   |  |                                |                 |
| Town Council  | \$ 27,784                                     | \$ 27,784                                    | \$ 25,939                      | \$ 1,845        |
| Town Manager  | 258,059                                       | 258,059                                      | 293,789                        | (35,730)        |
| Information technology  | 230,401                                       | 230,401                                      | 230,846                        | (445)           |
| Town Clerk  | 280,929                                       | 280,929                                      | 266,078                        | 14,851          |
| Town Solicitor  | 449,000                                       | 449,000                                      | 451,314                        | (2,314)         |
| Board of Canvassers   | 53,983  | 53,983                                       | 45,700                         | 8,283           |
| Probate Court   | 19,197  | 19,197                                       | 17,367                         | 1,830           |
| Municipal Court   | 37,420  | 37,420                                       | 34,690                         | 2,730           |
| <b>Total Legislative, Judicial and<br/>General Administrative</b> | <u>1,356,773</u>                              | <u>1,356,773</u>                             | <u>1,365,723</u>               | <u>(8,950)</u>  |
| <b>Financial Administration</b>                                   |   |  |                                |                 |
| Treasurer   | 294,718                                       | 294,718                                      | 324,290                        | (29,572)        |
| Board of Assessment Review  | 3,760   | 3,760  | 3,687                          | 73              |
| Tax Assessor  | 171,249                                       | 171,249                                      | 170,496                        | 753             |
| Tax Collector   | 253,843                                       | 253,843                                      | 246,096                        | 7,747           |
| <b>Total Financial Administration</b>                             | <u>723,570</u>                                | <u>723,570</u>                               | <u>744,569</u>                 | <u>(20,999)</u> |
| <b>Public Safety</b>  |   |  |                                |                 |
| Police  | 8,647,996                                     | 8,647,996                                    | 8,382,507                      | 265,489         |
| Animal Control  | 203,789                                       | 203,789                                      | 196,254                        | 7,535           |
| Emergency Management  | 4,000   | 4,000  | 4,399                          | (399)           |
| Town Sergeant   | 2,760   | 2,760  | 2,305                          | 455             |
| Crossing Guards   | 41,121  | 41,121                                       | 32,476                         | 8,645           |
| <b>Total Public Safety</b>  | <u>8,899,666</u>                              | <u>8,899,666</u>                             | <u>8,617,941</u>               | <u>281,725</u>  |
| <b>Public Works</b>   |   |  |                                |                 |
| Engineering   | 96,601  | 96,601                                       | 105,595                        | (8,994)         |
| Inspection and Permits  | 191,196                                       | 191,196                                      | 190,958                        | 238             |
| Roads and Bridges   | 1,762,207                                     | 1,762,207                                    | 1,596,719                      | 165,488         |
| Snow Removal  | 297,503                                       | 297,503                                      | 239,402                        | 58,101          |
| Building Maintenance  | 413,076                                       | 413,076                                      | 439,355                        | (26,279)        |
| Refuse Collection   | 748,510                                       | 748,510                                      | 726,014                        | 22,496          |
| Refuse Disposal   | 712,799                                       | 712,799                                      | 708,001                        | 4,798           |
| Vehicle Maintenance   | 973,256                                       | 973,256                                      | 1,050,385                      | (77,129)        |
| <b>Total Public Works</b>   | <u>5,195,148</u>                              | <u>5,195,148</u>                             | <u>5,056,429</u>               | <u>138,719</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, 2010**  
**Continued**

|  | <u>Original<br/>Budgeted<br/>Expenditures</u> | <u>Revised<br/>Budgeted<br/>Expenditures</u> | <u>Actual<br/>Expenditures</u> | <u>Variance</u>     |
|--|---|--|--------------------------------|---------------------|
| <b>Human Resources</b>                                 |   |  |                                |                     |
| Human Services   | 709,165                                       | 709,165                                      | 734,933                        | (25,768)            |
| <b>Total Human Resources</b>                           | <u>709,165</u>                                | <u>709,165</u>                               | <u>734,933</u>                 | <u>(25,768)</u>     |
| <b>Parks and Recreation</b>                            |   |  |                                |                     |
| Public Libraries                                       | 825,363                                       | 825,363                                      | 820,804                        | 4,559               |
| Recreation   | 1,067,357                                     | 1,067,357                                    | 998,530                        | 68,827              |
| <b>Total Parks and Recreation</b>                      | <u>1,892,720</u>                              | <u>1,892,720</u>                             | <u>1,819,334</u>               | <u>73,386</u>       |
| <b>Planning and Development</b>                        |   |  |                                |                     |
| Planning Commission                                    | 17,692  | 17,692                                       | 23,476                         | (5,784)             |
| Planning Department                                    | 249,601                                       | 249,601                                      | 245,797                        | 3,804               |
| Zoning Board   | 12,129  | 12,129                                       | 8,905                          | 3,224               |
| Conservation Commission                                | 1,120   | 1,120  | 828                            | 292                 |
| Industrial Development Commission                      | 867   | 867  | 301                            | 566                 |
| Economic Development                                   | 4,515   | 4,515  | -                              | 4,515               |
| Coventry Housing Authority                             | 4,053   | 4,053  | 3,310                          | 743                 |
| <b>Total Planning and Development</b>                  | <u>289,977</u>                                | <u>289,977</u>                               | <u>282,617</u>                 | <u>7,360</u>        |
| <b>General Government</b>                              |   |  |                                |                     |
| Town General   | 1,514,675                                     | 1,514,675                                    | 1,433,349                      | 81,326              |
| <b>Total General Government</b>                        | <u>1,514,675</u>                              | <u>1,514,675</u>                             | <u>1,433,349</u>               | <u>81,326</u>       |
| <b>Debt Service</b>                                    |   |  |                                |                     |
| Principal  | 2,075,000                                     | 2,075,000                                    | 2,075,000                      | -                   |
| Interest   | 984,954                                       | 984,954                                      | 984,954                        | -                   |
| <b>Total Debt Service</b>                              | <u>3,059,954</u>                              | <u>3,059,954</u>                             | <u>3,059,954</u>               | <u>-</u>            |
| <b>Other Financing Uses</b>                            |   |  |                                |                     |
| Transfers to School Unrestricted                       | 41,580,728                                    | 41,580,728                                   | 41,580,728                     | -                   |
| Transfers to School Unrestricted - SFSF                | -   | -  | 919,445                        | (919,445)           |
| Transfers to School capital                            | 250,000                                       | 250,000                                      | 250,000                        | -                   |
| Transfers to other funds                               | 125,000                                       | 125,000                                      | 218,647                        | (93,647)            |
| Transfers to capital improvement fund                  | 109,138                                       | 109,138                                      | 109,138                        | -                   |
| <b>Total Other Uses</b>                                | <u>42,064,866</u>                             | <u>42,064,866</u>                            | <u>43,077,958</u>              | <u>(1,013,092)</u>  |
| <b>Total Expenditures and<br/>Other Financing Uses</b> | <u>\$ 65,706,514</u>                          | <u>\$ 65,706,514</u>                         | <u>\$ 66,192,807</u>           | <u>\$ (486,293)</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, 2010**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance</u>    |
|--|----------------------------|-------------------------|-------------------|--------------------|
| <b>Revenues</b>  |                            |                         |                   |                    |
| State Aid  | \$ 19,567,550              | \$ 17,549,070           | \$ 16,419,318     | \$ (1,129,752)     |
| Federal Aid  | 450,000                    | 550,000                 | 659,031           | 109,031            |
| Charges for Service  | 755,884                    | 765,884                 | 760,512           | (5,372)            |
| Miscellaneous  | 331,720                    | 331,720                 | 119,149           | (212,571)          |
| <b>Total revenues</b>  | <u>21,105,154</u>          | <u>19,196,674</u>       | <u>17,958,010</u> | <u>(1,238,664)</u> |
| <b>Expenditures</b>  |                            |                         |                   |                    |
| Salaries   | 40,683,835                 | 40,836,945              | 40,340,643        | 496,302            |
| Employee benefits  | 13,908,433                 | 13,210,191              | 12,222,292        | 987,899            |
| Purchased services   | 5,423,906                  | 5,090,459               | 5,112,146         | (21,687)           |
| Supplies and materials   | 2,531,412                  | 2,490,912               | 2,207,527         | 283,385            |
| Capital outlay   | 273,447                    | 273,447                 | 359,687           | (86,240)           |
| Other  | 74,849                     | 74,849                  | 49,396            | 25,453             |
| <b>Total expenditures</b>  | <u>62,895,882</u>          | <u>61,976,803</u>       | <u>60,291,691</u> | <u>(1,685,112)</u> |
| <b>Excess of revenues over (under) expenditures<br/>before other financing sources</b>       | (41,790,728)               | (42,780,129)            | (42,333,681)      | 446,448            |
| <b>Other financing sources (uses)</b>  |                            |                         |                   |                    |
| Operating transfers - Town appropriation   | 41,580,728                 | 41,580,728              | 41,580,728        | -                  |
| Operating transfers - State fiscal stabilization   | -                          | 991,787                 | 919,445           | (72,342)           |
| Other transfers  | 210,000                    | 207,614                 | 202,513           | (5,101)            |
| <b>Total other financing sources/(uses)</b>  | <u>41,790,728</u>          | <u>42,780,129</u>       | <u>42,702,686</u> | <u>(77,443)</u>    |
| <b>Excess (deficiency) of revenue and other<br/>sources over expenditures and other uses</b> | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 369,005</u> | <u>\$ 369,005</u>  |



**Town of Coventry, Rhode Island**  
**Notes to Required Supplementary Information**  
**June 30, 2010**

***BUDGETARY - GAAP REPORTING RECONCILIATION***

The accompanying Required Supplementary Information Statements of Revenues, Expenditures/Expenses (GAAP or Non-GAAP Basis) presents comparisons of the legally adopted budget (more fully described in Note 2) with actual data on a budgetary basis. Because accounting principles 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 sources of financial resources over expenditures/expenses and other uses of financial resources for the year ended June 30, 2010 is presented below:

|  | General<br><u>Fund</u> | School<br><u>Unrestricted</u> |
|--|------------------------|-------------------------------|
| Excess (deficiency) of revenues and other sources<br>over (under) expenditures and other uses<br>(budgetary basis) | \$ 1,634,051           | \$ 369,005                    |
| To adjust for appropriated fund balance  | (159,138)              | -                             |
| To adjust for change in encumbrances   | (68,028)               | -                             |
| Excess (deficiency) of revenues and other sources<br>over (under) expenditures and other uses<br>(GAAP basis)      | <u>\$ 1,406,885</u>    | <u>\$ 369,005</u>             |

**Town of Coventry, Rhode Island**  
**Notes to Required Supplementary Information**  
**June 30, 2010**

**Pension Plan – Schedule of Funding Progress (1)**  
**“Unaudited”**

**Municipal Employees’ 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) |
|--------------------------|-------------------------------|---------------------------------------|---------------------------|--------------------|---------------------|---|
| 7/1/09                   | N/A                           | N/A                                   | N/A                       | N/A                | N/A                 | N/A   |
| 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%  |
| 1/1/05                   | 2,442,517                     | 12,900,836                            | 10,458,319                | 19%                | 3,858,776           | 271%  |
| 1/1/04                   | 2,405,827                     | 12,387,854                            | 9,982,027                 | 19%                | 3,830,237           | 261%  |
| 1/1/03                   | 2,469,792                     | 10,616,718                            | 8,146,926                 | 23%                | 3,412,762           | 239%  |
| 1/1/02                   | 2,523,268                     | 9,881,083                             | 7,357,815                 | 26%                | 3,237,816           | 227%  |

**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) |
|--------------------------|-------------------------------|---------------------------------------|---------------------------|--------------------|---------------------|---|
| 7/1/09                   | N/A                           | N/A                                   | N/A                       | N/A                | N/A                 | N/A   |
| 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%   |
| 1/1/05                   | 3,249,711                     | 47,344,123                            | 44,094,412                | 7%                 | 3,050,300           | 1446%   |
| 1/1/04                   | 2,778,794                     | 44,252,827                            | 41,474,033                | 6%                 | 2,914,639           | 1423%   |
| 1/1/03                   | 2,955,215                     | 41,038,101                            | 38,082,886                | 7%                 | 2,385,704           | 1596%   |
| 1/1/02                   | 2,539,708                     | 38,741,525                            | 36,201,817                | 7%                 | 2,113,735           | 1713%   |

**N/A – Information was not available at the time this report was issued.**

## **OTHER SUPPLEMENTARY INFORMATION**

**SUPPLEMENTARY INFORMATION**  
**TOWN OF COVENTRY, RHODE ISLAND**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**June 30, 2010**

|  | Special Revenue<br>Restricted<br>Town | Special Revenue<br>Restricted<br>School | School<br>Food<br>Service | School<br>Improvement<br>Capital Fund | 116-121<br>Town Capital<br>Improvement Funds | Totals              |
|--|---------------------------------------|---|---------------------------|---------------------------------------|--|---------------------|
| <b>ASSETS</b>                              |                                       |   |                           |                                       |  |                     |
| Cash                                       | \$ 637,313                            | \$ -                                    | \$ 32,029                 | \$ -                                  | \$ -   | \$ 669,342          |
| Intergovernmental receivables              | 347,779                               | 1,224,153                               | 123,268                   | -                                     | -  | 1,695,200           |
| Due from other funds                       | 1,280,164                             | 619,687                                 | -                         | 77,169                                | 458,462                                      | 2,435,482           |
| <b>Total assets</b>                        | <b>\$ 2,265,256</b>                   | <b>\$ 1,843,840</b>                     | <b>\$ 155,297</b>         | <b>\$ 77,169</b>                      | <b>\$ 458,462</b>                            | <b>\$ 4,800,024</b> |
| <b>LIABILITIES AND FUND BALANCES</b>       |                                       |   |                           |                                       |  |                     |
| <b>Liabilities</b>                         |                                       |   |                           |                                       |  |                     |
| Accounts payable                           | \$ -                                  | \$ 118,838                              | \$ 440,469                | \$ 5,671                              | \$ 6,780                                     | \$ 571,758          |
| Due to other funds                         | 373,793                               | 871,512                                 | 75,157                    | -                                     | -  | 1,320,462           |
| Accrued salaries                           | -                                     | 289,502                                 | -                         | -                                     | -  | 289,502             |
| Deferred revenue                           | -                                     | 360,271                                 | -                         | -                                     | -  | 360,271             |
| <b>Total liabilities</b>                   | <b>373,793</b>                        | <b>1,640,123</b>                        | <b>515,626</b>            | <b>5,671</b>                          | <b>6,780</b>                                 | <b>2,541,993</b>    |
| <b>Fund balances (deficits)</b>            |                                       |   |                           |                                       |  |                     |
| Unreserved                                 | 1,891,463                             | 203,717                                 | (360,329)                 | 71,498                                | 451,682                                      | 2,258,031           |
| <b>Fund balances (deficits)</b>            | <b>1,891,463</b>                      | <b>203,717</b>                          | <b>(360,329)</b>          | <b>71,498</b>                         | <b>451,682</b>                               | <b>2,258,031</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 2,265,256</b>                   | <b>\$ 1,843,840</b>                     | <b>\$ 155,297</b>         | <b>\$ 77,169</b>                      | <b>\$ 458,462</b>                            | <b>\$ 4,800,024</b> |

**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, 2010**

|  | Special Revenue<br>Restricted<br>Town | Special Revenue<br>Restricted<br>School | School<br>Food<br>Service | School<br>Improvement<br>Capital Fund | 116-121<br>Town Capital<br>Improvement Funds | Totals              |
|--|---------------------------------------|---|---------------------------|---------------------------------------|--|---------------------|
| <b>REVENUES</b>  |                                       |   |                           |                                       |  |                     |
| Intergovernmental  | \$ 1,275,991                          | \$ 3,948,563                            | \$ 700,894                | \$ -                                  | \$ -   | \$ 5,925,448        |
| Charges for service  | 318,077                               | -                                       | 836,109                   | -                                     | -  | 1,154,186           |
| Investment income  | 3,107                                 | -                                       | 224                       | -                                     | -  | 3,331               |
| Contributions and private grants   | 42,931                                | -                                       | -                         | -                                     | -  | 42,931              |
| Other  | -                                     | 100,298                                 | -                         | -                                     | -  | 100,298             |
| <b>Total Revenues</b>  | <b>1,640,106</b>                      | <b>4,048,861</b>                        | <b>1,537,227</b>          | <b>-</b>                              | <b>-</b>                                     | <b>7,226,194</b>    |
| <b>EXPENDITURES</b>  |                                       |   |                           |                                       |  |                     |
| Executive and administration   | 334,012                               | -                                       | -                         | -                                     | -  | 334,012             |
| Public safety  | 326,605                               | -                                       | -                         | -                                     | -  | 326,605             |
| Public works   | 138,595                               | -                                       | -                         | -                                     | -  | 138,595             |
| Community and economic development   | 72,684                                | -                                       | -                         | -                                     | -  | 72,684              |
| Health and human services  | 561,971                               | -                                       | -                         | -                                     | -  | 561,971             |
| Culture & recreation   | 44,528                                | -                                       | -                         | -                                     | 41,427                                       | 85,955              |
| Education  | -                                     | 3,977,124                               | 1,415,718                 | -                                     | -  | 5,392,842           |
| Capital expenses   | -                                     | -                                       | -                         | 228,641                               | 261,735                                      | 490,376             |
| <b>Total Expenditures</b>  | <b>1,478,395</b>                      | <b>3,977,124</b>                        | <b>1,415,718</b>          | <b>228,641</b>                        | <b>303,162</b>                               | <b>7,403,040</b>    |
| <b>Excess of revenues over (under) Expenditures</b>                              | <b>161,711</b>                        | <b>71,737</b>                           | <b>121,509</b>            | <b>(228,641)</b>                      | <b>(303,162)</b>                             | <b>(176,846)</b>    |
| <b>Other Financing Sources (uses)</b>  |                                       |   |                           |                                       |  |                     |
| Operating transfers in   | 156,134                               | 75,000                                  | -                         | 312,513                               | 109,138                                      | 652,785             |
| Operating transfers out  | (340,000)                             | (75,000)                                | -                         | (62,513)                              | -  | (477,513)           |
| <b>Total other financing sources</b>   | <b>(183,866)</b>                      | <b>-</b>                                | <b>-</b>                  | <b>250,000</b>                        | <b>109,138</b>                               | <b>175,272</b>      |
| Excess of revenues and other sources over<br>(under) expenditures and other uses | (22,155)                              | 71,737                                  | 121,509                   | 21,359                                | (194,024)                                    | (1,574)             |
| <b>FUND BALANCE - July 1, 2009</b>   | <b>1,913,618</b>                      | <b>114,070</b>                          | <b>(481,838)</b>          | <b>-</b>                              | <b>645,706</b>                               | <b>2,191,556</b>    |
| <b>Prior Period Adjustment - See Note 21</b>                                     | <b>-</b>                              | <b>17,910</b>                           | <b>-</b>                  | <b>50,139</b>                         | <b>-</b>                                     | <b>68,049</b>       |
| <b>FUND BALANCE - July 1, 2009 Restated</b>                                      | <b>1,913,618</b>                      | <b>131,980</b>                          | <b>(481,838)</b>          | <b>50,139</b>                         | <b>645,706</b>                               | <b>2,259,605</b>    |
| <b>FUND BALANCE - June 30, 2010</b>  | <b>\$ 1,891,463</b>                   | <b>\$ 203,717</b>                       | <b>\$ (360,329)</b>       | <b>\$ 71,498</b>                      | <b>\$ 451,682</b>                            | <b>\$ 2,258,031</b> |

**SUPPLEMENTARY INFORMATION**  
**TOWN OF COVENTRY, RHODE ISLAND**  
**Special Revenue Restricted Town**  
**Combining Balance Sheet**  
**June 30, 2010**

|  | <b>104</b>          | <b>144</b>            | <b>146</b>                       | <b>147</b>                     | <b>205</b>                                | <b>206</b>                             | <b>209</b>                                |
|--|---------------------|-----------------------|----------------------------------|--------------------------------|---|--|---|
|  | <b>Town<br/>Gym</b> | <b>Land<br/>Trust</b> | <b>Cell Phone<br/>Tower Fund</b> | <b>Inspection<br/>Services</b> | <b>Legislative<br/>Grant<br/>Raptakis</b> | <b>Senior<br/>Center<br/>Operatins</b> | <b>Legislative<br/>Grant<br/>Sullivan</b> |
| <b>ASSETS</b>                              |                     |                       |                                  |                                |   |  |   |
| Cash                                       | \$ -                | \$ -                  | \$ -                             | \$ -                           | \$ -                                      | \$ -                                   | \$ -                                      |
| Intergovernmental receivables              | -                   | -                     | -                                | -                              | -   | -                                      | -   |
| Due from other funds                       | 5,999               | 824,580               | -                                | 83,513                         | 394                                       | 721                                    | 10,000                                    |
| <b>Total assets</b>                        | <b>\$ 5,999</b>     | <b>\$ 824,580</b>     | <b>\$ -</b>                      | <b>\$ 83,513</b>               | <b>\$ 394</b>                             | <b>\$ 721</b>                          | <b>\$ 10,000</b>                          |
| <b>LIABILITIES AND FUND BALANCES</b>       |                     |                       |                                  |                                |   |  |   |
| <b>Liabilities</b>                         |                     |                       |                                  |                                |   |  |   |
| Due to other funds                         | \$ -                | \$ -                  | \$ 7,871                         | \$ -                           | \$ -                                      | \$ -                                   | \$ -                                      |
| <b>Total liabilities</b>                   | <b>-</b>            | <b>-</b>              | <b>7,871</b>                     | <b>-</b>                       | <b>-</b>                                  | <b>-</b>                               | <b>-</b>                                  |
| <b>Fund balances (deficits)</b>            |                     |                       |                                  |                                |   |  |   |
| Unreserved                                 | 5,999               | 824,580               | (7,871)                          | 83,513                         | 394                                       | 721                                    | 10,000                                    |
| <b>Total fund balances (deficits)</b>      | <b>5,999</b>        | <b>824,580</b>        | <b>(7,871)</b>                   | <b>83,513</b>                  | <b>394</b>                                | <b>721</b>                             | <b>10,000</b>                             |
| <b>Total liabilities and fund balances</b> | <b>\$ 5,999</b>     | <b>\$ 824,580</b>     | <b>\$ -</b>                      | <b>\$ 83,513</b>               | <b>\$ 394</b>                             | <b>\$ 721</b>                          | <b>\$ 10,000</b>                          |

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF COVENTRY, RHODE ISLAND**  
**Special Revenue Restricted Town**  
**Combining Balance Sheet**  
**June 30, 2010**

|  | 211                        | 215                                | 225                        | 227                                   | 230                      | 235          | 237            |
|--|----------------------------|------------------------------------|----------------------------|---------------------------------------|--------------------------|--------------|----------------|
|  | <b>Project<br/>Friends</b> | <b>Rural Health<br/>Mini Grant</b> | <b>Anthony<br/>Village</b> | <b>Resource<br/>Sharing<br/>09/10</b> | <b>Bramley<br/>Grant</b> | <b>RIEMA</b> | <b>RIEMA I</b> |
| <b>ASSETS</b>                              |                            |                                    |                            |                                       |                          |              |                |
| Cash                                       | \$ -                       | \$ -                               | \$ -                       | \$ -                                  | \$ -                     | \$ -         | -              |
| Intergovernmental receivables              | -                          | -                                  | 10,092                     | -                                     | 8,731                    | -            | 447            |
| Due from other funds                       | 61,391                     | -                                  | -                          | 4,369                                 | -                        | -            | -              |
| <b>Total assets</b>                        | <b>\$ 61,391</b>           | <b>\$ -</b>                        | <b>\$ 10,092</b>           | <b>\$ 4,369</b>                       | <b>\$ 8,731</b>          | <b>\$ -</b>  | <b>\$ 447</b>  |
| <b>LIABILITIES AND FUND BALANCES</b>       |                            |                                    |                            |                                       |                          |              |                |
| <b>Liabilities</b>                         |                            |                                    |                            |                                       |                          |              |                |
| Due to other funds                         | \$ -                       | \$ 1,535                           | \$ 41,917                  | \$ -                                  | \$ 6,850                 | \$ -         | \$ 447         |
| <b>Total liabilities</b>                   | <b>-</b>                   | <b>1,535</b>                       | <b>41,917</b>              | <b>-</b>                              | <b>6,850</b>             | <b>-</b>     | <b>447</b>     |
| <b>Fund balances (deficits)</b>            |                            |                                    |                            |                                       |                          |              |                |
| Unreserved                                 | 61,391                     | (1,535)                            | (31,825)                   | 4,369                                 | 1,881                    | -            | -              |
| <b>Total fund balances (deficits)</b>      | <b>61,391</b>              | <b>(1,535)</b>                     | <b>(31,825)</b>            | <b>4,369</b>                          | <b>1,881</b>             | <b>-</b>     | <b>-</b>       |
| <b>Total liabilities and fund balances</b> | <b>\$ 61,391</b>           | <b>\$ -</b>                        | <b>\$ 10,092</b>           | <b>\$ 4,369</b>                       | <b>\$ 8,731</b>          | <b>\$ -</b>  | <b>\$ 447</b>  |

(continued)

**SUPPLEMENTARY INFORMATION  
TOWN OF COVENTRY, RHODE ISLAND  
Special Revenue Restricted Town  
Combining Balance Sheet  
June 30, 2010**

|  | 240<br>RIEMA<br>III | 242<br>Resource<br>Sharing<br>08 | 244<br>Legislative<br>Grant<br>Moffitt | 246<br>Mapleroot<br>Cemetery | 255<br>Document<br>Preservation | 260<br>RIEMA<br>Communication | 262<br>Drug<br>Seizure<br>Fund |
|--|---------------------|----------------------------------|--|------------------------------|---------------------------------|-------------------------------|--------------------------------|
| <b>ASSETS</b>                              |                     |                                  |  |                              |                                 |                               |                                |
| Cash                                       | \$ -                | \$ -                             | \$ -                                   | \$ -                         | \$ -                            | \$ -                          | \$ 56,697                      |
| Intergovernmental receivables              | -                   | -                                | -                                      | -                            | -                               | -                             | -                              |
| Due from other funds                       | 2,449               | -                                | 2,110                                  | 1,500                        | 39,458                          | -                             | -                              |
| <b>Total assets</b>                        | <b>\$ 2,449</b>     | <b>\$ -</b>                      | <b>\$ 2,110</b>                        | <b>\$ 1,500</b>              | <b>\$ 39,458</b>                | <b>\$ -</b>                   | <b>\$ 56,697</b>               |
| <b>LIABILITIES AND FUND BALANCES</b>       |                     |                                  |  |                              |                                 |                               |                                |
| <b>Liabilities</b>                         |                     |                                  |  |                              |                                 |                               |                                |
| Due to other funds                         | \$ -                | \$ 207                           | \$ -                                   | \$ -                         | \$ -                            | \$ -                          | \$ -                           |
| <b>Total liabilities</b>                   | <b>-</b>            | <b>207</b>                       | <b>-</b>                               | <b>-</b>                     | <b>-</b>                        | <b>-</b>                      | <b>-</b>                       |
| <b>Fund balances (deficits)</b>            |                     |                                  |  |                              |                                 |                               |                                |
| Unreserved                                 | 2,449               | (207)                            | 2,110                                  | 1,500                        | 39,458                          | -                             | 56,697                         |
| <b>Total fund balances (deficits)</b>      | <b>2,449</b>        | <b>(207)</b>                     | <b>2,110</b>                           | <b>1,500</b>                 | <b>39,458</b>                   | <b>-</b>                      | <b>56,697</b>                  |
| <b>Total liabilities and fund balances</b> | <b>\$ 2,449</b>     | <b>\$ -</b>                      | <b>\$ 2,110</b>                        | <b>\$ 1,500</b>              | <b>\$ 39,458</b>                | <b>\$ -</b>                   | <b>\$ 56,697</b>               |

(continued)



**SUPPLEMENTARY INFORMATION  
TOWN OF COVENTRY, RHODE ISLAND  
Special Revenue Restricted Town  
Combining Balance Sheet  
June 30, 2010**

|  | <b>265<br/>Teen<br/>Center<br/>Operations</b> | <b>266<br/>Rec.<br/>Receptacle<br/>Grant</b> | <b>267<br/>Byrne<br/>Grant</b> | <b>272<br/>Redevelopment<br/>Rice Field</b> | <b>301<br/>Traffic<br/>Grant</b> | <b>302<br/>Calea ETC<br/>Grant</b> | <b>303<br/>Bulletproof<br/>Vests</b> |
|--|---|--|--------------------------------|---|----------------------------------|------------------------------------|--------------------------------------|
| <b>ASSETS</b>                              |   |  |                                |   |                                  |                                    |                                      |
| Cash                                       | \$ -  | \$ -   | \$ -                           | \$ -  | \$ -                             | \$ -                               | \$ -                                 |
| Intergovernmental receivables              | -   | -  | 1,032                          | -   | -                                | -                                  | 8,337                                |
| Due from other funds                       | 9,638   | 3,000  | -                              | -   | -                                | -                                  | -                                    |
| <b>Total assets</b>                        | <b>\$ 9,638</b>                               | <b>\$ 3,000</b>                              | <b>\$ 1,032</b>                | <b>\$ -</b>                                 | <b>\$ -</b>                      | <b>\$ -</b>                        | <b>\$ 8,337</b>                      |
| <b>LIABILITIES AND FUND BALANCES</b>       |   |  |                                |   |                                  |                                    |                                      |
| <b>Liabilities</b>                         |   |  |                                |   |                                  |                                    |                                      |
| Due to other funds                         | \$ -  | \$ -   | \$ 1,032                       | \$ -  | \$ 4,950                         | \$ 23,901                          | \$ 7,826                             |
| <b>Total liabilities</b>                   | <b>-</b>                                      | <b>-</b>                                     | <b>1,032</b>                   | <b>-</b>                                    | <b>4,950</b>                     | <b>23,901</b>                      | <b>7,826</b>                         |
| <b>Fund balances (deficits)</b>            |   |  |                                |   |                                  |                                    |                                      |
| Unreserved                                 | 9,638   | 3,000  | -                              | -   | (4,950)                          | (23,901)                           | 511                                  |
| <b>Total fund balances (deficits)</b>      | <b>9,638</b>                                  | <b>3,000</b>                                 | <b>-</b>                       | <b>-</b>                                    | <b>(4,950)</b>                   | <b>(23,901)</b>                    | <b>511</b>                           |
| <b>Total liabilities and fund balances</b> | <b>\$ 9,638</b>                               | <b>\$ 3,000</b>                              | <b>\$ 1,032</b>                | <b>\$ -</b>                                 | <b>\$ -</b>                      | <b>\$ -</b>                        | <b>\$ 8,337</b>                      |

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF COVENTRY, RHODE ISLAND**  
**Special Revenue Restricted Town**  
**Combining Balance Sheet**  
**June 30, 2010**

|  | <b>304</b>                               | <b>306</b>                                  | <b>320</b>                           | <b>321</b>                            | <b>322</b>            | <b>326</b>                          | <b>327</b>                             |
|--|--|---|--------------------------------------|---------------------------------------|-----------------------|-------------------------------------|--|
|  | <b>Senior<br/>Center<br/>Renovations</b> | <b>DUI/Speed<br/>Click it<br/>or Ticket</b> | <b>VAWA<br/>DV / SA<br/>Training</b> | <b>Federal<br/>Energy<br/>Grant I</b> | <b>MEDS<br/>Grant</b> | <b>Federal<br/>Energy<br/>Grant</b> | <b>Federal<br/>Energy<br/>Grant II</b> |
| <b>ASSETS</b>                              |  |   |                                      |                                       |                       |                                     |  |
| Cash                                       | \$ -                                     | \$ -  | \$ -                                 | \$ -                                  | \$ -                  | \$ -                                | \$ -                                   |
| Intergovernmental receivables              | -  | 8,339                                       | 2,586                                | -                                     | -                     | 4,169                               | 4,467                                  |
| Due from other funds                       | -  | -   | -                                    | 116,094                               | 23,195                | -                                   | -                                      |
| <b>Total assets</b>                        | <b>\$ -</b>                              | <b>\$ 8,339</b>                             | <b>\$ 2,586</b>                      | <b>\$ 116,094</b>                     | <b>\$ 23,195</b>      | <b>\$ 4,169</b>                     | <b>\$ 4,467</b>                        |
| <b>LIABILITIES AND FUND BALANCES</b>       |  |   |                                      |                                       |                       |                                     |  |
| <b>Liabilities</b>                         |  |   |                                      |                                       |                       |                                     |  |
| Due to other funds                         | \$ -                                     | \$ 7,200                                    | \$ 2,586                             | \$ -                                  | \$ -                  | \$ 4,169                            | \$ 4,467                               |
| <b>Total liabilities</b>                   | <b>-</b>                                 | <b>7,200</b>                                | <b>2,586</b>                         | <b>-</b>                              | <b>-</b>              | <b>4,169</b>                        | <b>4,467</b>                           |
| <b>Fund balances (deficits)</b>            |  |   |                                      |                                       |                       |                                     |  |
| Unreserved                                 | -  | 1,139                                       | -                                    | 116,094                               | 23,195                | -                                   | -                                      |
| <b>Total fund balances (deficits)</b>      | <b>-</b>                                 | <b>1,139</b>                                | <b>-</b>                             | <b>116,094</b>                        | <b>23,195</b>         | <b>-</b>                            | <b>-</b>                               |
| <b>Total liabilities and fund balances</b> | <b>\$ -</b>                              | <b>\$ 8,339</b>                             | <b>\$ 2,586</b>                      | <b>\$ 116,094</b>                     | <b>\$ 23,195</b>      | <b>\$ 4,169</b>                     | <b>\$ 4,467</b>                        |

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF COVENTRY, RHODE ISLAND**  
**Special Revenue Restricted Town**  
**Combining Balance Sheet**  
**June 30, 2010**

|  | <b>330</b>        | <b>400</b>       | <b>404</b>       | <b>408</b>      | <b>420</b>        | <b>24163</b>     | <b>229</b>       |
|--|-------------------|------------------|------------------|-----------------|-------------------|------------------|------------------|
|  | <b>March</b>      | <b>Food</b>      | <b>Fire</b>      | <b>Coventry</b> | <b>Impact</b>     | <b>Earth Day</b> | <b>2008-2009</b> |
|  | <b>Flood</b>      | <b>Bank</b>      | <b>District</b>  | <b>Cares</b>    | <b>Fees</b>       |                  | <b>CDBG</b>      |
|  | <b>Disaster</b>   |                  | <b>EMA</b>       |                 |                   |                  |                  |
| <b>ASSETS</b>                              |                   |                  |                  |                 |                   |                  |                  |
| Cash                                       | \$ -              | \$ -             | \$ -             | \$ -            | \$ 580,616        | \$ -             | \$ -             |
| Intergovernmental receivables              | 260,546           | -                | -                | -               | -                 | -                | 20,070           |
| Due from other funds                       | -                 | 59,828           | 26,378           | 5,547           | -                 | -                | -                |
| <b>Total assets</b>                        | <b>260,546</b>    | <b>59,828</b>    | <b>26,378</b>    | <b>5,547</b>    | <b>580,616</b>    | <b>-</b>         | <b>20,070</b>    |
| <b>LIABILITIES AND FUND BALANCES</b>       |                   |                  |                  |                 |                   |                  |                  |
| <b>Liabilities</b>                         |                   |                  |                  |                 |                   |                  |                  |
| Due to other funds                         | \$ 219,802        | \$ -             | \$ -             | \$ -            | \$ -              | \$ -             | \$ 20,070        |
| <b>Total liabilities</b>                   | <b>219,802</b>    | <b>-</b>         | <b>-</b>         | <b>-</b>        | <b>-</b>          | <b>-</b>         | <b>20,070</b>    |
| <b>Fund balances (deficits)</b>            |                   |                  |                  |                 |                   |                  |                  |
| Unreserved                                 | 40,744            | 59,828           | 26,378           | 5,547           | 580,616           | -                | -                |
| <b>Total fund balances (deficits)</b>      | <b>40,744</b>     | <b>59,828</b>    | <b>26,378</b>    | <b>5,547</b>    | <b>580,616</b>    | <b>-</b>         | <b>-</b>         |
| <b>Total liabilities and fund balances</b> | <b>\$ 260,546</b> | <b>\$ 59,828</b> | <b>\$ 26,378</b> | <b>\$ 5,547</b> | <b>\$ 580,616</b> | <b>\$ -</b>      | <b>\$ 20,070</b> |

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF COVENTRY, RHODE ISLAND**  
**Special Revenue Restricted Town**  
**Combining Balance Sheet**  
**June 30, 2010**

|  | 249         | 259              | 269           | 270             | 273           |                        |
|--|-------------|------------------|---------------|-----------------|---------------|------------------------|
|  | 2004-2005   | 2005-2006        | 2007-2008     | 2006-2007       | 2009-2010     |                        |
|  | CDBG        | CDBG             | CDBG          | CDBG            | CDBG          | <b>TOTAL</b>           |
|  |             |                  |               |                 |               | <b>Special Revenue</b> |
|  |             |                  |               |                 |               | <b>Restricted</b>      |
|  |             |                  |               |                 |               | <b>Town</b>            |
| <b>ASSETS</b>                              |             |                  |               |                 |               |                        |
| Cash                                       | \$ -        | \$ -             | \$ -          | \$ -            | \$ -          | \$ 637,313             |
| Intergovernmental receivables              | -           | 12,664           | 717           | 4,613           | 969           | 347,779                |
| Due from other funds                       | -           | -                | -             | -               | -             | 1,280,164              |
| <b>Total assets</b>                        | <b>-</b>    | <b>12,664</b>    | <b>717</b>    | <b>4,613</b>    | <b>969</b>    | <b>\$ 2,265,256</b>    |
| <b>LIABILITIES AND FUND BALANCES</b>       |             |                  |               |                 |               |                        |
| <b>Liabilities</b>                         |             |                  |               |                 |               |                        |
| Due to other funds                         | \$ -        | \$ 12,664        | \$ 717        | \$ 4,613        | \$ 969        | \$ 373,793             |
| <b>Total liabilities</b>                   | <b>-</b>    | <b>12,664</b>    | <b>717</b>    | <b>4,613</b>    | <b>969</b>    | <b>373,793</b>         |
| <b>Fund balances (deficits)</b>            |             |                  |               |                 |               |                        |
| Unreserved                                 | -           | -                | -             | -               | -             | 1,891,463              |
| <b>Total fund balances (deficits)</b>      | <b>-</b>    | <b>-</b>         | <b>-</b>      | <b>-</b>        | <b>-</b>      | <b>1,891,463</b>       |
| <b>Total liabilities and fund balances</b> | <b>\$ -</b> | <b>\$ 12,664</b> | <b>\$ 717</b> | <b>\$ 4,613</b> | <b>\$ 969</b> | <b>\$ 2,265,256</b>    |

(concluded)

**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, 2010**

|  | 104         | 144           | 146                      | 147                    | 205                              | 206                            | 209                              |
|--|-------------|---------------|--------------------------|------------------------|----------------------------------|--------------------------------|----------------------------------|
|  | Town<br>Gym | Land<br>Trust | Cell Phone<br>Tower Fund | Inspection<br>Services | Legislative<br>Grant<br>Raptakis | Senior<br>Center<br>Operations | Legislative<br>Grant<br>Sullivan |
| <b>REVENUES</b>  |             |               |                          |                        |                                  |                                |                                  |
| Intergovernmental  | \$ -        | \$ -          | \$ -                     | \$ -                   | \$ 3,000                         | \$ 9,234                       | \$ -                             |
| Charges for services   | 1,065       | -             | 68,459                   | 8,939                  | -                                | -                              | -                                |
| Investment income  | -           | -             | -                        | -                      | -                                | -                              | -                                |
| Contributions and private grants   | -           | -             | -                        | -                      | -                                | -                              | -                                |
| <b>Total Revenues</b>  | 1,065       | -             | 68,459                   | 8,939                  | 3,000                            | 9,234                          | -                                |
| <b>EXPENDITURES</b>  |             |               |                          |                        |                                  |                                |                                  |
| Executive and administration   | -           | -             | -                        | -                      | -                                | -                              | -                                |
| Public safety  | -           | -             | -                        | -                      | -                                | -                              | -                                |
| Public works   | -           | -             | -                        | -                      | -                                | -                              | -                                |
| Community and economic development   | -           | -             | -                        | -                      | -                                | -                              | -                                |
| Health and human services  | -           | -             | -                        | -                      | 7,578                            | 9,234                          | -                                |
| Culture & recreation   | 521         | 30,012        | -                        | -                      | -                                | -                              | -                                |
| <b>Total Expenditures</b>  | 521         | 30,012        | -                        | -                      | 7,578                            | 9,234                          | -                                |
| <b>Excess of revenues over (under) Expenditures</b>                                  | 544         | (30,012)      | 68,459                   | 8,939                  | (4,578)                          | -                              | -                                |
| <b>Other Financing Sources (uses)</b>  |             |               |                          |                        |                                  |                                |                                  |
| Operating transfers in   | -           | 142,739       | -                        | -                      | -                                | -                              | -                                |
| Operating transfers out  | -           | -             | (240,000)                | -                      | -                                | -                              | -                                |
| <b>Total other financing sources</b>   | -           | 142,739       | (240,000)                | -                      | -                                | -                              | -                                |
| <b>Excess of revenues and other sources over (under) expenditures and other uses</b> | 544         | 112,727       | (171,541)                | 8,939                  | (4,578)                          | -                              | -                                |
| <b>FUND BALANCE - July 1, 2009</b>   | 5,455       | 711,853       | 163,670                  | 74,574                 | 4,972                            | 721                            | 10,000                           |
| <b>FUND BALANCE - June 30, 2010</b>  | \$ 5,999    | \$ 824,580    | \$ (7,871)               | \$ 83,513              | \$ 394                           | \$ 721                         | \$ 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, 2010

|  | 211                | 215                        | 225                | 227                          | 230              | 235           | 237         |
|--|--------------------|----------------------------|--------------------|------------------------------|------------------|---------------|-------------|
|  | Project<br>Friends | Rural Health<br>Mini Grant | Anthony<br>Village | Resource<br>Sharing<br>09/10 | Bramley<br>Grant | RI EMA        | RIEMA I     |
| <b>REVENUES</b>  |                    |                            |                    |                              |                  |               |             |
| Intergovernmental  | \$ 266,310         | \$ 4,900                   | \$ 42,103          | \$ 103,918                   | \$ 33,845        | \$ 23,052     | \$ -        |
| Charges for services   | -                  | -                          | -                  | -                            | -                | -             | -           |
| Investment income  | -                  | -                          | -                  | -                            | -                | -             | -           |
| Contributions and private grants   | -                  | -                          | -                  | -                            | -                | -             | -           |
| <b>Total Revenues</b>  | <b>266,310</b>     | <b>4,900</b>               | <b>42,103</b>      | <b>103,918</b>               | <b>33,845</b>    | <b>23,052</b> | <b>-</b>    |
| <b>EXPENDITURES</b>  |                    |                            |                    |                              |                  |               |             |
| Executive and administration   | -                  | -                          | 73,728             | 99,549                       | -                | -             | -           |
| Public safety  | -                  | -                          | -                  | -                            | 34,563           | 23,052        | -           |
| Public works   | -                  | -                          | -                  | -                            | -                | -             | -           |
| Community and economic development   | -                  | -                          | -                  | -                            | -                | -             | -           |
| Health and human services  | 337,281            | 6,435                      | -                  | -                            | -                | -             | -           |
| Culture & recreation   | -                  | -                          | -                  | -                            | -                | -             | -           |
| <b>Total Expenditures</b>  | <b>337,281</b>     | <b>6,435</b>               | <b>73,728</b>      | <b>99,549</b>                | <b>34,563</b>    | <b>23,052</b> | <b>-</b>    |
| <b>Excess of revenues over (under) Expenditures</b>                                  | <b>(70,971)</b>    | <b>(1,535)</b>             | <b>(31,625)</b>    | <b>4,369</b>                 | <b>(718)</b>     | <b>-</b>      | <b>-</b>    |
| <b>Other Financing Sources (uses)</b>  |                    |                            |                    |                              |                  |               |             |
| Operating transfers in   | -                  | -                          | -                  | -                            | -                | -             | -           |
| Operating transfers out  | -                  | -                          | -                  | -                            | -                | -             | -           |
| <b>Total other financing sources</b>   | <b>-</b>           | <b>-</b>                   | <b>-</b>           | <b>-</b>                     | <b>-</b>         | <b>-</b>      | <b>-</b>    |
| <b>Excess of revenues and other sources over (under) expenditures and other uses</b> | <b>(70,971)</b>    | <b>(1,535)</b>             | <b>(31,625)</b>    | <b>4,369</b>                 | <b>(718)</b>     | <b>-</b>      | <b>-</b>    |
| <b>FUND BALANCE - July 1, 2009</b>   | <b>132,362</b>     | <b>-</b>                   | <b>(200)</b>       | <b>-</b>                     | <b>2,599</b>     | <b>-</b>      | <b>-</b>    |
| <b>FUND BALANCE - June 30, 2010</b>  | <b>\$ 61,391</b>   | <b>\$ (1,535)</b>          | <b>\$ (31,825)</b> | <b>\$ 4,369</b>              | <b>\$ 1,881</b>  | <b>\$ -</b>   | <b>\$ -</b> |

(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, 2010**

|  | 240<br>RIEMA<br>III | 242<br>Resource<br>Sharing<br>08 | 244<br>Legislative<br>Grant<br>Moffitt | 246<br>Mapleroot<br>Cemetery | 255<br>Document<br>Preservation | 260<br>RIEMA<br>Communication | 262<br>Drug<br>Seizure<br>Fund |
|--|---------------------|----------------------------------|--|------------------------------|---------------------------------|-------------------------------|--------------------------------|
| <b>REVENUES</b>  |                     |                                  |  |                              |                                 |                               |                                |
| Intergovernmental  | \$ -                | \$ -                             | \$ -                                   | \$ -                         | \$ -                            | \$ 73,950                     | \$ -                           |
| Charges for services   | -                   | -                                | -                                      | -                            | 35,803                          | -                             | -                              |
| Investment income  | -                   | -                                | -                                      | -                            | -                               | -                             | 1,927                          |
| Contributions and private grants   | -                   | -                                | -                                      | -                            | -                               | -                             | -                              |
| <b>Total Revenues</b>  | <b>-</b>            | <b>-</b>                         | <b>-</b>                               | <b>-</b>                     | <b>35,803</b>                   | <b>73,950</b>                 | <b>1,927</b>                   |
| <b>EXPENDITURES</b>  |                     |                                  |  |                              |                                 |                               |                                |
| Executive and administration   | -                   | 10,453                           | -                                      | -                            | 123,740                         | -                             | -                              |
| Public safety  | -                   | -                                | -                                      | -                            | -                               | 73,950                        | 8,738                          |
| Public works   | -                   | -                                | -                                      | -                            | -                               | -                             | -                              |
| Community and economic development   | -                   | -                                | -                                      | -                            | -                               | -                             | -                              |
| Health and human services  | -                   | -                                | -                                      | -                            | -                               | -                             | -                              |
| Culture & recreation   | -                   | -                                | -                                      | -                            | -                               | -                             | -                              |
| <b>Total Expenditures</b>  | <b>-</b>            | <b>10,453</b>                    | <b>-</b>                               | <b>-</b>                     | <b>123,740</b>                  | <b>73,950</b>                 | <b>8,738</b>                   |
| <b>Excess of revenues over (under) Expenditures</b>                                  | <b>-</b>            | <b>(10,453)</b>                  | <b>-</b>                               | <b>-</b>                     | <b>(87,937)</b>                 | <b>-</b>                      | <b>(6,811)</b>                 |
| <b>Other Financing Sources (uses)</b>  |                     |                                  |  |                              |                                 |                               |                                |
| Operating transfers in   | -                   | -                                | -                                      | -                            | -                               | -                             | -                              |
| Operating transfers out  | -                   | -                                | -                                      | -                            | -                               | -                             | -                              |
| <b>Total other financing sources</b>   | <b>-</b>            | <b>-</b>                         | <b>-</b>                               | <b>-</b>                     | <b>-</b>                        | <b>-</b>                      | <b>-</b>                       |
| <b>Excess of revenues and other sources over (under) expenditures and other uses</b> | <b>-</b>            | <b>(10,453)</b>                  | <b>-</b>                               | <b>-</b>                     | <b>(87,937)</b>                 | <b>-</b>                      | <b>(6,811)</b>                 |
| <b>FUND BALANCE - July 1, 2009</b>   | <b>2,449</b>        | <b>10,246</b>                    | <b>2,110</b>                           | <b>1,500</b>                 | <b>127,395</b>                  | <b>-</b>                      | <b>63,508</b>                  |
| <b>FUND BALANCE - June 30, 2010</b>  | <b>\$ 2,449</b>     | <b>\$ (207)</b>                  | <b>\$ 2,110</b>                        | <b>\$ 1,500</b>              | <b>\$ 39,458</b>                | <b>\$ -</b>                   | <b>\$ 56,697</b>               |

(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, 2010**

|  | 265<br>Teen<br>Center<br>Operations | 266<br>Rec.<br>Receptacle<br>Grant | 267<br>Byrne<br>Grant | 272<br>Redevelopment<br>Rice Field | 301<br>Traffic<br>Grant | 302<br>Calea ETC<br>Grant | 303<br>Bulletproof<br>Vests |
|--|-------------------------------------|------------------------------------|-----------------------|------------------------------------|-------------------------|---------------------------|-----------------------------|
| <b>REVENUES</b>  |                                     |                                    |                       |                                    |                         |                           |                             |
| Intergovernmental  | \$ -                                | \$ -                               | \$ 14,228             | \$ -                               | \$ -                    | \$ -                      | \$ 8,337                    |
| Charges for services   | -                                   | -                                  | -                     | -                                  | -                       | -                         | -                           |
| Investment income  | -                                   | -                                  | -                     | -                                  | -                       | -                         | -                           |
| Contributions and private grants   | -                                   | -                                  | -                     | -                                  | -                       | -                         | -                           |
| <b>Total Revenues</b>  | -                                   | -                                  | 14,228                | -                                  | -                       | -                         | 8,337                       |
| <b>EXPENDITURES</b>  |                                     |                                    |                       |                                    |                         |                           |                             |
| Executive and administration   | -                                   | -                                  | -                     | -                                  | -                       | -                         | -                           |
| Public safety  | -                                   | -                                  | 12,318                | -                                  | 4,950                   | 23,901                    | 8,337                       |
| Public works   | -                                   | -                                  | -                     | -                                  | -                       | -                         | -                           |
| Community and economic development   | -                                   | -                                  | -                     | -                                  | -                       | -                         | -                           |
| Health and human services  | -                                   | -                                  | -                     | -                                  | -                       | -                         | -                           |
| Culture & recreation   | -                                   | -                                  | -                     | 13,395                             | -                       | -                         | -                           |
| <b>Total Expenditures</b>  | -                                   | -                                  | 12,318                | 13,395                             | 4,950                   | 23,901                    | 8,337                       |
| <b>Excess of revenues over (under) Expenditures</b>                                  | -                                   | -                                  | 1,910                 | (13,395)                           | (4,950)                 | (23,901)                  | -                           |
| <b>Other Financing Sources (uses)</b>  |                                     |                                    |                       |                                    |                         |                           |                             |
| Operating transfers in   | -                                   | -                                  | -                     | 13,395                             | -                       | -                         | -                           |
| Operating transfers out  | -                                   | -                                  | -                     | -                                  | -                       | -                         | -                           |
| <b>Total other financing sources</b>   | -                                   | -                                  | -                     | 13,395                             | -                       | -                         | -                           |
| <b>Excess of revenues and other sources over (under) expenditures and other uses</b> | -                                   | -                                  | 1,910                 | -                                  | (4,950)                 | (23,901)                  | -                           |
| <b>FUND BALANCE - July 1, 2009</b>   | 9,638                               | 3,000                              | (1,910)               | -                                  | -                       | -                         | 511                         |
| <b>FUND BALANCE - June 30, 2010</b>  | \$ 9,638                            | \$ 3,000                           | \$ -                  | \$ -                               | \$ (4,950)              | \$ (23,901)               | \$ 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, 2010

|  | 304<br>Senior<br>Center<br>Renovations | 306<br>DUI/Speed<br>Click it<br>or Ticket | 320<br>VAWA<br>DV / SA<br>Training | 321<br>Federal<br>Energy<br>Grant I | 322<br>MEDS<br>Grant | 326<br>Federal<br>Energy<br>Grant | 327<br>Federal<br>Energy<br>Grant II |
|--|--|---|------------------------------------|-------------------------------------|----------------------|-----------------------------------|--------------------------------------|
| <b>REVENUES</b>  |  |   |                                    |                                     |                      |                                   |                                      |
| Intergovernmental  | \$ 137,635                             | \$ 32,666                                 | \$ 2,586                           | \$ 134,000                          | \$ 38,080            | \$ 4,169                          | \$ 4,467                             |
| Charges for services   | -                                      | -   | -                                  | -                                   | -                    | -                                 | -                                    |
| Investment income  | -                                      | -   | -                                  | -                                   | -                    | -                                 | -                                    |
| Contributions and private grants   | -                                      | -   | -                                  | -                                   | -                    | -                                 | -                                    |
| <b>Total Revenues</b>  | 137,635                                | 32,666                                    | 2,586                              | 134,000                             | 38,080               | 4,169                             | 4,467                                |
| <b>EXPENDITURES</b>  |  |   |                                    |                                     |                      |                                   |                                      |
| Executive and administration   | -                                      | -   | -                                  | 17,906                              | -                    | 4,169                             | 4,467                                |
| Public safety  | -                                      | 31,837                                    | 2,586                              | -                                   | 14,885               | -                                 | -                                    |
| Public works   | -                                      | -   | -                                  | -                                   | -                    | -                                 | -                                    |
| Community and economic development   | -                                      | -   | -                                  | -                                   | -                    | -                                 | -                                    |
| Health and human services  | 137,635                                | -   | -                                  | -                                   | -                    | -                                 | -                                    |
| Culture & recreation   | -                                      | -   | -                                  | -                                   | -                    | -                                 | -                                    |
| <b>Total Expenditures</b>  | 137,635                                | 31,837                                    | 2,586                              | 17,906                              | 14,885               | 4,169                             | 4,467                                |
| <b>Excess of revenues over (under) Expenditures</b>                                  | -                                      | 829                                       | -                                  | 116,094                             | 23,195               | -                                 | -                                    |
| <b>Other Financing Sources (uses)</b>  |  |   |                                    |                                     |                      |                                   |                                      |
| Operating transfers in   | -                                      | -   | -                                  | -                                   | -                    | -                                 | -                                    |
| Operating transfers out  | -                                      | -   | -                                  | -                                   | -                    | -                                 | -                                    |
| <b>Total other financing sources</b>   | -                                      | -   | -                                  | -                                   | -                    | -                                 | -                                    |
| <b>Excess of revenues and other sources over (under) expenditures and other uses</b> | -                                      | 829                                       | -                                  | 116,094                             | 23,195               | -                                 | -                                    |
| <b>FUND BALANCE - July 1, 2009</b>   | -                                      | 310                                       | -                                  | -                                   | -                    | -                                 | -                                    |
| <b>FUND BALANCE - June 30, 2010</b>  | \$ -                                   | \$ 1,139                                  | \$ -                               | \$ 116,094                          | \$ 23,195            | \$ -                              | \$ -                                 |

(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, 2010**

|  | 330<br>March<br>Flood<br>Disaster | 400<br>Food<br>Bank | 404<br>Fire<br>District<br>EMA | 408<br>Coventry<br>Cares | 420<br>Impact<br>Fees | 24163<br>Earth Day | 229<br>2008-2009<br>CDBG |
|--|-----------------------------------|---------------------|--------------------------------|--------------------------|-----------------------|--------------------|--------------------------|
| <b>REVENUES</b>  |                                   |                     |                                |                          |                       |                    |                          |
| Intergovernmental  | \$ 266,827                        | \$ -                | \$ -                           | \$ -                     | \$ -                  | \$ -               | \$ 21,873                |
| Charges for services   | -                                 | -                   | 7,500                          | -                        | 196,311               | -                  | -                        |
| Investment income  | -                                 | -                   | -                              | -                        | 1,180                 | -                  | -                        |
| Contributions and private grants   | -                                 | 42,331              | -                              | -                        | -                     | 600                | -                        |
| <b>Total Revenues</b>  | <b>266,827</b>                    | <b>42,331</b>       | <b>7,500</b>                   | <b>-</b>                 | <b>197,491</b>        | <b>600</b>         | <b>21,873</b>            |
| <b>EXPENDITURES</b>  |                                   |                     |                                |                          |                       |                    |                          |
| Executive and administration   | -                                 | -                   | -                              | -                        | -                     | -                  | -                        |
| Public safety  | 87,488                            | -                   | -                              | -                        | -                     | -                  | -                        |
| Public works   | 138,595                           | -                   | -                              | -                        | -                     | -                  | -                        |
| Community and economic development   | -                                 | -                   | -                              | -                        | -                     | -                  | 21,873                   |
| Health and human services  | -                                 | 53,457              | -                              | 10,351                   | -                     | -                  | -                        |
| Culture & recreation   | -                                 | -                   | -                              | -                        | -                     | 600                | -                        |
| <b>Total Expenditures</b>  | <b>226,083</b>                    | <b>53,457</b>       | <b>-</b>                       | <b>10,351</b>            | <b>-</b>              | <b>600</b>         | <b>21,873</b>            |
| <b>Excess of revenues over (under) Expenditures</b>                                  | <b>40,744</b>                     | <b>(11,126)</b>     | <b>7,500</b>                   | <b>(10,351)</b>          | <b>197,491</b>        | <b>-</b>           | <b>-</b>                 |
| <b>Other Financing Sources (uses)</b>  |                                   |                     |                                |                          |                       |                    |                          |
| Operating transfers in   | -                                 | -                   | -                              | -                        | -                     | -                  | -                        |
| Operating transfers out  | -                                 | -                   | -                              | -                        | (100,000)             | -                  | -                        |
| <b>Total other financing sources</b>   | <b>-</b>                          | <b>-</b>            | <b>-</b>                       | <b>-</b>                 | <b>(100,000)</b>      | <b>-</b>           | <b>-</b>                 |
| <b>Excess of revenues and other sources over (under) expenditures and other uses</b> | <b>40,744</b>                     | <b>(11,126)</b>     | <b>7,500</b>                   | <b>(10,351)</b>          | <b>97,491</b>         | <b>-</b>           | <b>-</b>                 |
| <b>FUND BALANCE - July 1, 2009</b>   | <b>-</b>                          | <b>70,954</b>       | <b>18,878</b>                  | <b>15,898</b>            | <b>483,125</b>        | <b>-</b>           | <b>-</b>                 |
| <b>FUND BALANCE - June 30, 2010</b>  | <b>\$ 40,744</b>                  | <b>\$ 59,828</b>    | <b>\$ 26,378</b>               | <b>\$ 5,547</b>          | <b>\$ 580,616</b>     | <b>\$ -</b>        | <b>\$ -</b>              |

**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, 2010**

|  | 249          | 259          | 269           | 270           | 273         | <b>TOTAL</b>           |
|--|--------------|--------------|---------------|---------------|-------------|------------------------|
|  | 2004-2005    | 2005-2006    | 2007-2008     | 2006-2007     | 2009-2010   | <b>Special Revenue</b> |
|  | CDBG         | CDBG         | CDBG          | CDBG          | CDBG        | <b>Restricted</b>      |
|  |              |              |               |               |             | <b>Town</b>            |
| <b>REVENUES</b>  |              |              |               |               |             |                        |
| Intergovernmental  | \$ 1,435     | \$ 3,186     | \$ 19,322     | \$ 25,899     | \$ 969      | \$ 1,275,991           |
| Charges for services   | -            | -            | -             | -             | -           | 318,077                |
| Investment income  | -            | -            | -             | -             | -           | 3,107                  |
| Contributions and private grants   | -            | -            | -             | -             | -           | 42,931                 |
| <b>Total Revenues</b>  | <b>1,435</b> | <b>3,186</b> | <b>19,322</b> | <b>25,899</b> | <b>969</b>  | <b>1,640,106</b>       |
| <b>EXPENDITURES</b>  |              |              |               |               |             |                        |
| Executive and administration   | -            | -            | -             | -             | -           | 334,012                |
| Public safety  | -            | -            | -             | -             | -           | 326,605                |
| Public works   | -            | -            | -             | -             | -           | 138,595                |
| Community and economic development   | 1,435        | 3,186        | 19,322        | 25,899        | 969         | 72,684                 |
| Health and human services  | -            | -            | -             | -             | -           | 561,971                |
| Culture & recreation   | -            | -            | -             | -             | -           | 44,528                 |
| <b>Total Expenditures</b>  | <b>1,435</b> | <b>3,186</b> | <b>19,322</b> | <b>25,899</b> | <b>969</b>  | <b>1,478,395</b>       |
| <b>Excess of revenues over (under) Expenditures</b>                                  | <b>-</b>     | <b>-</b>     | <b>-</b>      | <b>-</b>      | <b>-</b>    | <b>161,711</b>         |
| <b>Other Financing Sources (uses)</b>  |              |              |               |               |             |                        |
| Operating transfers in   | -            | -            | -             | -             | -           | 156,134                |
| Operating transfers out  | -            | -            | -             | -             | -           | (340,000)              |
| <b>Total other financing sources</b>   | <b>-</b>     | <b>-</b>     | <b>-</b>      | <b>-</b>      | <b>-</b>    | <b>(183,866)</b>       |
| <b>Excess of revenues and other sources over (under) expenditures and other uses</b> | <b>-</b>     | <b>-</b>     | <b>-</b>      | <b>-</b>      | <b>-</b>    | <b>(22,155)</b>        |
| <b>FUND BALANCE - July 1, 2009</b>   | <b>-</b>     | <b>-</b>     | <b>-</b>      | <b>-</b>      | <b>-</b>    | <b>1,913,618</b>       |
| <b>FUND BALANCE - June 30, 2010</b>  | <b>\$ -</b>  | <b>\$ -</b>  | <b>\$ -</b>   | <b>\$ -</b>   | <b>\$ -</b> | <b>\$ 1,891,463</b>    |

**SUPPLEMENTARY INFORMATION**  
**TOWN OF COVENTRY, RHODE ISLAND**  
**Special Revenue Restricted School**  
**Combining Balance Sheet**  
**June 30, 2010**

|  | <b>21011100</b>   | <b>21011200</b>   | <b>21014100</b>   | <b>21021100</b>   | <b>21024100</b>  | <b>21031100</b>  |
|--|-------------------|-------------------|-------------------|-------------------|------------------|------------------|
|  | <b>IDEA</b>       | <b>IDEA</b>       | <b>ARRA IDEA</b>  | <b>ARRA</b>       | <b>ARRA</b>      | <b>ARRA</b>      |
|  | <b>Part B</b>     | <b>Pre School</b> | <b>Part B</b>     | <b>Title I</b>    | <b>Title I</b>   | <b>Title II</b>  |
| <b>ASSETS</b>                              |                   |                   |                   |                   |                  |                  |
| Cash                                       | \$ -              | \$ -              | \$ -              | \$ -              | \$ -             | \$ -             |
| Intergovernmental receivables              | 415,655           | 15,049            | 194,874           | 154,150           | 41,428           | 85,258           |
| Due from other funds                       | -                 | -                 | -                 | -                 | -                | -                |
| <b>Total assets</b>                        | <b>\$ 415,655</b> | <b>\$ 15,049</b>  | <b>\$ 194,874</b> | <b>\$ 154,150</b> | <b>\$ 41,428</b> | <b>\$ 85,258</b> |
| <b>LIABILITIES AND FUND BALANCES</b>       |                   |                   |                   |                   |                  |                  |
| <b>Liabilities</b>                         |                   |                   |                   |                   |                  |                  |
| Accounts payable                           | \$ 42,289         | \$ 1,583          | \$ 14,305         | \$ 16,362         | \$ 2,753         | \$ 7,226         |
| Due to other funds                         | 321,913           | 8,708             | 132,910           | 99,182            | 32,068           | 56,856           |
| Accrued salaries                           | 51,453            | 4,758             | 47,659            | 38,606            | 6,607            | 21,176           |
| Deferred Revenues                          | -                 | -                 | -                 | -                 | -                | -                |
| <b>Total liabilities</b>                   | <b>415,655</b>    | <b>15,049</b>     | <b>194,874</b>    | <b>154,150</b>    | <b>41,428</b>    | <b>85,258</b>    |
| <b>Fund balances (deficits)</b>            |                   |                   |                   |                   |                  |                  |
| Unreserved                                 | -                 | -                 | -                 | -                 | -                | -                |
| <b>Total fund balances (deficits)</b>      | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>         | <b>-</b>         |
| <b>Total liabilities and fund balances</b> | <b>\$ 415,655</b> | <b>\$ 15,049</b>  | <b>\$ 194,874</b> | <b>\$ 154,150</b> | <b>\$ 41,428</b> | <b>\$ 85,258</b> |

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF COVENTRY, RHODE ISLAND**  
**Special Revenue Restricted School**  
**Combining Balance Sheet**  
**June 30, 2010**

|  | 21032302     | 21051100        | 21091100                  | 21091101            | 21092104         | 21110000                 |
|--|--------------|-----------------|---------------------------|---------------------|------------------|--------------------------|
|  | E2T2         | Title IV        | Perkins<br>Vocational Ed. | Perkins<br>Odd Year | VTA              | Learn & Serve<br>America |
| <b>ASSETS</b>                              |              |                 |                           |                     |                  |                          |
| Cash                                       | \$ -         | \$ -            | \$ -                      | \$ -                | \$ -             | \$ -                     |
| Intergovernmental receivables              | -            | 6,072           | 62,765                    | -                   | 20,111           | 7,001                    |
| Due from other funds                       | 58           | -               | -                         | -                   | -                | -                        |
| <b>Total assets</b>                        | <b>\$ 58</b> | <b>\$ 6,072</b> | <b>\$ 62,765</b>          | <b>\$ -</b>         | <b>\$ 20,111</b> | <b>\$ 7,001</b>          |
| <b>LIABILITIES AND FUND BALANCES</b>       |              |                 |                           |                     |                  |                          |
| <b>Liabilities</b>                         |              |                 |                           |                     |                  |                          |
| Accounts payable                           | \$ 58        | \$ -            | \$ 5,488                  | \$ -                | \$ 32            | \$ -                     |
| Due to other funds                         | -            | 6,072           | 55,518                    | -                   | 19,659           | 7,001                    |
| Accrued salaries                           | -            | -               | 1,759                     | -                   | 420              | -                        |
| Deferred Revenue                           | -            | -               | -                         | -                   | -                | -                        |
| <b>Total liabilities</b>                   | <b>58</b>    | <b>6,072</b>    | <b>62,765</b>             | <b>-</b>            | <b>20,111</b>    | <b>7,001</b>             |
| <b>Fund balances (deficits)</b>            |              |                 |                           |                     |                  |                          |
| Unreserved                                 | -            | -               | -                         | -                   | -                | -                        |
| <b>Total fund balances (deficits)</b>      | <b>-</b>     | <b>-</b>        | <b>-</b>                  | <b>-</b>            | <b>-</b>         | <b>-</b>                 |
| <b>Total liabilities and fund balances</b> | <b>\$ 58</b> | <b>\$ 6,072</b> | <b>\$ 62,765</b>          | <b>\$ -</b>         | <b>\$ 20,111</b> | <b>\$ 7,001</b>          |

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF COVENTRY, RHODE ISLAND**  
**Special Revenue Restricted School**  
**Combining Balance Sheet**  
**June 30, 2010**

|  | 21243100<br>RIDE Fellows<br>Federal Grant | 23021000<br>Literacy<br>Set Aside | 2307100<br>Reimbursement<br>Fellows | 23092001<br>Adult Ed -<br>HRIC | 23112001<br>Gen. Assembly<br>Volunteers | 23112002<br>Legislative<br>Grant Reach Out |
|--|---|-----------------------------------|-------------------------------------|--------------------------------|---|--|
| <b>ASSETS</b>                              |   |                                   |                                     |                                |   |  |
| Cash                                       | \$ -                                      | \$ -                              | \$ -                                | \$ -                           | \$ -                                    | \$ -                                       |
| Intergovernmental receivables              | 89,898                                    | -                                 | 92,894                              | 25,955                         | 854                                     | -  |
| Due from other funds                       | -   | 87,972                            | -                                   | -                              | -                                       | 5,424                                      |
| <b>Total assets</b>                        | <b>\$ 89,898</b>                          | <b>\$ 87,972</b>                  | <b>\$ 92,894</b>                    | <b>\$ 25,955</b>               | <b>\$ 854</b>                           | <b>\$ 5,424</b>                            |
| <b>LIABILITIES AND FUND BALANCES</b>       |   |                                   |                                     |                                |   |  |
| <b>Liabilities</b>                         |   |                                   |                                     |                                |   |  |
| Accounts payable                           | \$ 565                                    | \$ 10,991                         | \$ 4,900                            | \$ 14                          | \$ -                                    | \$ -                                       |
| Due to other funds                         | 63,438                                    | -                                 | 35,419                              | 25,761                         | 854                                     | -  |
| Accrued salaries                           | 25,431                                    | 36,029                            | 52,575                              | 180                            | -                                       | -  |
| Deferred Revenue                           | -   | 26,715                            | -                                   | -                              | -                                       | 5,424                                      |
| <b>Total liabilities</b>                   | <b>89,434</b>                             | <b>73,735</b>                     | <b>92,894</b>                       | <b>25,955</b>                  | <b>854</b>                              | <b>5,424</b>                               |
| <b>Fund balances (deficits)</b>            |   |                                   |                                     |                                |   |  |
| Unreserved                                 | 464                                       | 14,237                            | -                                   | -                              | -                                       | -  |
| <b>Total fund balances (deficits)</b>      | <b>464</b>                                | <b>14,237</b>                     | <b>-</b>                            | <b>-</b>                       | <b>-</b>                                | <b>-</b>                                   |
| <b>Total liabilities and fund balances</b> | <b>\$ 89,898</b>                          | <b>\$ 87,972</b>                  | <b>\$ 92,894</b>                    | <b>\$ 25,955</b>               | <b>\$ 854</b>                           | <b>\$ 5,424</b>                            |

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF COVENTRY, RHODE ISLAND**  
**Special Revenue Restricted School**  
**Combining Balance Sheet**  
**June 30, 2010**

|  | 23112003<br>Legislative Grant<br>HH Art Club | 23142000<br>RISCA | 23183000<br>RISCA<br>Give Me 5 | 23183001<br>RISCA Big<br>Yellow Bus | 23233000<br>District<br>Negotiated Agree. | 24012004<br>Feinstein<br>Grant |
|--|--|-------------------|--------------------------------|-------------------------------------|---|--------------------------------|
| <b>ASSETS</b>                              |  |                   |                                |                                     |   |                                |
| Cash                                       | \$ -   | \$ -              | \$ -                           | \$ -                                | \$ -                                      | \$ -                           |
| Intergovernmental receivables              | -  | -                 | -                              | -                                   | 6,153                                     | 2,000                          |
| Due from other funds                       | 165  | 225               | 800                            | -                                   | -   | 385,793                        |
| <b>Total assets</b>                        | <b>\$ 165</b>                                | <b>\$ 225</b>     | <b>\$ 800</b>                  | <b>\$ -</b>                         | <b>\$ 6,153</b>                           | <b>\$ 387,793</b>              |
| <b>LIABILITIES AND FUND BALANCES</b>       |  |                   |                                |                                     |   |                                |
| <b>Liabilities</b>                         |  |                   |                                |                                     |   |                                |
| Accounts payable                           | \$ -   | \$ -              | \$ -                           | \$ -                                | \$ -                                      | \$ -                           |
| Due to other funds                         | -  | -                 | -                              | -                                   | 6,153                                     | -                              |
| Accrued salaries                           | -  | -                 | -                              | -                                   | -   | -                              |
| Deferred Revenue                           | 165  | 225               | 800                            | -                                   | -   | 311,681                        |
| <b>Total liabilities</b>                   | <b>165</b>                                   | <b>225</b>        | <b>800</b>                     | <b>-</b>                            | <b>6,153</b>                              | <b>311,681</b>                 |
| <b>Fund balances (deficits)</b>            |  |                   |                                |                                     |   |                                |
| Unreserved                                 | -  | -                 | -                              | -                                   | -   | 76,112                         |
| <b>Total fund balances (deficits)</b>      | <b>-</b>                                     | <b>-</b>          | <b>-</b>                       | <b>-</b>                            | <b>-</b>                                  | <b>76,112</b>                  |
| <b>Total liabilities and fund balances</b> | <b>\$ 165</b>                                | <b>\$ 225</b>     | <b>\$ 800</b>                  | <b>\$ -</b>                         | <b>\$ 6,153</b>                           | <b>\$ 387,793</b>              |

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF COVENTRY, RHODE ISLAND**  
**Special Revenue Restricted School**  
**Combining Balance Sheet**  
**June 30, 2010**

|  | <b>24012005</b>      | <b>24012006</b>   | <b>24012009</b>   | <b>24012024</b>        | <b>24012035</b> | <b>24030023</b>   |
|--|----------------------|-------------------|-------------------|------------------------|-----------------|-------------------|
|  | <b>Feinstein</b>     |                   |                   | <b>Feinstein</b>       |                 | <b>Kids</b>       |
|  | <b>Comm. Support</b> | <b>Kiducation</b> | <b>United Way</b> | <b>Restricted Fund</b> | <b>Amgen</b>    | <b>Consortium</b> |
| <b>ASSETS</b>                              |                      |                   |                   |                        |                 |                   |
| Cash                                       | \$ -                 | \$ -              | \$ -              | \$ -                   | \$ -            | \$ -              |
| Intergovernmental receivables              | -                    | -                 | -                 | -                      | -               | -                 |
| Due from other funds                       | 17,500               | 33                | 436               | 75,000                 | 3,509           | 23                |
| <b>Total assets</b>                        | <b>\$ 17,500</b>     | <b>\$ 33</b>      | <b>\$ 436</b>     | <b>\$ 75,000</b>       | <b>\$ 3,509</b> | <b>\$ 23</b>      |
| <b>LIABILITIES AND FUND BALANCES</b>       |                      |                   |                   |                        |                 |                   |
| <b>Liabilities</b>                         |                      |                   |                   |                        |                 |                   |
| Accounts payable                           | \$ 250               | \$ -              | \$ -              | \$ -                   | \$ -            | \$ -              |
| Due to other funds                         | -                    | -                 | -                 | -                      | -               | -                 |
| Accrued salaries                           | -                    | -                 | -                 | -                      | -               | -                 |
| Deferred Revenue                           | -                    | 33                | 436               | -                      | 3,509           | 23                |
| <b>Total liabilities</b>                   | <b>250</b>           | <b>33</b>         | <b>436</b>        | <b>-</b>               | <b>3,509</b>    | <b>23</b>         |
| <b>Fund balances (deficits)</b>            |                      |                   |                   |                        |                 |                   |
| Unreserved                                 | 17,250               | -                 | -                 | 75,000                 | -               | -                 |
| <b>Total fund balances (deficits)</b>      | <b>17,250</b>        | <b>-</b>          | <b>-</b>          | <b>75,000</b>          | <b>-</b>        | <b>-</b>          |
| <b>Total liabilities and fund balances</b> | <b>\$ 17,500</b>     | <b>\$ 33</b>      | <b>\$ 436</b>     | <b>\$ 75,000</b>       | <b>\$ 3,509</b> | <b>\$ 23</b>      |

(continued)



**SUPPLEMENTARY INFORMATION**  
**TOWN OF COVENTRY, RHODE ISLAND**  
**Special Revenue Restricted School**  
**Combining Balance Sheet**  
**June 30, 2010**

|  | 24040010<br>RI Center<br>for the Arts | 24050005<br>Transportation<br>Fundraiser | 24050008<br>Athletic<br>Field Fund | 60020000<br>Adult<br>Education | 90000001<br>Direct<br>Reimbursement | Total<br>Spec. Revenue<br>Restricted School |
|--|---------------------------------------|--|------------------------------------|--------------------------------|-------------------------------------|---|
| <b>ASSETS</b>                              |                                       |  |                                    |                                |                                     |   |
| Cash                                       | \$ -                                  | \$ -                                     | \$ -                               | \$ -                           | \$ -                                | \$ -  |
| Intergovernmental receivables              | -                                     | -  | -                                  | -                              | 4,036                               | 1,224,153                                   |
| Due from other funds                       | 850                                   | 2,047                                    | 5,490                              | 28,320                         | 6,042                               | 619,687                                     |
| <b>Total assets</b>                        | <b>\$ 850</b>                         | <b>\$ 2,047</b>                          | <b>\$ 5,490</b>                    | <b>\$ 28,320</b>               | <b>\$ 10,078</b>                    | <b>\$ 1,843,840</b>                         |
| <b>LIABILITIES AND FUND BALANCES</b>       |                                       |  |                                    |                                |                                     |   |
| <b>Liabilities</b>                         |                                       |  |                                    |                                |                                     |   |
| Accounts payable                           | \$ -                                  | \$ -                                     | \$ -                               | \$ -                           | 12,022                              | \$ 118,838                                  |
| Due to other funds                         | -                                     | -  | -                                  | -                              | -                                   | 871,512                                     |
| Accrued salaries                           | -                                     | -  | -                                  | -                              | 2,849                               | 289,502                                     |
| Deferred Revenue                           | 850                                   | -  | -                                  | 10,410                         | -                                   | 360,271                                     |
| <b>Total liabilities</b>                   | <b>850</b>                            | <b>-</b>                                 | <b>-</b>                           | <b>10,410</b>                  | <b>14,871</b>                       | <b>1,640,123</b>                            |
| <b>Fund balances (deficits)</b>            |                                       |  |                                    |                                |                                     |   |
| Unreserved                                 | -                                     | 2,047                                    | 5,490                              | 17,910                         | (4,793)                             | 203,717                                     |
| <b>Total fund balances (deficits)</b>      | <b>-</b>                              | <b>2,047</b>                             | <b>5,490</b>                       | <b>17,910</b>                  | <b>(4,793)</b>                      | <b>203,717</b>                              |
| <b>Total liabilities and fund balances</b> | <b>\$ 850</b>                         | <b>\$ 2,047</b>                          | <b>\$ 5,490</b>                    | <b>\$ 28,320</b>               | <b>\$ 10,078</b>                    | <b>\$ 1,843,840</b>                         |

(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, 2010**

|  | <b>21011100</b>  | <b>21011200</b>   | <b>21014100</b>  | <b>21021100</b> | <b>21024100</b> | <b>21031100</b> |
|--|------------------|-------------------|------------------|-----------------|-----------------|-----------------|
|  | <b>IDEA</b>      | <b>IDEA</b>       | <b>ARRA IDEA</b> | <b>21021100</b> | <b>ARRA</b>     | <b>21031100</b> |
|  | <b>Part B</b>    | <b>Pre School</b> | <b>Part B</b>    | <b>Title I</b>  | <b>Title I</b>  | <b>Title II</b> |
| <b>REVENUES</b>  |                  |                   |                  |                 |                 |                 |
| Federal Grants   | \$ 1,272,783     | \$ 40,040         | \$ 571,273       | \$ 420,200      | \$ 126,375      | \$ 285,764      |
| State Grants   | -                | -                 | -                | -               | -               | -               |
| Other  | -                | -                 | -                | -               | -               | -               |
| <b>Total revenues</b>  | <b>1,272,783</b> | <b>40,040</b>     | <b>571,273</b>   | <b>420,200</b>  | <b>126,375</b>  | <b>285,764</b>  |
| <b>EXPENDITURES</b>  |                  |                   |                  |                 |                 |                 |
| Salaries   | 814,954          | 30,594            | 436,805          | 278,372         | 83,111          | 209,467         |
| Employee benefits  | 366,128          | 9,446             | 114,771          | 102,823         | 30,938          | 49,853          |
| Purchased services   | 65,419           | -                 | -                | 33,334          | 12,326          | 20,997          |
| Supplies and materials   | 6,128            | -                 | -                | 5,671           | -               | 5,447           |
| Property and equipment   | 20,154           | -                 | 19,697           | -               | -               | -               |
| Other objects  | -                | -                 | -                | -               | -               | -               |
| <b>Total expenditures</b>  | <b>1,272,783</b> | <b>40,040</b>     | <b>571,273</b>   | <b>420,200</b>  | <b>126,375</b>  | <b>285,764</b>  |
| <b>Excess (deficiency) of revenues over (under) expenditures</b>                     | <b>-</b>         | <b>-</b>          | <b>-</b>         | <b>-</b>        | <b>-</b>        | <b>-</b>        |
| <b>Other Financing Sources (uses)</b>  |                  |                   |                  |                 |                 |                 |
| Operating transfers in   | -                | -                 | -                | -               | -               | -               |
| Operating transfers out  | -                | -                 | -                | -               | -               | -               |
| <b>Total other financing sources</b>   | <b>-</b>         | <b>-</b>          | <b>-</b>         | <b>-</b>        | <b>-</b>        | <b>-</b>        |
| <b>Excess of revenues and other sources over (under) expenditures and other uses</b> | <b>-</b>         | <b>-</b>          | <b>-</b>         | <b>-</b>        | <b>-</b>        | <b>-</b>        |
| <b>FUND BALANCE - JULY 1, 2009</b>   | <b>-</b>         | <b>-</b>          | <b>-</b>         | <b>-</b>        | <b>-</b>        | <b>-</b>        |
| <b>Prior Period Adjustment - See Note 21</b>   | <b>-</b>         | <b>-</b>          | <b>-</b>         | <b>-</b>        | <b>-</b>        | <b>-</b>        |
| <b>FUND BALANCE - JULY 1, 2009 - RESTATED</b>  | <b>-</b>         | <b>-</b>          | <b>-</b>         | <b>-</b>        | <b>-</b>        | <b>-</b>        |
| <b>FUND BALANCE - JUNE 30, 2010</b>  | <b>\$ -</b>      | <b>\$ -</b>       | <b>\$ -</b>      | <b>\$ -</b>     | <b>\$ -</b>     | <b>\$ -</b>     |

(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**

|  | 21032302      | 21051100      | 21091100                  | 21091101            | 21092104      | 21110000                 |
|--|---------------|---------------|---------------------------|---------------------|---------------|--------------------------|
|  | E2T2          | Title IV      | Perkins<br>Vocational Ed. | Perkins<br>Odd Year | VTA           | Learn & Serve<br>America |
| <b>REVENUES</b>  |               |               |                           |                     |               |                          |
| Federal Grants   | \$ 59,342     | \$ 17,209     | \$ 160,293                | \$ 1,427            | \$ 24,053     | \$ 8,086                 |
| State Grants   | -             | -             | -                         | -                   | -             | -                        |
| Other  | -             | -             | -                         | -                   | -             | -                        |
| <b>Total revenues</b>  | <b>59,342</b> | <b>17,209</b> | <b>160,293</b>            | <b>1,427</b>        | <b>24,053</b> | <b>8,086</b>             |
| <b>EXPENDITURES</b>  |               |               |                           |                     |               |                          |
| Salaries   | -             | 12,720        | 27,626                    | 216                 | 11,323        | 6,430                    |
| Employee benefits  | -             | 887           | 19,420                    | 17                  | 2,359         | 86                       |
| Purchased services   | -             | -             | 106,990                   | 1,194               | 5,074         | -                        |
| Supplies and materials   | -             | 3,602         | 3,694                     | -                   | 5,297         | 485                      |
| Property and equipment   | 59,342        | -             | -                         | -                   | -             | -                        |
| Other objects  | -             | -             | 2,563                     | -                   | -             | -                        |
| <b>Total expenditures</b>  | <b>59,342</b> | <b>17,209</b> | <b>160,293</b>            | <b>1,427</b>        | <b>24,053</b> | <b>7,001</b>             |
| <b>Excess (deficiency) of revenues over<br/>(under) expenditures</b>                     | <b>-</b>      | <b>-</b>      | <b>-</b>                  | <b>-</b>            | <b>-</b>      | <b>1,085</b>             |
| <b>Other Financing Sources (uses)</b>  |               |               |                           |                     |               |                          |
| Operating transfers in   | -             | -             | -                         | -                   | -             | -                        |
| Operating transfers out  | -             | -             | -                         | -                   | -             | -                        |
| <b>Total other financing sources</b>   | <b>-</b>      | <b>-</b>      | <b>-</b>                  | <b>-</b>            | <b>-</b>      | <b>-</b>                 |
| <b>Excess of revenues and other sources over<br/>(under) expenditures and other uses</b> | <b>-</b>      | <b>-</b>      | <b>-</b>                  | <b>-</b>            | <b>-</b>      | <b>1,085</b>             |
| <b>FUND BALANCE - JULY 1, 2009</b>   | <b>-</b>      | <b>-</b>      | <b>-</b>                  | <b>-</b>            | <b>-</b>      | <b>(1,085)</b>           |
| <b>Prior Period Adjustment - See Note 21</b>   | <b>-</b>      | <b>-</b>      | <b>-</b>                  | <b>-</b>            | <b>-</b>      | <b>-</b>                 |
| <b>FUND BALANCE - JULY 1, 2009 - RESTATED</b>  | <b>-</b>      | <b>-</b>      | <b>-</b>                  | <b>-</b>            | <b>-</b>      | <b>(1,085)</b>           |
| <b>FUND BALANCE - JUNE 30, 2010</b>  | <b>\$ -</b>   | <b>\$ -</b>   | <b>\$ -</b>               | <b>\$ -</b>         | <b>\$ -</b>   | <b>\$ -</b>              |

(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**

|  | <b>21243100</b>       | <b>23021000</b>  | <b>23071000</b>      | <b>23092001</b>   | <b>23112001</b>      | <b>23112002</b>          |
|--|-----------------------|------------------|----------------------|-------------------|----------------------|--------------------------|
|  | <b>RIDE Fellows</b>   | <b>Literacy</b>  | <b>Reimbursement</b> | <b>Adult Ed -</b> | <b>Gen. Assembly</b> | <b>Legislative Grant</b> |
|  | <b>Federal Grants</b> | <b>Set Aside</b> | <b>Fellows</b>       | <b>HRIC</b>       | <b>Volunteers</b>    | <b>Reach Out</b>         |
| <b>REVENUES</b>  |                       |                  |                      |                   |                      |                          |
| Federal Grants   | \$ 131,251            | \$ -             | \$ -                 | \$ -              | \$ -                 | \$ -                     |
| State Grants   | -                     | 507,532          | 270,293              | 37,819            | 854                  | 2,455                    |
| Other  | -                     | -                | -                    | -                 | -                    | -                        |
| <b>Total revenues</b>  | <b>131,251</b>        | <b>507,532</b>   | <b>270,293</b>       | <b>37,819</b>     | <b>854</b>           | <b>2,455</b>             |
| <b>EXPENDITURES</b>  |                       |                  |                      |                   |                      |                          |
| Salaries   | 101,695               | 381,300          | 212,499              | 27,725            | -                    | -                        |
| Employee benefits  | 29,553                | 126,232          | 57,794               | 1,524             | -                    | -                        |
| Purchased services   | -                     | -                | -                    | 700               | -                    | 314                      |
| Supplies and materials   | -                     | -                | -                    | 3,800             | 854                  | 641                      |
| Property and equipment   | -                     | -                | -                    | 4,070             | -                    | -                        |
| Other objects  | -                     | -                | -                    | -                 | -                    | 1,500                    |
| <b>Total expenditures</b>  | <b>131,248</b>        | <b>507,532</b>   | <b>270,293</b>       | <b>37,819</b>     | <b>854</b>           | <b>2,455</b>             |
| <b>Excess (deficiency) of revenues over (under) expenditures</b>                     | <b>3</b>              | <b>-</b>         | <b>-</b>             | <b>-</b>          | <b>-</b>             | <b>-</b>                 |
| <b>Other Financing Sources (uses)</b>  |                       |                  |                      |                   |                      |                          |
| Operating transfers in   | -                     | -                | -                    | -                 | -                    | -                        |
| Operating transfers out  | -                     | -                | -                    | -                 | -                    | -                        |
| <b>Total other financing sources</b>   | <b>-</b>              | <b>-</b>         | <b>-</b>             | <b>-</b>          | <b>-</b>             | <b>-</b>                 |
| <b>Excess of revenues and other sources over (under) expenditures and other uses</b> | <b>3</b>              | <b>-</b>         | <b>-</b>             | <b>-</b>          | <b>-</b>             | <b>-</b>                 |
| <b>FUND BALANCE - JULY 1, 2009</b>   | <b>461</b>            | <b>14,237</b>    | <b>-</b>             | <b>-</b>          | <b>-</b>             | <b>-</b>                 |
| <b>Prior Period Adjustment - See Note 21</b>   | <b>-</b>              | <b>-</b>         | <b>-</b>             | <b>-</b>          | <b>-</b>             | <b>-</b>                 |
| <b>FUND BALANCE - JULY 1, 2009 - RESTATED</b>  | <b>461</b>            | <b>14,237</b>    | <b>-</b>             | <b>-</b>          | <b>-</b>             | <b>-</b>                 |
| <b>FUND BALANCE - JUNE 30, 2010</b>  | <b>\$ 464</b>         | <b>\$ 14,237</b> | <b>\$ -</b>          | <b>\$ -</b>       | <b>\$ -</b>          | <b>\$ -</b>              |

(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**

|  | 23112003<br>Legislative Grant<br>HH Art Club | 23142000<br>RISCA | 23183000<br>RISCA<br>Give Me 5 | 23183001<br>RISCA Big<br>Yellow Bus | 23233000<br>District<br>Negotiated Agree. | 24012004<br>Feinstein<br>Grant |
|--|--|-------------------|--------------------------------|-------------------------------------|---|--------------------------------|
| <b>REVENUES</b>  |  |                   |                                |                                     |   |                                |
| Federal Grants   | \$ -   | \$ -              | \$ -                           | \$ -                                | \$ -                                      | \$ -                           |
| State Grants   | 835  | 314               | -                              | 400                                 | 9,363                                     | -                              |
| Other  | -  | -                 | -                              | -                                   | -   | 99,706                         |
| <b>Total revenues</b>  | <b>835</b>                                   | <b>314</b>        | <b>-</b>                       | <b>400</b>                          | <b>9,363</b>                              | <b>99,706</b>                  |
| <b>EXPENDITURES</b>  |  |                   |                                |                                     |   |                                |
| Salaries   | 500  | -                 | -                              | -                                   | -   | -                              |
| Employee benefits  | 7  | -                 | -                              | -                                   | -   | -                              |
| Purchased services   | 45   | 314               | -                              | 400                                 | 9,363                                     | 22,103                         |
| Supplies and materials   | 283  | -                 | -                              | -                                   | -   | 2,212                          |
| Property and equipment   | -  | -                 | -                              | -                                   | -   | 391                            |
| Other objects  | -  | -                 | -                              | -                                   | -   | -                              |
| <b>Total expenditures</b>  | <b>835</b>                                   | <b>314</b>        | <b>-</b>                       | <b>400</b>                          | <b>9,363</b>                              | <b>24,706</b>                  |
| <b>Excess (deficiency) of revenues over (under) expenditures</b>                     | <b>-</b>                                     | <b>-</b>          | <b>-</b>                       | <b>-</b>                            | <b>-</b>                                  | <b>75,000</b>                  |
| <b>Other Financing Sources (uses)</b>  |  |                   |                                |                                     |   |                                |
| Operating transfers in   | -  | -                 | -                              | -                                   | -   | -                              |
| Operating transfers out  | -  | -                 | -                              | -                                   | -   | (75,000)                       |
| <b>Total other financing sources</b>   | <b>-</b>                                     | <b>-</b>          | <b>-</b>                       | <b>-</b>                            | <b>-</b>                                  | <b>(75,000)</b>                |
| <b>Excess of revenues and other sources over (under) expenditures and other uses</b> | <b>-</b>                                     | <b>-</b>          | <b>-</b>                       | <b>-</b>                            | <b>-</b>                                  | <b>-</b>                       |
| <b>FUND BALANCE - JULY 1, 2009</b>   | <b>-</b>                                     | <b>-</b>          | <b>-</b>                       | <b>-</b>                            | <b>-</b>                                  | <b>76,112</b>                  |
| <b>Prior Period Adjustment - See Note 21</b>   | <b>-</b>                                     | <b>-</b>          | <b>-</b>                       | <b>-</b>                            | <b>-</b>                                  | <b>-</b>                       |
| <b>FUND BALANCE - JULY 1, 2009 - RESTATED</b>  | <b>-</b>                                     | <b>-</b>          | <b>-</b>                       | <b>-</b>                            | <b>-</b>                                  | <b>76,112</b>                  |
| <b>FUND BALANCE - JUNE 30, 2010</b>  | <b>\$ -</b>                                  | <b>\$ -</b>       | <b>\$ -</b>                    | <b>\$ -</b>                         | <b>\$ -</b>                               | <b>\$ 76,112</b>               |

(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**

|  | 24012005<br>Feinstein<br>Comm. Support | 24012006<br>Kiducation | 24012009<br>United Way | 24012024<br>Feinstein<br>Restricted Fund | 24012035<br>Amgen | 24030023<br>Kids<br>Consortium |
|--|--|------------------------|------------------------|--|-------------------|--------------------------------|
| <b>REVENUES</b>  |  |                        |                        |  |                   |                                |
| Federal Grants   | \$ -                                   | \$ -                   | \$ -                   | \$ -                                     | \$ -              | \$ -                           |
| State Grants   | -                                      | -                      | -                      | -  | -                 | 602                            |
| Other  | -                                      | -                      | -                      | -  | 592               | -                              |
| <b>Total revenues</b>  | <u>-</u>                               | <u>-</u>               | <u>-</u>               | <u>-</u>                                 | <u>592</u>        | <u>602</u>                     |
| <b>EXPENDITURES</b>  |  |                        |                        |  |                   |                                |
| Salaries   | -                                      | -                      | -                      | -  | -                 | -                              |
| Employee benefits  | -                                      | -                      | -                      | -  | -                 | -                              |
| Purchased services   | 250                                    | -                      | -                      | -  | -                 | 42                             |
| Supplies and materials   | -                                      | -                      | -                      | -  | 4,693             | 560                            |
| Property and equipment   | -                                      | -                      | -                      | -  | -                 | -                              |
| Other objects  | -                                      | -                      | -                      | -  | -                 | -                              |
| <b>Total expenditures</b>  | <u>250</u>                             | <u>-</u>               | <u>-</u>               | <u>-</u>                                 | <u>4,693</u>      | <u>602</u>                     |
| <b>Excess (deficiency) of revenues over (under) expenditures</b>                     | <u>(250)</u>                           | <u>-</u>               | <u>-</u>               | <u>-</u>                                 | <u>(4,101)</u>    | <u>-</u>                       |
| <b>Other Financing Sources (uses)</b>  |  |                        |                        |  |                   |                                |
| Operating transfers in   | -                                      | -                      | -                      | 75,000                                   | -                 | -                              |
| Operating transfers out  | -                                      | -                      | -                      | -  | -                 | -                              |
| <b>Total other financing sources</b>   | <u>-</u>                               | <u>-</u>               | <u>-</u>               | <u>75,000</u>                            | <u>-</u>          | <u>-</u>                       |
| <b>Excess of revenues and other sources over (under) expenditures and other uses</b> | <u>(250)</u>                           | <u>-</u>               | <u>-</u>               | <u>75,000</u>                            | <u>(4,101)</u>    | <u>-</u>                       |
| <b>FUND BALANCE - JULY 1, 2009</b>   | 17,500                                 | -                      | -                      | -  | 4,101             | -                              |
| <b>Prior Period Adjustment - See Note 21</b>   | -                                      | -                      | -                      | -  | -                 | -                              |
| <b>FUND BALANCE - JULY 1, 2009 - RESTATED</b>  | 17,500                                 | -                      | -                      | -  | 4,101             | -                              |
| <b>FUND BALANCE - JUNE 30, 2010</b>  | <u>\$ 17,250</u>                       | <u>\$ -</u>            | <u>\$ -</u>            | <u>\$ 75,000</u>                         | <u>\$ -</u>       | <u>\$ -</u>                    |

(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**

|  | 24040010<br>RI Center<br>for the Arts | 24050005<br>Transportation<br>Fundraiser | 24050008<br>Athletic<br>Field Fund | 60020000<br>Adult<br>Education | 90000001<br>Direct<br>Reimbursement | Total<br>Special Revenue<br>Restricted School |
|--|---------------------------------------|--|------------------------------------|--------------------------------|-------------------------------------|---|
| <b>REVENUES</b>  |                                       |  |                                    |                                |                                     |   |
| Federal Grants   | \$ -                                  | \$ -                                     | \$ -                               | \$ -                           | \$ -                                | \$ 3,118,096                                  |
| State Grants   | -                                     | -  | -                                  | -                              | -                                   | 830,467                                       |
| Other  | -                                     | -  | -                                  | -                              | -                                   | 100,298                                       |
| <b>Total revenues</b>  | <b>-</b>                              | <b>-</b>                                 | <b>-</b>                           | <b>-</b>                       | <b>-</b>                            | <b>4,048,861</b>                              |
| <b>EXPENDITURES</b>  |                                       |  |                                    |                                |                                     |   |
| Salaries   | -                                     | -  | -                                  | -                              | -                                   | 2,635,337                                     |
| Employee benefits  | -                                     | -  | -                                  | -                              | -                                   | 911,838                                       |
| Purchased services   | -                                     | -  | -                                  | -                              | -                                   | 278,865                                       |
| Supplies and materials   | -                                     | -  | -                                  | -                              | -                                   | 43,367  |
| Property and equipment   | -                                     | -  | -                                  | -                              | -                                   | 103,654                                       |
| Other objects  | -                                     | -  | -                                  | -                              | -                                   | 4,063   |
| <b>Total expenditures</b>  | <b>-</b>                              | <b>-</b>                                 | <b>-</b>                           | <b>-</b>                       | <b>-</b>                            | <b>3,977,124</b>                              |
| <b>Excess (deficiency) of revenues over<br/>(under) expenditures</b>                     | <b>-</b>                              | <b>-</b>                                 | <b>-</b>                           | <b>-</b>                       | <b>-</b>                            | <b>71,737</b>                                 |
| <b>Other Financing Sources (uses)</b>  |                                       |  |                                    |                                |                                     |   |
| Operating transfers in   | -                                     | -  | -                                  | -                              | -                                   | 75,000  |
| Operating transfers out  | -                                     | -  | -                                  | -                              | -                                   | (75,000)                                      |
| <b>Total other financing sources</b>   | <b>-</b>                              | <b>-</b>                                 | <b>-</b>                           | <b>-</b>                       | <b>-</b>                            | <b>-</b>                                      |
| <b>Excess of revenues and other sources over<br/>(under) expenditures and other uses</b> | <b>-</b>                              | <b>-</b>                                 | <b>-</b>                           | <b>-</b>                       | <b>-</b>                            | <b>71,737</b>                                 |
| <b>FUND BALANCE - JULY 1, 2009</b>   | <b>-</b>                              | <b>2,047</b>                             | <b>5,490</b>                       | <b>-</b>                       | <b>(4,793)</b>                      | <b>114,070</b>                                |
| <b>Prior Period Adjustment - See Note 21</b>   | <b>-</b>                              | <b>-</b>                                 | <b>-</b>                           | <b>17,910</b>                  | <b>-</b>                            | <b>17,910</b>                                 |
| <b>FUND BALANCE - JULY 1, 2009 - RESTATED</b>  | <b>-</b>                              | <b>2,047</b>                             | <b>5,490</b>                       | <b>17,910</b>                  | <b>(4,793)</b>                      | <b>131,980</b>                                |
| <b>FUND BALANCE - JUNE 30, 2010</b>  | <b>\$ -</b>                           | <b>\$ 2,047</b>                          | <b>\$ 5,490</b>                    | <b>\$ 17,910</b>               | <b>\$ (4,793)</b>                   | <b>\$ 203,717</b>                             |

(concluded)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF COVENTRY, RHODE ISLAND**  
**Permanent Funds**  
**Combining Balance Sheet**  
**June 30, 2010**

|  | <b>Waterman<br/>Fund</b> | <b>Fiske<br/>Fund</b> | <b>Cemetery<br/>Fund</b> | <b>Total</b>        |
|--|--------------------------|-----------------------|--------------------------|---------------------|
| <b>ASSETS</b>                              |                          |                       |                          |                     |
| Cash                                       | \$ 51,730                | \$ 246                | \$ 26,750                | \$ 78,726           |
| Investments                                | 1,400,106                | 175,855               | 15,201                   | 1,591,162           |
| Due from other funds                       | 757,613                  | -                     | -                        | 757,613             |
| <b>Total assets</b>                        | <b>\$ 2,209,449</b>      | <b>\$ 176,101</b>     | <b>\$ 41,951</b>         | <b>\$ 2,427,501</b> |
| <b>LIABILITIES</b>                         |                          |                       |                          |                     |
| Due to other funds                         | \$ -                     | \$ -                  | \$ 2,500                 | \$ 2,500            |
| <b>Total liabilities</b>                   | <b>\$ -</b>              | <b>\$ -</b>           | <b>\$ 2,500</b>          | <b>\$ 2,500</b>     |
| <b>FUND BALANCES</b>                       |                          |                       |                          |                     |
| Reserve for non-expendable bequest         | \$ 54,282                | \$ 25,000             | \$ -                     | \$ 79,282           |
| Unreserved                                 | 2,155,167                | 151,101               | 39,451                   | 2,345,719           |
| <b>Total fund balances (deficits)</b>      | <b>2,209,449</b>         | <b>176,101</b>        | <b>39,451</b>            | <b>2,425,001</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 2,209,449</b>      | <b>\$ 176,101</b>     | <b>\$ 41,951</b>         | <b>\$ 2,427,501</b> |



**SUPPLEMENTARY INFORMATION  
TOWN OF COVENTRY, RHODE ISLAND  
Permanent Funds  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the fiscal year ended June 30, 2010**

|   | <b>600<br/>Waterman<br/>Fund</b> | <b>601<br/>Fiske<br/>Fund</b> | <b>602<br/>Cemetery<br/>Fund</b> | <b>Total</b>        |
|---|----------------------------------|-------------------------------|----------------------------------|---------------------|
| <b>REVENUES</b>                                     |                                  |                               |                                  |                     |
| Investment income                                   | \$ 85,032                        | \$ 7,281                      | \$ 305                           | \$ 92,618           |
| Other income  | -                                | -                             | 1,850                            | 1,850               |
| Net increase in fair value of investments           | 23,795                           | 3,027                         | 9,702                            | 36,524              |
| <b>Total Revenues</b>                               | <b>108,827</b>                   | <b>10,308</b>                 | <b>11,857</b>                    | <b>130,992</b>      |
| <b>EXPENDITURES</b>                                 |                                  |                               |                                  |                     |
| Social services                                     | 77,719                           | 6,204                         | 36,351                           | 120,274             |
| <b>Total Expenditures</b>                           | <b>77,719</b>                    | <b>6,204</b>                  | <b>36,351</b>                    | <b>120,274</b>      |
| <b>Excess of revenues over (under) Expenditures</b> | <b>31,108</b>                    | <b>4,104</b>                  | <b>(24,494)</b>                  | <b>10,718</b>       |
| <b>FUND BALANCE - July 1, 2009</b>                  | <b>2,178,341</b>                 | <b>171,997</b>                | <b>63,945</b>                    | <b>2,414,283</b>    |
| <b>FUND BALANCE - June 30, 2010</b>                 | <b>\$ 2,209,449</b>              | <b>\$ 176,101</b>             | <b>\$ 39,451</b>                 | <b>\$ 2,425,001</b> |

**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, 2010**

|                                     | <u>Balance</u><br><u>July 1, 2009</u> | <u>Additions</u>  | <u>Deductions</u> | <u>Balance</u><br><u>June 30, 2010</u> |
|-------------------------------------|---------------------------------------|-------------------|-------------------|--|
| <b>PARKS &amp; RECREATION</b>       |                                       |                   |                   |  |
| <b>Assets</b>                       |                                       |                   |                   |  |
| Cash                                | 56,284                                | 118,565           | 114,588           | 60,261                                 |
| <b>Total assets</b>                 | <u>\$ 56,284</u>                      | <u>\$ 118,565</u> | <u>\$ 114,588</u> | <u>\$ 60,261</u>                       |
| <b>Liabilities</b>                  |                                       |                   |                   |  |
| Deposits held in custody for others | \$ 56,284                             | \$ 118,565        | \$ 114,588        | \$ 60,261                              |
| <b>Total liabilities</b>            | <u>\$ 56,284</u>                      | <u>\$ 118,565</u> | <u>\$ 114,588</u> | <u>\$ 60,261</u>                       |
| <b>PERFORMANCE BONDS</b>            |                                       |                   |                   |  |
| <b>Assets</b>                       |                                       |                   |                   |  |
| Cash                                | \$ 932,991                            | \$ 290,381        | \$ 147,805        | \$ 1,075,567                           |
| <b>Total assets</b>                 | <u>\$ 932,991</u>                     | <u>\$ 290,381</u> | <u>\$ 147,805</u> | <u>\$ 1,075,567</u>                    |
| <b>Liabilities</b>                  |                                       |                   |                   |  |
| Deposits held in custody for others | \$ 932,991                            | \$ 290,381        | \$ 147,805        | \$ 1,075,567                           |
| <b>Total liabilities</b>            | <u>\$ 932,991</u>                     | <u>\$ 290,381</u> | <u>\$ 147,805</u> | <u>\$ 1,075,567</u>                    |
| <b>COVENTRY LANDFILL</b>            |                                       |                   |                   |  |
| <b>Assets</b>                       |                                       |                   |                   |  |
| Cash                                | \$ -                                  | \$ 441,805        | \$ 231,075        | \$ 210,730                             |
| <b>Total assets</b>                 | <u>\$ -</u>                           | <u>\$ 441,805</u> | <u>\$ 231,075</u> | <u>\$ 210,730</u>                      |
| <b>Liabilities</b>                  |                                       |                   |                   |  |
| Deposits held in custody for others | \$ -                                  | \$ 441,805        | \$ 231,075        | \$ 210,730                             |
| <b>Total liabilities</b>            | <u>\$ -</u>                           | <u>\$ 441,805</u> | <u>\$ 231,075</u> | <u>\$ 210,730</u>                      |
| <b>TOTAL</b>                        |                                       |                   |                   |  |
| <b>Assets</b>                       |                                       |                   |                   |  |
| Cash                                | \$ 989,275                            | \$ 850,751        | \$ 493,468        | \$ 1,346,558                           |
| <b>Total assets</b>                 | <u>\$ 989,275</u>                     | <u>\$ 850,751</u> | <u>\$ 493,468</u> | <u>\$ 1,346,558</u>                    |
| <b>Liabilities</b>                  |                                       |                   |                   |  |
| Deposits held in custody for others | \$ 989,275                            | \$ 850,751        | \$ 493,468        | \$ 1,346,558                           |
| <b>Total liabilities</b>            | <u>\$ 989,275</u>                     | <u>\$ 850,751</u> | <u>\$ 493,468</u> | <u>\$ 1,346,558</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, 2010**

|                                     | <u>Balance</u><br><u>July 1, 2009</u> | <u>Additions</u>  | <u>Deductions</u> | <u>Balance</u><br><u>June 30, 2010</u> |
|-------------------------------------|---------------------------------------|-------------------|-------------------|--|
| <b>COVENTRY HIGH SCHOOL</b>         |                                       |                   |                   |  |
| <b>Assets</b>                       |                                       |                   |                   |  |
| Cash                                | \$ 200,595                            | \$ 935,360        | \$ 956,798        | \$ 179,157                             |
| <b>Total assets</b>                 | <u>\$ 200,595</u>                     | <u>\$ 935,360</u> | <u>\$ 956,798</u> | <u>\$ 179,157</u>                      |
| <b>Liabilities</b>                  |                                       |                   |                   |  |
| Due to other funds                  | \$ -                                  | \$ -              | \$ -              | \$ -                                   |
| Deposits held in custody for others | 200,595                               | 935,360           | 956,798           | 179,157                                |
| <b>Total liabilities</b>            | <u>\$ 200,595</u>                     | <u>\$ 935,360</u> | <u>\$ 956,798</u> | <u>\$ 179,157</u>                      |
| <b>FEINSTEIN MIDDLE SCHOOL</b>      |                                       |                   |                   |  |
| <b>Assets</b>                       |                                       |                   |                   |  |
| Cash                                | \$ 68,163                             | \$ 853,653        | \$ 800,122        | \$ 121,694                             |
| <b>Total assets</b>                 | <u>\$ 68,163</u>                      | <u>\$ 853,653</u> | <u>\$ 800,122</u> | <u>\$ 121,694</u>                      |
| <b>Liabilities</b>                  |                                       |                   |                   |  |
| Due to other funds                  | \$ -                                  | \$ -              | \$ -              | \$ -                                   |
| Deposits held in custody for others | 68,163                                | 853,653           | 800,122           | 121,694                                |
| <b>Total liabilities</b>            | <u>\$ 68,163</u>                      | <u>\$ 853,653</u> | <u>\$ 800,122</u> | <u>\$ 121,694</u>                      |
| <b>HOPKINS HILL</b>                 |                                       |                   |                   |  |
| <b>Assets</b>                       |                                       |                   |                   |  |
| Cash                                | \$ 20,181                             | \$ 104,236        | \$ 104,469        | \$ 19,948                              |
| <b>Total assets</b>                 | <u>\$ 20,181</u>                      | <u>\$ 104,236</u> | <u>\$ 104,469</u> | <u>\$ 19,948</u>                       |
| <b>Liabilities</b>                  |                                       |                   |                   |  |
| Due to other funds                  | \$ -                                  | \$ -              | \$ -              | \$ -                                   |
| Deposits held in custody for others | 20,181                                | 104,236           | 104,469           | 19,948                                 |
| <b>Total liabilities</b>            | <u>\$ 20,181</u>                      | <u>\$ 104,236</u> | <u>\$ 104,469</u> | <u>\$ 19,948</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, 2010**

|                                       | <u>Balance</u><br><u>July 1, 2009</u> | <u>Additions</u>  | <u>Deductions</u> | <u>Balance</u><br><u>June 30, 2010</u> |
|---------------------------------------|---------------------------------------|-------------------|-------------------|--|
| <b>BLACK ROCK</b>                     |                                       |                   |                   |  |
| <b>Assets</b>                         |                                       |                   |                   |  |
| Cash                                  | \$ 21,151                             | \$ 38,506         | \$ 44,838         | \$ 14,819                              |
| <b>Total assets</b>                   | <u>\$ 21,151</u>                      | <u>\$ 38,506</u>  | <u>\$ 44,838</u>  | <u>\$ 14,819</u>                       |
| <b>Liabilities</b>                    |                                       |                   |                   |  |
| Due to other funds                    | \$ -                                  | \$ -              | \$ -              | \$ -                                   |
| Deposits held in custody for others   | 21,151                                | 38,506            | 44,838            | 14,819                                 |
| <b>Total liabilities</b>              | <u>\$ 21,151</u>                      | <u>\$ 38,506</u>  | <u>\$ 44,838</u>  | <u>\$ 14,819</u>                       |
| <b>OAK HAVEN</b>                      |                                       |                   |                   |  |
| <b>Assets</b>                         |                                       |                   |                   |  |
| Cash                                  | \$ 3,222                              | \$ 1,740          | \$ 3,942          | \$ 1,020                               |
| <b>Total assets</b>                   | <u>\$ 3,222</u>                       | <u>\$ 1,740</u>   | <u>\$ 3,942</u>   | <u>\$ 1,020</u>                        |
| <b>Liabilities</b>                    |                                       |                   |                   |  |
| Due to other funds                    | \$ -                                  | \$ -              | \$ -              | \$ -                                   |
| Deposits held in custody for others   | 3,222                                 | 1,740             | 3,942             | 1,020                                  |
| <b>Total liabilities</b>              | <u>\$ 3,222</u>                       | <u>\$ 1,740</u>   | <u>\$ 3,942</u>   | <u>\$ 1,020</u>                        |
| <b>REGIONAL CAREER &amp; TECH CTR</b> |                                       |                   |                   |  |
| <b>Assets</b>                         |                                       |                   |                   |  |
| Cash                                  | \$ 35,178                             | \$ 160,717        | \$ 173,887        | \$ 22,008                              |
| <b>Total assets</b>                   | <u>\$ 35,178</u>                      | <u>\$ 160,717</u> | <u>\$ 173,887</u> | <u>\$ 22,008</u>                       |
| <b>Liabilities</b>                    |                                       |                   |                   |  |
| Due to other funds                    | \$ -                                  | \$ -              | \$ -              | \$ -                                   |
| Deposits held in custody for others   | 35,178                                | 160,717           | 173,887           | 22,008                                 |
| <b>Total liabilities</b>              | <u>\$ 35,178</u>                      | <u>\$ 160,717</u> | <u>\$ 173,887</u> | <u>\$ 22,008</u>                       |
| <b>TIOGUE SCHOOL</b>                  |                                       |                   |                   |  |
| <b>Assets</b>                         |                                       |                   |                   |  |
| Cash                                  | \$ 8,885                              | \$ 65,935         | \$ 67,248         | \$ 7,572                               |
| <b>Total assets</b>                   | <u>\$ 8,885</u>                       | <u>\$ 65,935</u>  | <u>\$ 67,248</u>  | <u>\$ 7,572</u>                        |
| <b>Liabilities</b>                    |                                       |                   |                   |  |
| Due to other funds                    | \$ -                                  | \$ -              | \$ -              | \$ -                                   |
| Deposits held in custody for others   | 8,885                                 | 65,935            | 67,248            | 7,572                                  |
| <b>Total liabilities</b>              | <u>\$ 8,885</u>                       | <u>\$ 65,935</u>  | <u>\$ 67,248</u>  | <u>\$ 7,572</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, 2010**

|                                     | <u>Balance</u><br><u>July 1, 2009</u> | <u>Additions</u>    | <u>Deductions</u>   | <u>Balance</u><br><u>June 30, 2010</u> |
|-------------------------------------|---------------------------------------|---------------------|---------------------|--|
| <b>WESTERN COVENTRY</b>             |                                       |                     |                     |  |
| <b>Assets</b>                       |                                       |                     |                     |  |
| Cash                                | \$ 3,980                              | \$ 126,337          | \$ 118,000          | \$ 12,317                              |
| <b>Total assets</b>                 | <u>\$ 3,980</u>                       | <u>\$ 126,337</u>   | <u>\$ 118,000</u>   | <u>\$ 12,317</u>                       |
| <b>Liabilities</b>                  |                                       |                     |                     |  |
| Due to other funds                  | \$ -                                  | \$ -                | \$ -                | \$ -                                   |
| Deposits held in custody for others | 3,980                                 | 126,337             | 118,000             | 12,317                                 |
| <b>Total liabilities</b>            | <u>\$ 3,980</u>                       | <u>\$ 126,337</u>   | <u>\$ 118,000</u>   | <u>\$ 12,317</u>                       |
| <b>WASHINGTON OAK SCHOOL</b>        |                                       |                     |                     |  |
| <b>Assets</b>                       |                                       |                     |                     |  |
| Cash                                | \$ 25,031                             | \$ 131,522          | \$ 117,277          | \$ 39,276                              |
| <b>Total assets</b>                 | <u>\$ 25,031</u>                      | <u>\$ 131,522</u>   | <u>\$ 117,277</u>   | <u>\$ 39,276</u>                       |
| <b>Liabilities</b>                  |                                       |                     |                     |  |
| Due to other funds                  | \$ -                                  | \$ -                | \$ -                | \$ -                                   |
| Deposits held in custody for others | 25,031                                | 131,522             | 117,277             | 39,276                                 |
| <b>Total liabilities</b>            | <u>\$ 25,031</u>                      | <u>\$ 131,522</u>   | <u>\$ 117,277</u>   | <u>\$ 39,276</u>                       |
| <b>PHYSICAL PLANT</b>               |                                       |                     |                     |  |
| <b>Assets</b>                       |                                       |                     |                     |  |
| Cash                                | \$ 909                                | \$ 547              | \$ 481              | \$ 975                                 |
| <b>Total assets</b>                 | <u>\$ 909</u>                         | <u>\$ 547</u>       | <u>\$ 481</u>       | <u>\$ 975</u>                          |
| <b>Liabilities</b>                  |                                       |                     |                     |  |
| Due to other funds                  | \$ -                                  | \$ -                | \$ -                | \$ -                                   |
| Deposits held in custody for others | 909                                   | 547                 | 481                 | 975                                    |
| <b>Total liabilities</b>            | <u>\$ 909</u>                         | <u>\$ 547</u>       | <u>\$ 481</u>       | <u>\$ 975</u>                          |
| <b>BENEFITS</b>                     |                                       |                     |                     |  |
| <b>Assets</b>                       |                                       |                     |                     |  |
| Cash                                | \$ -                                  | \$ 2,060,505        | \$ 1,598,109        | \$ 462,396                             |
| <b>Total assets</b>                 | <u>\$ -</u>                           | <u>\$ 2,060,505</u> | <u>\$ 1,598,109</u> | <u>\$ 462,396</u>                      |
| <b>Liabilities</b>                  |                                       |                     |                     |  |
| Due to other funds                  | \$ -                                  | \$ 280,239.00       | \$ 27,396.00        | 252,843                                |
| Deposits held in custody for others | -                                     | 1,780,266           | 1,570,713           | 209,553                                |
| <b>Total liabilities</b>            | <u>\$ -</u>                           | <u>\$ 2,060,505</u> | <u>\$ 1,598,109</u> | <u>\$ 462,396</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, 2010**

|                                     | <b>Balance</b><br><b>July 1, 2009</b> | <b>Additions</b> | <b>Deductions</b> | <b>Balance</b><br><b>June 30, 2010</b> |
|-------------------------------------|---------------------------------------|------------------|-------------------|--|
| <b>RETIREE MEDICAL</b>              |                                       |                  |                   |  |
| <b>Assets</b>                       |                                       |                  |                   |  |
| Cash                                | \$ -                                  | \$ 36,800        | \$ 10,800         | \$ 26,000                              |
| <b>Total assets</b>                 | \$ -                                  | \$ 36,800        | \$ 10,800         | \$ 26,000                              |
| <b>Liabilities</b>                  |                                       |                  |                   |  |
| Due to other funds                  | \$ -                                  | \$ 6,000         | \$ 2,934          | 3,066                                  |
| Deposits held in custody for others | -                                     | 30,800           | 7,866             | 22,934                                 |
| <b>Total liabilities</b>            | \$ -                                  | \$ 36,800        | \$ 10,800         | \$ 26,000                              |
| <br><b>TOTAL AGENCY FUNDS</b>       |                                       |                  |                   |  |
| <b>Assets</b>                       |                                       |                  |                   |  |
| Cash                                | \$ 387,295                            | \$ 4,515,858     | \$ 3,995,971      | \$ 907,182                             |
| <b>Total assets</b>                 | \$ 387,295                            | \$ 4,515,858     | \$ 3,995,971      | \$ 907,182                             |
| <b>Liabilities</b>                  |                                       |                  |                   |  |
| Due to other funds                  | \$ -                                  | \$ 286,239       | \$ 30,330         | \$ 255,909                             |
| Deposits held in custody for others | 387,295                               | 4,229,619        | 3,965,641         | 651,273                                |
| <b>Total liabilities</b>            | \$ 387,295                            | \$ 4,515,858     | \$ 3,995,971      | \$ 907,182                             |

(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, 2010**

| Real Estate and<br>Property Tax<br>Assessment of | Total<br>Balance<br>Uncollected<br>7/1/2009 | Assessment           | Additions<br>Adjustments | Abatements          | Refunds and<br>Adjustments | Total<br>Available for<br>Collection | Collections          | (a)<br>Balance<br>Uncollected<br>6/30/2010 |
|--|---|----------------------|--------------------------|---------------------|----------------------------|--------------------------------------|----------------------|--|
| 2009   | \$ -  | \$ 56,830,394        | \$ 178,859               | \$ (190,281)        | \$ 54,876                  | \$ 56,873,848                        | \$ 56,248,208        | \$ 625,640                                 |
| 2008   | 597,275                                     | -                    | 12,326                   | (41,733)            | 28,966                     | 596,834                              | 484,588              | 112,246                                    |
| 2007   | 129,289                                     | -                    | -                        | (5,970)             | 578                        | 123,897                              | 74,049               | 49,848                                     |
| 2006   | 93,067                                      | -                    | -                        | (4,959)             | (202)                      | 87,906                               | 15,703               | 72,203                                     |
| 2005   | 71,713                                      | -                    | -                        | -                   | 378                        | 72,091                               | 5,342                | 66,749                                     |
| 2004   | 73,863                                      | -                    | -                        | -                   | 380                        | 74,243                               | 3,619                | 70,624                                     |
| 2003   | 64,465                                      | -                    | -                        | -                   | -                          | 64,465                               | 2,452                | 62,013                                     |
| 2002   | 52,891                                      | -                    | -                        | -                   | -                          | 52,891                               | 572                  | 52,319                                     |
| 2001   | 72,223                                      | -                    | -                        | -                   | (2)                        | 72,221                               | 9                    | 72,212                                     |
| 2000   | 66,797                                      | -                    | -                        | -                   | (2)                        | 66,795                               | -                    | 66,795                                     |
| 1999   | 65,081                                      | -                    | -                        | -                   | -                          | 65,081                               | -                    | 65,081                                     |
| 1998   | 35,321                                      | -                    | -                        | -                   | -                          | 35,321                               | -                    | 35,321                                     |
| 1997   | 15,689                                      | -                    | -                        | -                   | -                          | 15,689                               | -                    | 15,689                                     |
| 1996   | 4,722                                       | -                    | -                        | -                   | 1                          | 4,723                                | 1                    | 4,722                                      |
| Prior years                                      | 1,592                                       | -                    | -                        | -                   | -                          | 1,592                                | -                    | 1,592                                      |
| <b>TOTAL PROPERTY</b>                            | <b>\$ 1,343,988</b>                         | <b>\$ 56,830,394</b> | <b>\$ 191,185</b>        | <b>\$ (242,943)</b> | <b>\$ 84,973</b>           | <b>\$ 58,207,597</b>                 | <b>\$ 56,834,543</b> | <b>\$ 1,373,054</b>                        |

| Auto Excise Tax<br>Assessment<br>of | Total<br>Balance<br>Uncollected<br>7/1/2009 | Assessment          | Additions<br>Adjustments | Abatements        | Authorized<br>Transfers and<br>Adjustments | Total<br>Available for<br>Collection | Collections         | Balance<br>Uncollected<br>6/30/2010 |
|-------------------------------------|---|---------------------|--------------------------|-------------------|--|--------------------------------------|---------------------|-------------------------------------|
| 2009                                | \$ -  | \$ 2,183,732        | \$ 2,786                 | \$ (5,046)        | \$ 3,093                                   | \$ 2,184,565                         | \$ 2,065,254        | \$ 119,311                          |
| 2008                                | 159,508                                     | -                   | 16                       | (284)             | (83)                                       | 159,157                              | 89,406              | 69,751                              |
| 2007                                | 72,410                                      | -                   | -                        | (25)              | (1)  | 72,384                               | 16,136              | 56,248                              |
| 2006                                | 57,110                                      | -                   | -                        | (14)              | (1)  | 57,095                               | 7,906               | 49,189                              |
| 2005                                | 46,060                                      | -                   | -                        | (175)             | (19)                                       | 45,866                               | 5,095               | 40,771                              |
| 2004                                | 29,523                                      | -                   | -                        | -                 | 315  | 29,838                               | 2,437               | 27,401                              |
| 2003                                | 20,514                                      | -                   | -                        | -                 | -  | 20,514                               | 568                 | 19,946                              |
| 2002                                | 14,495                                      | -                   | -                        | -                 | -  | 14,495                               | 52                  | 14,443                              |
| 2001                                | 22,449                                      | -                   | -                        | -                 | 55   | 22,504                               | 260                 | 22,244                              |
| 2000                                | 23,018                                      | -                   | -                        | -                 | (1)  | 23,017                               | 116                 | 22,901                              |
| 1999                                | 23,044                                      | -                   | -                        | -                 | -  | 23,044                               | 147                 | 22,897                              |
| 1998                                | 166   | -                   | -                        | (39)              | (99)                                       | 28                                   | 28                  | -                                   |
| 1997                                | 47  | -                   | -                        | 102               | (18)                                       | 131                                  | 131                 | -                                   |
| Prior years                         | -   | -                   | -                        | 252               | (71)                                       | 181                                  | 181                 | -                                   |
| <b>TOTAL AUTO</b>                   | <b>\$ 468,344</b>                           | <b>\$ 2,183,732</b> | <b>\$ 2,802</b>          | <b>\$ (5,229)</b> | <b>\$ 3,170</b>                            | <b>\$ 2,652,819</b>                  | <b>\$ 2,187,717</b> | <b>\$ 465,102</b>                   |

**TOTAL PROPERTY  
TAX AND AUTO  
EXCISE TAX**

|                     |                      |                   |                     |                  |                      |                      |                     |
|---------------------|----------------------|-------------------|---------------------|------------------|----------------------|----------------------|---------------------|
| <b>\$ 1,812,332</b> | <b>\$ 59,014,126</b> | <b>\$ 193,987</b> | <b>\$ (248,172)</b> | <b>\$ 88,143</b> | <b>\$ 60,860,416</b> | <b>\$ 59,022,260</b> | <b>\$ 1,838,156</b> |
|---------------------|----------------------|-------------------|---------------------|------------------|----------------------|----------------------|---------------------|



**TOWN OF COVENTRY , RHODE ISLAND**  
**Supplementary Information**  
**Schedule of Assessed Property Valuations, Exemptions and Tax Levy**  
**For the Year Ended June 30, 2010**

|   | <u>December 31, 2008</u> | <u>December 31, 2007</u> | <u>December 31, 2006</u> | <u>December 31, 2005</u> | <u>December 31, 2004</u> | <u>December 31, 2003</u> | <u>December 31, 2002</u> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Assessed Property Valuations:                       |                          |                          |                          |                          |                          |                          |                          |
| Real Property                                       | \$ 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   | 116,794,405              | 116,558,916              | 27,615,172               | 21,656,098               | 22,042,993               | 18,508,304               | 16,852,588               |
| Motor Vehicles                                      | 250,975,340              | 283,134,618              | 271,963,528              | 271,118,304              | 241,805,645              | 214,780,443              | 212,372,489              |
|   | <u>4,047,047,070</u>     | <u>4,060,718,718</u>     | <u>3,615,066,202</u>     | <u>3,573,877,671</u>     | <u>3,492,121,848</u>     | <u>2,051,443,310</u>     | <u>2,014,080,168</u>     |
| Less Exemptions:                                    |                          |                          |                          |                          |                          |                          |                          |
| Blindness   | 445,500                  | 392,830                  | 409,330                  | 343,330                  | 304,430                  | 254,930                  | 94,820                   |
| Elderly and Disabled                                | 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                   | 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                                      | 125,415                  | 130,795                  | 127,661                  | 156,177                  | 161,943                  | 161,090                  | 149,927                  |
| Veterans  | 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                   | 45,000                   | 45,000                   | 60,000                   |
| 100% Disabled                                       | 133,400                  | 129,400                  | 125,400                  | 132,400                  | 116,400                  | 113,400                  | 31,000                   |
| Specially Adapted Housing                           | 12,300                   | 30,300                   | 30,300                   | 32,638                   | 20,000                   | 30,000                   | 30,000                   |
| 4% Relief Program                                   | 24,368,374               | 26,616,550               | 26,196,724               | 31,068,368               | 31,686,258               | 33,413,808               | 34,261,492               |
| Motor Vehicle Phase-out                             |                          |                          |                          |                          |                          |                          |                          |
| Total Exemptions                                    | <u>64,375,049</u>        | <u>67,024,735</u>        | <u>66,281,046</u>        | <u>72,574,517</u>        | <u>72,499,975</u>        | <u>74,457,692</u>        | <u>75,401,969</u>        |
| <b>NET TAXABLE ASSESSED<br/>PROPERTY VALUATIONS</b> | <u>\$ 3,982,672,021</u>  | <u>\$ 3,993,693,983</u>  | <u>\$ 3,548,785,156</u>  | <u>\$3,501,303,154</u>   | <u>\$3,419,621,873</u>   | <u>\$1,976,985,618</u>   | <u>\$1,938,678,199</u>   |
| Tax Levy:   |                          |                          |                          |                          |                          |                          |                          |
| Real and personal property<br>and tangible tax      | \$ 56,830,394            | \$ 56,350,234            | \$ 53,733,335            | \$51,033,500             | \$45,861,014             | \$43,491,250             | \$41,183,057             |
| Motor vehicle tax                                   | <u>2,183,732</u>         | <u>2,756,369</u>         | <u>2,558,668</u>         | <u>2,581,006</u>         | <u>2,330,573</u>         | <u>2,348,012</u>         | <u>2,094,363</u>         |
| <b>TOTAL TAXES ASSESSED,<br/>NET OF EXEMPTIONS</b>  | <u>\$ 59,014,126</u>     | <u>\$ 59,106,603</u>     | <u>\$ 56,292,003</u>     | <u>\$53,614,506</u>      | <u>\$48,191,587</u>      | <u>\$45,839,262</u>      | <u>\$43,277,420</u>      |

**TOWN OF COVENTRY, RHODE ISLAND**  
**Schedule of long-term liabilities - Primary Government**  
**For the fiscal year ended June 30, 2010**

|  | <b>Date of Issuance</b> | <b>Interest Rate</b> | <b>Date of Maturity</b> | <b>Authorized</b>    | <b>Outstanding July 1, 2009</b> | <b>Additions</b>     | <b>Maturities During Year</b> | <b>Outstanding June 30, 2010</b> | <b>Interest Paid</b> |
|--|-------------------------|----------------------|-------------------------|----------------------|---------------------------------|----------------------|-------------------------------|----------------------------------|----------------------|
| <b>General Obligation Bonds Payable</b>                      |                         |                      |                         |                      |                                 |                      |                               |                                  |                      |
| Bond Refinancing School                                      | 02/25/99                | 3.4% - 4.15%         | 11/01/10                | \$ 5,095,000         | \$ 740,000                      | \$ -                 | \$ 375,000                    | \$ 365,000                       | \$ 22,835            |
| School Construction Financing                                | 06/15/02                | 3.50% to 5.00%       | 06/15/22                | 15,000,000           | 9,750,000                       | -                    | 750,000                       | 9,000,000                        | 446,625              |
| School Project Financing                                     | 12/01/01                | 3.50% to 5.00%       | 11/01/21                | 11,000,000           | 7,150,000                       | -                    | 550,000                       | 6,600,000                        | 322,094              |
| School bond  | 12/15/03                | 2.00% to 4.00%       | 6/15/23                 | 8,000,000            | 5,600,000                       | -                    | 400,000                       | 5,200,000                        | 193,400              |
| GO Bond Anticipation Notes                                   | 4/13/10                 | 1.25%                | 4/12/11                 | 4,330,000            | -                               | 4,330,000            | -                             | 4,330,000                        | -                    |
| <b>Total general obligation bonds payable</b>                |                         |                      |                         | <b>43,425,000</b>    | <b>23,240,000</b>               | <b>4,330,000</b>     | <b>2,075,000</b>              | <b>25,495,000</b>                | <b>984,954</b>       |
| <b>Notes Payable</b>   |                         |                      |                         |                      |                                 |                      |                               |                                  |                      |
| Whaley Hollow Road Note                                      | 12/31/07                | 5.00%                | 12/31/13                | 126,892              | -                               | 108,236              | 19,588                        | 88,648                           | 5,412                |
| <b>Sewer Bonds Payable</b>                                   |                         |                      |                         |                      |                                 |                      |                               |                                  |                      |
| Economic Development Revenue Bonds                           | 09/01/03                | 0.49% - 1.49%        | 9/1/23                  | 3,400,000            | 3,020,000                       | -                    | 140,000                       | 2,880,000                        | 13,904               |
| GO Tax Anticipation Notes                                    | 7/29/09                 | 3.50%                | 7/28/10                 | 5,500,000            | -                               | 5,500,000            | -                             | 5,500,000                        | -                    |
| GO Tax Anticipation Notes                                    | 7/30/08                 | 3.50%                | 7/29/09                 | 5,500,000            | 5,500,000                       | -                    | 5,500,000                     | -                                | 222,131              |
| RI Clean Water   | 12/6/06                 | 1.33%                | 9/1/27                  | 3,205,000            | 3,070,000                       | -                    | 137,000                       | 2,933,000                        | 39,935               |
| RI Clean Water   | 12/12/07                | 3.75% to 5.08%       | 9/1/28                  | 5,000,000            | 5,000,000                       | -                    | 208,000                       | 4,792,000                        | 74,329               |
| RI Clean Water   | 10/6/09                 | .7%-2.64%            | 9/1/29                  | 2,564,519            | -                               | 2,564,519            | -                             | 2,564,519                        | 6,075                |
| <b>Total Sewer bonds payable</b>                             |                         |                      |                         | <b>25,169,519</b>    | <b>16,590,000</b>               | <b>8,064,519</b>     | <b>5,985,000</b>              | <b>18,669,519</b>                | <b>356,374</b>       |
| <b>Total bonds and notes</b>                                 |                         |                      |                         | <b>\$ 68,594,519</b> | <b>39,830,000</b>               | <b>12,394,519</b>    | <b>8,060,000</b>              | <b>44,164,519</b>                | <b>1,341,328</b>     |
| <b>Accrued expenses</b>                                      |                         |                      |                         |                      |                                 |                      |                               |                                  |                      |
| Compensated absences   |                         |                      |                         |                      | 4,360,022                       | 167,875              | -                             | 4,527,897                        | n/a                  |
| Net pension Obligation - See prior period adjustment Note 20 |                         |                      |                         |                      | 30,139,156                      | 1,969,675            | -                             | 32,108,831                       | n/a                  |
| Net OPEB obligation  |                         |                      |                         |                      | 328,000                         | 333,121              | -                             | 661,121                          | n/a                  |
| <b>Total accrued expenses</b>                                |                         |                      |                         |                      | <b>34,827,178</b>               | <b>2,470,671</b>     | <b>-</b>                      | <b>37,297,849</b>                |                      |
| <b>Total long-term liabilities</b>                           |                         |                      |                         |                      | <b>\$ 74,657,178</b>            | <b>\$ 14,865,190</b> | <b>\$ 8,060,000</b>           | <b>\$ 81,462,368</b>             |                      |

**TOWN OF COVENTRY, RHODE ISLAND**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**June 30, 2010**

|                                     |                         |
|-------------------------------------|-------------------------|
| Grossed assessed value              | \$ 4,047,047,070        |
| Less: exemptions and adjustments    | (64,375,049)            |
| <b>Total taxable assessed value</b> | <b>\$ 3,982,672,021</b> |

|  |                      |
|--|----------------------|
| Debt Limit - 3 percent of total assessed value | \$ 119,480,161       |
| Amount of debt applicable to debt limit:       |                      |
| Total bonded debt-governmental bonds pay       | 25,495,000           |
| <b>Legal debt margin</b>                       | <b>\$ 93,985,161</b> |

***TOWN OF COVENTRY***

***SINGLE AUDIT SECTION***

**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  
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 (Town), as of and for the year fiscal ended June 30, 2010, and have issued our report thereon dated March 15, 2011. 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**

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.

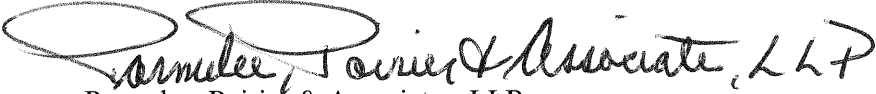
**Compliance and Other Matter**

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 March 15, 2011.

This report is intended solely for the information and use of management, the Town Council, the School Committee 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.



Parmelee, Poirier & Associates, LLP  
March 15, 2011

**INDEPENDENT AUDITOR'S 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**

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

**Compliance**

We have audited the compliance of the Town of Coventry (Town), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The Town'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's management. Our responsibility is to express an opinion on the Town'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 are applicable to each of its major federal programs for the year ended June 30, 2010.

**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

in order 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, the School Committee, 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.

  
Parmelee, Poirier & Associates, LLP  
March 15, 2011



**TOWN OF COVENTRY, RHODE ISLAND**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2010**

| <u>Federal Grantor/Pass-through Grantor/Program Title</u>                       | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass-Through<br/>Grantor's Number</u> | <u>Expenditures</u> |
|---|------------------------------------|--|---------------------|
| <b>U.S. Department of Agriculture:</b>  |                                    |  |                     |
| <i>Passed through State of Rhode Island Department of Education:</i>            |                                    |  |                     |
| <i>Child Nutrition Cluster:</i>   |                                    |  |                     |
| School Breakfast Program  | 10.553                             | N/A                                      | \$ 19,382           |
| National School Lunch Program   | 10.555                             | N/A                                      | 676,517             |
| Special School Milk Program for Children  | 10.556                             | N/A                                      | 4,995               |
| <b>Total U.S. Department of Agriculture</b>                                     |                                    |  | <u>\$ 700,894</u>   |
| <b>U.S. Department of Housing and Urban Development:</b>                        |                                    |  |                     |
| <i>Pass-Through State of Rhode Island Division of Planning,</i>                 |                                    |  |                     |
| <i>Office of Housing and Community Development</i>                              |                                    |  |                     |
| Community Development Block Grant   | 14.228                             | N/A                                      | \$ 72,684           |
| Economic Development Initiative - Special Project Neighborhood Initiative Grant | 14.251                             | N/A                                      | 137,635             |
| <b>Total U.S. Department of Housing and Urban Development</b>                   |                                    |  | <u>\$ 210,319</u>   |
| <b>U.S. Department of Justice:</b>  |                                    |  |                     |
| <i>Pass-Through State of Rhode Island</i>                                       |                                    |  |                     |
| <i>Governor's Justice Commission</i>  |                                    |  |                     |
| Edward Byrne Memorial State & Local Enforcement Assistance                      |                                    |  |                     |
| Discretionary Grants Program  | 16.580                             | N/A                                      | \$ 12,318           |
| ARRA - Ed Byrne Memorial Justice Assistance Grant - Grants to Local Gov't       | 16.804                             | N/A                                      | 28,851              |
| Violence Against Women Formula Grant  | 16.588                             | N/A                                      | 2,586               |
| Bulletproof Vests Partnership Program   | 16.607                             | N/A                                      | 8,337               |
| Enforcing Underage Drinking Programs  | 16.727                             | N/A                                      | 369                 |
| <b>Total U.S. Department of Justice</b>   |                                    |  | <u>\$ 52,461</u>    |
| <b>U.S. Department of Transportation</b>  |                                    |  |                     |
| <i>Pass-through State of Rhode Department of Transportation</i>                 |                                    |  |                     |
| <i>Highway Safety Cluster:</i>  |                                    |  |                     |
| State and Community Highway Safety  | 20.600                             |  | \$ 14,705           |
| Alcohol Impaired Driving Countermeasures Incentive Grants I                     | 20.601                             |  | 17,132              |
| <b>Total U.S. Department of Transportation</b>                                  |                                    |  | <u>\$ 31,837</u>    |
| <b>U.S. Department of Energy</b>  |                                    |  |                     |
| <i>Pass-through State of Rhode Island</i>                                       |                                    |  |                     |
| ARRA - Energy Efficiency and Conversion Block Grant Program                     | 81.128                             |  | \$ 26,542           |
| <b>Total U.S. Department of Energy</b>  |                                    |  | <u>\$ 26,542</u>    |
| <b>U.S. Department of Education:</b>  |                                    |  |                     |
| <i>Passed through State of Rhode Island Department of Education:</i>            |                                    |  |                     |
| ARRA - State Fiscal Stabilization Funds - Education State Grants                | 84.394                             | 4572-10502-001                           | \$ 919,445          |
| <i>Title I Part A Cluster:</i>  |                                    |  |                     |
| Title I Grants to Local Education Agencies                                      | 84.010A                            | 2725-11702-001                           | 420,200             |
| ARRA - Title I Grants to Local Education Agencies                               | 84.389                             | 4572-10102-001                           | 126,375             |
| Career & Technical Education - Basic Grants to States                           | 84.048A                            | 2725-15602-001                           | 185,773             |
| Improving Teacher Quality State Grants  | 84.367A                            | 2725-16402-001                           | 285,764             |
| Safe and Drug-Free Schools and Communities - State Grants                       | 84.186A                            | 2725-12602-001                           | 17,209              |
| Education Technology  | 84.318X                            | 1420-53600-930                           | 59,342              |
| Teacher Quality Partnership Grants  | 84.336                             | N/A                                      | 89,434              |
| <i>Special Education Cluster:</i>   |                                    |  |                     |
| Special Education Grants to States  | 84.027A                            | 2725-13202-001                           | 1,272,783           |
| Special Education Preschool Grants  | 84.173A                            | 2725-13502-001                           | 40,040              |
| ARRA - Special Education Grants to States                                       | 84.391                             | 4572-10202-001                           | 571,273             |
| <b>Total U.S. Department of Education</b>                                       |                                    |  | <u>\$ 3,987,638</u> |

**TOWN OF COVENTRY, RHODE ISLAND**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2010**

| <u>Federal Grantor/Pass-through Grantor/Program Title</u>               | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass-Through<br/>Grantor's Number</u> | <u>Expenditures</u> |
|---|------------------------------------|--|---------------------|
| <b>U.S. Department of Health &amp; Human Services</b>                   |                                    |  |                     |
| <i>Passed through State of Rhode Island Department of Health</i>        |                                    |  |                     |
| Public Health and Emergency Preparedness                                | 93.069                             | N/A                                      | \$ 14,885           |
| <b>Total U.S. Department of Health &amp; Human Services</b>             |                                    |  | <u>\$ 14,885</u>    |
| <b>Corporation for National and Community Service</b>                   |                                    |  |                     |
| <i>Passed through State of Rhode Island Department of Education:</i>    |                                    |  |                     |
| Learn & Serve America School & Community Based Programs                 | 94.004                             | 2725-11002-001                           | \$ 7,001            |
| <b>Total Corporation for National and Community Service</b>             |                                    |  | <u>\$ 7,001</u>     |
| <b>U.S. Department of Homeland Security</b>                             |                                    |  |                     |
| <i>Pass-through State of Rhode Island Emergency Management Agency:</i>  |                                    |  |                     |
| Emergency Management Performance Grants                                 | 97.042                             | N/A                                      | \$ 73,950           |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036                             | N/A                                      | 226,083             |
| Homeland Security Grant Program   | 97.067                             | N/A                                      | 23,052              |
| <b>Total U.S. Department of Homeland Security</b>                       |                                    |  | <u>\$ 323,085</u>   |
| <b>Total Expenditures of Federal Awards</b>                             |                                    |  | <u>\$ 5,354,662</u> |
|   |                                    |  | <i>concluded</i>    |

**TOWN OF COVENTRY**  
**Schedule of Findings and Questioned Costs**  
**For The Fiscal Year Ended June 30, 2010**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified?  yes  no

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

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

Material weakness (es) identified?  yes  no

Significant deficiency (ies) identified that are not considered to be material weakness (es)?  yes  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  no

**Identification of major programs:**

| <b>CFDA Number(s)</b> | <b>Name of Federal Program or Cluster</b>         |
|-----------------------|---|
|                       | <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         |
|                       | <i>Special Education Cluster</i>                  |
| 84.010                | Title I Grants to Local Educational Agencies      |
| 84.389                | ARRA Title I Grants to Local Educational Agencies |
| 84.394                | ARRA State Fiscal Stabilization Fund (SFSF)       |

**TOWN OF COVENTRY**  
**Schedule of Findings and Questioned Costs**  
**For The Fiscal Year Ended June 30, 2010**  
**(continued)**

Dollar threshold used to distinguish between Type A and Type B programs:     \$ 300,000

Auditee qualified as low risk auditee?   X   yes                  no

**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***  
***Schedule of Prior Year Findings and Questioned Costs***  
***Year Ended June 30, 2010***

**PRIOR YEAR FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS**

**A. Findings**

None Reported

**B. Questioned Costs**

None Reported

**TOWN OF COVENTRY**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2010**

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. 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, 2010, 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:

| <i>CFDA Number(s)</i> | <i>Name of Federal Program or Cluster</i>         |
|-----------------------|---|
|                       | <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         |
|                       | <i>Special Education Cluster</i>                  |
| 84.010                | Title I Grants to Local Educational Agencies      |
| 84.389                | ARRA Title I Grants to Local Educational Agencies |
| 84.394                | ARRA State Fiscal Stabilization Fund (SFSF)       |