

THE TOWN OF COVENTRY

General

The Town of Coventry, established in 1643 and incorporated in 1741, covers a total area of 62.3 square miles with a land area of 59.5 square miles and 2.8 square miles of inland water. The Town is located about 19 miles southwest of Providence. It is bounded by the State of Connecticut on the west, and elsewhere by the Towns of Foster, Scituate, West Warwick, East Greenwich, West Greenwich and the City of Cranston. The land area of the Town is comprised of commercially and residentially developed land.

Government

The Town operates under a home rule charter adopted in 1972 providing for a council/town manager form of government, with a five-member Town Council headed by a Council President. Legislative powers of the Town are vested in the elected Town Council. Executive and administrative are vested in an appointed manager, who is responsible for the day-to-day administration of town government. The Town's budget is approved by the electorate of the Town at an Annual Financial Town Meeting.

Members of the Town Council are elected by district for a term of four years. The charter grants the Town Council the power to adopt, 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, to preserve the public peace, health and safety, to establish personnel policies, to authorize the issuance of bonds and notes and to provide for an annual audit of the Town's accounts.

The Town Manager is appointed by the Town Council for an indefinite term with special preference to his/her education, administrative ability and experience. The Town Manager is responsible to the Council for the administration of all Town affairs placed in the Town Manager's charge. The charter grants to the Town Manager the authority to appoint or remove officers or employees of the Town, to prepare and submit to the Town Council the annual budget and annual report of the Town, and to make recommendations to the Town Council concerning the affairs of the Town.

Government Services

In addition to its schools, the Town of Coventry provides a variety of other public services:

Public Safety

The Coventry Police Department consists of 57 police officers, 3 animal control officers, 4 crossing guards and an additional 13-member civilian support staff in six divisions: patrol, detective, animal control, community service, records and emergency management. The Department provides 24-hour police protection.

There are four independent fire districts in the Town. The districts have their own apparatus and permanent and volunteer staff. The districts are linked by a centralized fire alarm dispatch system so that all calls are dispatched from a single location to the various districts. The Town pays for the operation of the centralized fire alarm dispatch system, but it has no financial obligation for the districts. Each district sets and collects its own tax revenue. The four districts are: Coventry Fire District, Central Coventry Fire District, Hopkins Hill Fire District, and Western Coventry Fire District.

Public Works

The Department of Public Works provides a full range of services including highway maintenance, refuse collection and disposal, vehicle maintenance, snow and ice control, and maintenance of Town buildings and grounds. The Town also provides building inspection, engineering, and minimum housing.

Recreation

The Coventry Parks and Recreation Department offers a variety of services such as organized leagues in a variety of athletics events. 15 miles of the Washington Secondary Bike Path runs through Coventry. 9.2 miles of the path is paved and sections of the path also offer horseback riding paths. Special programs are provided for both children and adults, and hiking and fishing areas are available as well.

Library

The Coventry Public Library is open seven days a week and provides its patrons with extensive research and leisure reading materials. The library also offers its patrons computer database capabilities for research projects.

Social Services

The Town has a Department of Human Services. All senior citizen, welfare food services, basic human needs, and integrated health and mental health service coordination programs fall under the jurisdiction of the Director of Human Services.

Education

The general administration of the Town’s school system is directed by an elected five-member School Committee. The School Committee determines and controls all policies affecting the administration, maintenance and operations of the public schools in the Town, appoints a Superintendent of Schools as its chief administrative agent and appoints and removes all school employees upon recommendation of the Superintendent of Schools, except as may be provided otherwise by the laws of the State.

The public-school system of the Town currently consists of five elementary schools, one middle school, a high school and a regional vocational school.

As of June 30, 2021, the school system employed 427 teachers, 95 additional certified professional employees, 251 support and non-professionals, and 26 administrative staff.

School Population

The following table shows enrolments and projected enrolments for the Town’s public schools:

Actual	
October	Enrolments
2017	5,084
2018	4,836
2019	4,670
2020	4,695
2021	4,656
Projected	
October	Enrolments
2022	4,493
2023	4,503
2024	4,500
2025	4,446
2026	4,463

Source: Town’s School Department Administration.

Employee Relations

As of June 30, 2021, the Town had 171 full-time employees, exclusive of the School Department.

The current status of union contracts for municipal and school employees is:

- Municipal employees: three-year contract expires December 31, 2022
- Police employees: one-year contract expires June 30, 2022
- Teachers: three-year contract expires August 31, 2023
- Other school employees: three-year contract expires August 31, 2023

Utilities

Water

Water service in the Town for those residents not connected to residential wells is provided by the Kent County Water Authority. Kent County Water Authority services 8,193 units in the Town. See “TOWN DEBT – Overlapping Debt” herein.

Sewers and Regional Wastewater Facilities Financing

Approximately 97% of buildings in the Town have their own septic systems. The Town does have sewers along Route 3, the Eastern section of Route 117, and Hopkins Hill Road. The Town currently owns capacity in the regional sewer treatment plant located in the Town of West Warwick. This is provided for in an intermunicipal agreement with the Town of West Warwick dated July 20, 1999 (the “Intermunicipal Agreement”) whereby the Town of West Warwick has agreed to receive, treat and dispose of the Town’s wastewater. The Town of West Warwick has also entered into Intermunicipal Agreements for similar services with the City of Warwick, the Town of Scituate, the City of Cranston and the Town of West Greenwich. Under the Intermunicipal Agreement, the Town has agreed, among other things, to pay 21.43% of the costs and expenses incurred in upgrading the Town of West Warwick’s wastewater collection and treatment facilities.

The Rhode Infrastructure Bank (“RIIB”) (formerly, Rhode Island Clean Water Finance Agency) and the Town of West Warwick arranged financing for the Town of West Warwick’s wastewater facility. In 2003, the Town of West Warwick borrowed \$21,422,900 over 20 years for the wastewater facility upgrade. In 2015, the Town of West Warwick borrowed \$7,000,000 over 20 years for additional wastewater facility upgrades. The Town’s share of the project expenses relating to the 2003 and 2015 upgrades was \$4,654,867 and \$1,500,000, respectively.

RIIB financed the loan secured by revenue bonds issued by the Town of West Warwick. The bonds are payable solely from revenues generated by the system. Financings issued through the RIIB offer communities with approved projects a lower rate of interest than the communities could achieve by direct issuance of obligations.

The Town also had outstanding as of June 30, 2021, RIIB bonds in the amount of \$15,068,796 which financed new sewer construction in the Town. While the bonds are special obligations payable solely from sewer revenues, the Town’s General Fund has been providing support to the Sewer Enterprise Fund. An imbalance of revenues to support business activities occurred in FY 2016 which caused the Town to be out of compliance with its rate covenants and required the Sewer Enterprise Fund to be supported through the General Fund.

<u>Fiscal Year</u>	<u>Due to General Fund</u>
2016	\$1,075,517
2017	2,286,086
2018	2,656,700
2019	2,745,064
2020	2,967,414
2021	3,188,237

In recognition of the sewer revenue imbalance, the Town refinanced its 2013 Series B RIIB Conduit Bond Issue on August 30, 2018, which generated debt service savings in fiscal years 2019 – 2021. Additionally, all new construction relating to the Sewer Enterprise Fund has been placed on hold. All debt service payments on the revenue bonds have been paid when due. The Town secured consultant, Reftelis, which conducted a new sewer rate study with recommendations to correct the imbalance. Furthermore, the sewer rate study scope included recommendations for revenue levels required to reimburse the General Fund while supporting business operations. Town Council members have publically commented on their support of the study and willingness to incorporate the upcoming findings. The rates were accepted in the spring of 2020 and put into place July of 2020.

Transportation

The Town is centrally located within the State. It is connected to all major metropolitan areas in the northeast corridor by a network of state and interstate highways, including I-95 and I-295. Air transportation is provided by the T.F. Green Airport which is located a short distance from the Town within the City of Warwick, Rhode Island. Nationwide inter-city rail passenger

service is offered through AMTRAK's Providence, Rhode Island station. Freight transportation is provided by railroads and by local and long-distance trucking firms and bus lines, while nearby Port of Providence provides shipping facilities.

PROPERTY TAXES

General

Under Rhode Island law, municipalities (including the Town) may levy no general tax except *ad valorem* taxes upon real and tangible personal property, and an excise tax on motor vehicles.

The Town's Fiscal Year begins July 1 with taxes based on assessments as of the preceding December 31. Taxes are payable in full the following August 15 or quarterly commencing August 15. The Town does not provide a discount for advance payment of taxes.

The Town has periodic tax sales for prior year delinquent real property taxes. Delinquent automobile excise taxes are collected in cooperation with the Rhode Island Registry of Motor Vehicles. If automobile taxes have not been paid, information is supplied to the Registry of Motor Vehicles and motor vehicles may not be reregistered until taxes are paid in full. The Town assesses interest of 18% per annum on delinquent accounts.

Tax Limitations

Rhode Island General Laws Section 44-5-2 limits the amount by which a city or town may increase its tax levy unless it qualifies for certain exemptions relating to loss of non-property tax revenue, emergencies, payment of debt service and substantial increase in the tax base necessitating significant expenditures. For fiscal year 2013 and thereafter, the tax levy cap is four percent (4.00%) in excess of the prior year levy.

The amount levied by a city or town may exceed the percentage increase as specified above if the city or town qualifies under one or more of the following provisions: (1) the city or town forecasts or experiences a loss in total non-property tax revenues and the loss is certified by the department of revenue; (2) The city or town experiences or anticipates an emergency situation, which causes or will cause the levy to exceed the percentage increase as specified above; (3) a city or town forecasts or experiences debt services expenditures which exceed the prior year's debt service expenditures by an amount greater than the percentage increase as specified above and which are the result of bonded debt issued in a manner consistent with general law or a special act; or (4) the city or town experiences substantial growth in its tax base as the result of major new construction which necessitates either significant infrastructure or school housing expenditures by the city or town or a significant increase in the need for essential municipal services.

Any levy pursuant to this section in excess of the percentage increase as specified in Section 44-5-2 shall be approved by the affirmative vote of at least four-fifths (4/5) of the full membership of the governing body of the city or town and, in the case of a town with a financial town meeting, the majority of electors present and voting at the financial town meeting.

Section 44-5-2 makes it clear that nothing contained in that Section constrains the payment of obligations as described by Section 45-12-1 of the Rhode Island General Laws, which provides that the outstanding notes, bonds and contracts of cities and towns shall be paid and be fulfilled and that the power and obligation of each city and town to pay its general obligation bonds and notes shall be unlimited and each city and town shall levy *ad valorem* taxes upon all taxable property within the city or town for the payment of such bonds and notes and interest thereon, without limitation as to rate or amount, except as otherwise provided by or pursuant to law.

Motor Vehicle Tax Exemption

Prior to fiscal year 2018, State legislation required cities and towns to exempt a minimum of \$500 on all motor vehicles subject to taxation. With adoption of the fiscal year 2018 State Budget the State directed implementation of a five-year phase-out of municipal authority to tax motor vehicles. The State will reimburse cities and towns for all lost revenue resulting from the close out of this municipal tax program. The Town's approved budget for fiscal year 2021 included an exemption of \$4,000 and \$5,000 has been included in fiscal year 2022.

Property Revaluation

The Rhode Island General Laws require that a full real property revaluation shall be completed every nine years by all cities and towns within State and a statistical update every three years. The last full town-wide property revaluation was completed December 31, 2016. A statistical update will be completed as of December 31, 2019 and will in effect for fiscal years 2021, 2022 and 2023.

Assessed Valuations

<u>December 31,</u>	<u>Assessed Value</u>	<u>Ratio of Assessment</u>	<u>Estimated True Value</u>
2020	\$4,204,235,943	100%	\$4,204,235,943
2019 ⁽¹⁾	4,159,861,835	100	4,159,861,835
2018	3,619,962,306	100	3,619,962,306
2017	3,601,469,819	100	3,601,469,819
2016 ⁽²⁾	3,541,078,440	100	3,541,078,440

(1) Statistical Revaluation

(2) Full Revaluation

Source: Town Tax Assessor.

Analysis of Taxable Property

The following table shows the latest analysis of taxable property of the Town as of December 31, 2020 (for Fiscal year ending June 30, 2022) as compared to the State-wide average:

<u>Assessed Value Breakdown by Classification</u>			
<u>Classification</u>	<u>Coventry</u>		<u>Statewide</u>
Residential	81.32	%	76.79 %
Commercial/Industrial	11.96		16.23
Tangible	2.47		4.00
Motor Vehicle	4.25		2.98
TOTAL	100.00	%	100.00 %

Principal Taxpayers

The ten largest taxpayers in Town as of December 31, 2020 were as follows:

	<u>Owner Name</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of total valuation</u>
1	NATIONAL GRID	Utility (Gas & Electric)	\$27,255,066	0.65%
2	WAL-MART REAL ESTATE BUSINESS TRUST	Retail (Wal-Mart)	\$25,748,500	0.61%
3	SPRINGFIELD ARMORY	Apartments	\$17,170,143	0.41%
4	RHODES ASSOCIATES LP	Pharmaceuticals	\$16,328,815	0.39%
5	BRADY SULLIVAN HARRIS MILL LLC	Apartments	\$15,027,265	0.36%
6	NORAMCO	Pharmaceuticals	\$14,665,900	0.35%
7	ROADEPOT LLC & KEYSERTON LLC	Retail (Home Depot)	\$14,534,900	0.35%
8	BRADY SULLIVAN ANTHONY MILL LLC	Apartments	\$13,723,735	0.33%
9	BKD NEW ENGLAND BAY LLC	Assisted living facility	\$13,089,500	0.31%
10	OHI ASSET (CT) LENDER LLC	Nursing Home & Rehab	\$11,813,873	0.28%
			\$169,357,697	4.03%

Source: Town Tax Assessor.

Schedule of Tax Rate, Property Tax Levy and Collections

By State law, valuations and assessments are established each December 31, and the levy thereon must be established by the following June 15. It may be paid in full or quarterly without penalty at the taxpayer's option. The Town's Fiscal Year begins July 1 and taxes on the prior December 31 assessments are payable in full on the following August 15 or quarterly commencing on August 15. Trends in levies and collections are shown in the following table:

Assessment Date	Tax Roll	Fiscal Year Ending	Certified Residential Tax Rate	Net Levy	Current Taxes Collections	Percentage Collected @ Fiscal Year	Current & Delinquent Collections	Total Collection as % of Levy
12.31.19	2020	6.30.21	18.97	\$ 75,408,236	\$ 74,958,355	99.40%	\$ 75,632,503	100.30%
12.31.18	2019	6.30.20	22.24	\$ 75,977,620	\$ 75,428,075	99.28%	\$ 76,371,987	100.52%
12.31.17	2018	6.30.19	21.61	\$ 73,985,596	\$ 73,648,558	99.54%	\$ 74,320,091	100.45%
12.31.16	2017	6.30.18	20.98	\$ 71,872,986	\$ 71,131,497	98.97%	\$ 71,785,761	99.88%
12.31.15	2016	6.30.17	21.41	\$ 70,318,224	\$ 39,063,900	55.55%	\$ 70,197,808	99.83%
12.31.14	2015	6.30.16	20.83	\$ 67,613,677	\$ 67,155,374	99.32%	\$ 67,685,504	100.11%
12.31.13	2014	6.30.15	20.40	\$ 65,812,571	\$ 64,839,272	98.52%	\$ 65,294,514	99.21%
12.31.12	2013	6.30.14	18.66	\$ 64,549,068	\$ 63,786,360	98.82%	\$ 64,396,834	99.76%
12.31.11	2012	6.30.13	18.06	\$ 62,327,613	\$ 61,595,245	98.82%	\$ 62,027,184	99.52%
12.31.10	2011	6.30.12	18.06	\$ 61,860,356	\$ 60,496,986	97.80%	\$ 61,496,986	99.41%

ECONOMIC CHARACTERISTICS

Population

Year	Town	% Change	State	% Change
2020	35,688	1.9%	1,097,379	4.3%
2010	35,014	4.0	1,052,567	0.4
2000	33,668	8.3	1,048,319	4.5
1990	31,083	14.8	1,003,464	5.5
1980	27,065	17.9	647,154	(32.0)
1970	22,947	48.7	949,723	10.5
1960	15,432	56.4	859,488	8.5
1950	9,869	41.0	791,896	11.0
1940	6,998	8.8	713,346	3.8
1930	6,430	-	687,497	-

The 2010 population density of the Town was 593 persons per square mile. According to the 2020 census, the Town ranked eighth in population among the State's 39 cities and towns.

Source: U.S. Department of Commerce, Bureau of Census, 1930-2010.

Median Household Income

According to the Bureau of Census, 2015-2019 5-Year American Community Survey, the Median Family Income for the Town was \$73,392, compared to \$67,167 and \$62,843 for the State and United States, respectively.

Employment

During calendar year 2020, the Town of Coventry had 735 private business and industrial firms subject to employment security taxes, with yearly payrolls which totaled \$276,432,462 and the average number of persons employed was 6,158 according to the most recent statistics. The following is a listing of the various types of industry in the Town covered by the Department of Labor and Training.

	<u>Total Wage</u>	<u># of Employers</u>	<u>Avg. Empmnt.</u>	<u>% of Covered Emp.</u>
Agriculture, Forestry, Fishing & Hunting	\$ 193,769	3	8	0.13 %
Utilities	*	1	*	*
Construction	24,636,992	129	478	7.76
Manufacturing	41,202,827	35	447	7.26
Wholesale Trade	26,977,281	35	302	4.90
Retail Trade	56,809,000	94	1,713	27.82
Transportation & Warehousing	3,122,255	11	127	2
Information	814,918	6	12	0.19
Finance & Insurance	5,917,577	29	107	1.74
Real Estate & Rental & Leasing	979,985	17	32	0.52
Professional & Technical Services	23,463,834	63	323	5.25
Management of Companies & Enterprises	4,083,165	6	56	1
Administrative Support & Waste Mngmnt.	17,228,756	66	427	6.93
Educational Services	1,955,448	11	81	1.32
Health Care & Social Assistance	48,837,135	90	1,166	18.93
Arts, Entertainment, & Recreation	310,873	6	16	0.26
Accommodation & Food Services	13,094,454	56	630	10.23
Other Service Except Public Administration)	6,804,193	77	233	3.78
	\$ 276,432,462	735	6,158	100.00 %

* Some data are not shown due to the possibility of identifying data of a specific employer.

Source: Rhode Island Department of Labor & Training.
Data compiled May 2021

Unemployment

	<u>Annualized</u>										
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Coventry	11.1%	10.5%	8.8%	7.4%	5.7%	5.0%	4.2%	3.8%	3.3%	8.5%	5.4%
Rhode Island	11.0	10.4	9.3	7.7	6.0	5.2	4.4	4.0	3.6	9.4	5.6
United States	8.9	8.1	7.4	6.2	5.3	4.9	4.4	3.9	3.7	8.1	5.3

Not Seasonally Adjusted

Housing

According to the 2019 American Community Survey, there were 14,103 households in the Town. The median sale price for a single-family dwelling unit in the Town as of February 2022 was \$315,000 compared to the State average of \$368,000.

TOWN DEBT

General

There are three statutory mechanisms for municipalities in Rhode Island to obtain legal authority to issue general obligation debt: (1) Section 45-12-2 of the General Laws (the “3% Debt Limit Statute”), (2) special acts of the General Assembly, and (3) ministerial approval by the State’s Auditor General. Bonds issued pursuant to the 3% Debt Limit Statute or by ministerial approval or special legislation adopted by the General Assembly authorizing the Town to incur debt are subject to referendum by the electors of the Town.

The 3% Debt Limit Statute was enacted in 1896 as a limitation on the amount of debt municipalities could incur. The 3% Debt Limit Statute provides that except as explained below, a municipality may not, without special statutory authorization, or ministerial approval by the Auditor General of the State (described below), incur any debt, which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the full assessed value of the taxable property within the municipality. Deducted from the computation of aggregated indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any fund held on account to pay such indebtedness maintained by the municipality. In computing the value of taxable property, motor vehicles and trailers are valued at full value without regard to assessed value reductions provided for in other sections of the general laws.

The 3% debt limit of the Town is \$126,127,078, based on full assessed valuations of \$4,204,235,943 as of December 31, 2020. The Town had \$0 in outstanding bonds and notes issued pursuant to Section 45-12-2 under the 3% debt limit as of June 30, 2021 leaving a remaining debt capacity of \$126,127,078.

Over time, special acts have displaced the 3% Debt Limit Statute as the primary method for municipalities in the State to obtain authority to issue general obligation debt. On June 30, 2021, the Town had approximately \$33,726,000 of debt outstanding that is outside the 3% debt limit.

In July 2007, the Rhode Island State Legislature enacted legislation effective January 1, 2008 allowing for ministerial approval by the State’s Auditor General of debt outside of the 3% debt limit for communities with an “A” rating or better, if the municipality also satisfies certain requirements. The Town has no debt outstanding under the ministerial approval process.

In addition to debt authorized within the 3% debt limit and debt authorized by special act of the General Assembly, Rhode Island General Laws Section 45-12-11 authorizes the State Director of Administration, upon petition by a municipality, to authorize such municipality to incur indebtedness in excess of the 3% debt limit whenever the Director shall determine that the sums appropriated by the municipality or its funds available are insufficient to pay the necessary expenses of the municipality. The Town has never requested the State Director of Administration to authorize indebtedness of the Town under Section 45-12-11.

Under Rhode Island General Laws Section 45-12-4.4 a city or town may authorize the issuance of bonds, notes, or other evidences of indebtedness to pay the uninsured portion of any court judgment or settlement, except any court judgment or settlement arising out of any pension obligation of a municipality; provided however, that the outstanding principal amount, in the aggregate, shall not exceed five percent (5%) of the total amount of the city or town’s most recently adopted municipal budget (or in the most case of the towns of Coventry and Middletown, shall not exceed ten percent (10%) of the most recent municipal budget).

These bonds and notes are subject to the 3% debt limit. Judgment or settlement bonds may be issued without voter approval. The Town issued judgment bonds in 2012 and 2016 to fund the acquisition of land adjacent to its landfill in connection with its closure, to fund environmental remediation of the landfill and to finance dam repairs as required by a consent agreement with the Department of Environmental Management. As of June 30, 2021, the Town had approximately \$4,505,000 bonds outstanding issued pursuant to Rhode Island General Laws Section 45-12-4.4.

Outstanding Debt

As of June 30 for the years indicated, the outstanding long-term bond indebtedness of the Town was as follows:

Governmental Activities ⁽¹⁾	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Refunding Bonds 2011	\$ 6,815,000	\$ 5,410,000	\$ 4,025,000	\$ 2,660,000	\$ 1,320,000
Judgement Bonds 2012	3,260,000	2,980,000	2,695,000	2,400,000	2,095,000
RIHEBC School Bonds 2013	9,490,000	8,630,000	7,780,000	6,935,000	6,100,000
Capital Projects 2015	14,685,000	14,070,000	13,435,000	12,780,000	12,105,000
RIIB Road Bonds 2014	276,000	244,000	211,000	178,000	144,000
RIIB Road Bonds 2015	842,000	784,000	726,000	667,000	607,000
Refunding Bonds 2016	5,855,000	5,550,000	5,245,000	4,940,000	4,635,000
General Obligations Bonds 2017	5,100,000	4,910,000	4,720,000	4,525,000	4,325,000
General Obligations Bonds 2019	-	-	7,050,000	7,000,000	6,900,000
Total	\$ 46,323,000	\$ 42,578,000	\$ 45,887,000	\$ 42,085,000	\$ 38,231,000
Business-Type Activities ⁽²⁾	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
RIIB 2006	\$ 1,905,000	\$ 1,747,000	\$ 1,586,000	\$ 1,423,000	\$ 1,257,000
RIIB 2007	3,231,000	2,991,000	2,746,000	2,496,000	2,241,000
RIIB 2009 ⁽³⁾	1,804,727	1,686,951	1,566,517	1,443,428	1,316,796
RIIB 2012	2,181,000	2,070,000	1,957,000	1,841,000	1,723,000
RIIB 2013	2,201,000	2,100,000	2,000,000	1,897,000	1,793,000
RIIB 2013 Conduit	6,960,000	6,740,000	6,740,000	6,739,000	6,738,000
Total	\$ 18,282,727	\$ 17,334,951	\$ 16,595,517	\$ 15,839,428	\$ 15,068,796

(1) General Obligation Debt.

(2) Revenue Bonds and Loans.

(3) Shown net of American Recovery and Reinvestment Act principal forgiveness.

The Town's bonds issued to the RIIB are special obligations payable solely from sewer system revenues and are not general obligations of the Town.

Bonded Debt Schedule

The following table sets forth a schedule of debt service for the outstanding bonds of the Town for the fiscal years ending 2022 through 2039.

Fiscal Year	Existing Debt Service ⁽¹⁾		Existing Business Type Debt Service ⁽²⁾		Total Debt Service
	Principal	Interest	Principal	Interest	
2022	\$ 3,916,000	\$ 1,227,050	\$ 790,174	\$ 480,803	\$ 6,414,027
2023	2,893,000	1,126,768	1,246,716	453,071	5,719,556
2024	2,555,000	1,038,120	1,283,258	414,950	5,291,328
2025	2,609,000	955,420	1,323,686	373,394	5,261,501
2026	2,617,000	873,692	1,366,114	331,374	5,188,180
2027	2,669,000	781,122	1,407,542	290,352	5,148,016
2028	2,326,000	686,458	1,454,969	250,943	4,718,370
2029	2,363,000	613,382	1,302,397	211,006	4,489,785
2030	2,393,000	534,038	1,039,939	173,380	4,140,357
2031	2,360,000	460,850	916,000	137,086	3,873,936
2032	2,400,000	384,438	950,000	99,779	3,834,216
2033	2,440,000	307,775	985,000	60,459	3,793,234
2034	2,040,000	228,888	851,000	22,777	3,142,664
2035	2,080,000	162,025	152,000	2,455	2,396,480
2036	1,040,000	85,875	-	-	1,125,875
2037	740,000	51,325	-	-	791,325
2038	395,000	25,181	-	-	420,181
2039	395,000	12,838	-	-	407,838
	<u>38,231,000</u>	<u>9,517,226</u>	<u>15,068,796</u>	<u>3,301,830</u>	<u>66,156,870</u>

(1) General Obligation Bonds.

(2) RIIB Revenue Bonds.

Debt Ratios and Debt Per Capita

Fiscal Year	Population ⁽¹⁾	Assessed Value	Rate of Assessment	Full Market Value	Bonded Debt ⁽²⁾	Debt Per Capita	Bonded Debt/ EFMV
2021	35,688	\$ 4,159,861,835	100 %	\$ 4,159,861,835	\$ 38,231,000	\$ 1,071	0.92 %
2020	35,688	3,619,962,306	100	3,619,962,306	42,085,000	1,179	1.16
2019	35,014	3,601,469,819	100	3,601,469,819	45,889,019	1,311	1.27
2018	35,014	3,541,078,440	100	3,541,078,440	42,578,000	1,216	1.20
2017	35,014	3,409,659,491	100	3,409,659,491	46,323,000	1,323	1.36
2016	35,014	3,366,432,221	100	3,366,432,221	44,492,000	1,271	1.32
2015	35,014	3,337,717,902	100	3,337,717,902	41,805,000	1,194	1.25
2014	35,014	3,525,429,663	100	3,525,429,663	27,305,000	780	0.77

(1) US Census

(2) Excludes revenue bonds.

Authorized but Unissued Debt

Below is a summary of the Town’s authorized but unissued debt after this issue of Bonds.

General Obligation Bonds

<u>Authorization</u>	<u>Year</u>	<u>Chapter</u>	<u>Project</u>	<u>Authorized</u>	<u>Bonds Issued</u>	<u>Unissued</u>
RI Public Laws	2012	430/470	School Roofs	\$ 5,000,000	\$ 4,965,000	\$ 35,000
RI Public Laws	2012	431/466	School Fire Code Upgrades	400,000	397,000	3,000
RI Public Laws	2012	423/468	School HVAC	1,600,000	1,589,000	11,000
RI Public Laws	2012	433/467	School Parks and Grounds	550,000	546,000	4,000
RI Public Laws	2012	434/469	Athletic Complex	1,000,000	993,000	7,000
RI Public Laws	2012	341/384	Automated Refuse Equipment	5,500,000	4,525,000	975,000
45-12-.4.4 RI Gen. Laws	2014		Landfill	5,000,000	1,955,000	3,045,000
45-12-.4.4 RI Gen. Laws	2016		Upper Dam	560,000	550,000	10,000
RI Public Laws	2016	242/287	Police Station/Human Services	12,000,000	11,900,000	100,000
				<u>\$ 31,610,000</u>	<u>\$ 27,420,000</u>	<u>\$ 4,190,000</u>

Sewer Revenue Bonds

<u>Resolution</u>	<u>Authorized</u>	<u>Project</u>	<u>Bonds Issued</u>	<u>Authorized but Unissued</u>
55-09-3011	\$10,000,000	Sewer System Extensions and Improvements	\$2,401,000	\$7,599,000
45-13-4365	\$9,000,000	Refinancing RIEDC Immunex Bonds and Sewer System Extensions and Improvements (Tiogue Avenue)	8,255,000	775,000 ⁽¹⁾
100-13-4420	\$600,000	Sewer System Extensions and Improvements (Flat River Road and Industrial Drive Project)	<u>--0--</u>	<u>600,000</u>
		Total	\$10,656,000	\$8,954,000

(1) Cannot be used for general purposes.

The Town's revenue bonds can only be issued through RIIB and are special obligations payable solely from sewer system revenues and are not general obligations of the Town.

Tax Anticipation Notes

Under State law, the Town may borrow in anticipation of the receipt of the proceeds of the property tax due in such fiscal year. The amount of notes shall not exceed the total tax levy of the then current fiscal year. Tax anticipation notes must be payable not later than one year from their date, but notes issued for less than one year may be renewed provided such renewal notes are payable within one year for the date of the original notes.

The Town has not issued Tax Anticipation Notes for cash flow purposes since 2010 and currently does not expect to borrow in anticipation of taxes for cash flow purposes.

Bond Anticipation Notes

The Town currently has no outstanding bond anticipation notes.

Lease Obligations

As of June 30, 2021, the Town had no outstanding lease obligations.

Overlapping Debt

Water services in the Town are provided by the Kent County Water Authority ("KCWA") which has no taxing power and which issues revenue bonds secured by user fees. The Town has no direct or contingent liability for KCWA bonds. As of June 30, 2021, KCWA had no outstanding debt.

There are four independent fire districts in the Town. The fire districts have taxing power and ability to issue bonds. The Town has no direct or contingent liability for district bonds. As of June 30, 2020, the Western Coventry fire district had outstanding debt of approximately \$949,392. The three other fire districts had no outstanding debt as of June 30, 2020.

TOWN FINANCES

Town Budgets (Fiscal Years 2020, 2021 and 2022)

	ADOPTED BUDGET 6.30.20	ADOPTED BUDGET 6.30.21	ADOPTED BUDGET 6.30.22
REVENUES			
Local Property Taxes	\$ 75,469,659	\$ 75,673,145	\$ 77,321,115
State Restricted	26,328,109	25,407,003	26,774,640
Local Non-Property Taxes	<u>6,352,318</u>	<u>6,142,061</u>	<u>7,667,409</u>
TOTAL REVENUES	\$ 108,150,086	\$ 107,222,209	\$ 111,763,164
EXPENDITURES			
Education	\$ 73,406,698	\$ 72,485,592	\$ 75,406,822
Municipal	28,316,435	28,353,410	30,186,480
Capital	200,000	200,000	-
Public Library	994,193	993,138	1,026,062
Debt Retirement	<u>5,232,760</u>	<u>5,190,069</u>	<u>5,143,800</u>
TOTAL EXPENDITURES	\$ 108,150,086	\$ 107,222,209	\$ 111,763,164

State Aid

State School Basic Education Aid for Operations

Pursuant to Rhode Island General Laws Sections 16-7-15 to 16-7-34 et seq., as amended, the State provides basic education aid to each municipality and school district in the State, subject to annual appropriation by the General Assembly. The statutes provide for reimbursement of school expenditures based on a formula which adjusts the reimbursement ratio based on the relative equalized valuation of property and median family income relative to the State as a whole. There are no assurances, however, that the Rhode Island General Assembly will continue this program or appropriate sufficient funds for its implementation. State School Basic Education Aid is subject to pro-rata reduction in accordance with State law. Under this program the Town's School Department received \$23,545,620 in the fiscal year ended June 30, 2021. The Town budgeted \$24,189,416 of such receipts for the fiscal year ending June 30, 2022.

In 2012, the General Assembly amended the general laws to provide that basic education aid may be intercepted to pay debt service on bonds issued by the Rhode Island Health and Educational Building Corporation ("RIHEBC") for the benefit of a municipality in the event the municipality fails to make timely payments of debt service on school construction bonds issued for the municipality through RIHEBC.

State School Construction Aid

Pursuant to Rhode Island General Laws Sections 16-7-35 to 16-7-47, as amended, the State provides construction aid to Rhode Island municipalities for the cost of building or renovating public schools. All buildings constructed or renovated since July 1, 1949 are eligible for assistance of a minimum of 30% of the full cost of such buildings. Such assistance level may be further increased by a formula which takes into account the equalized assessed valuation and debt service burden of the particular municipality. State aid reimbursement for school construction projects is based on the share ratio established for that year by the Rhode Island Department of Education. The recently enacted funding formula also raises the minimum reimbursement percentage to 35% for the fiscal year 2012 payments and 40% for the fiscal year 2013 payments and thereafter. For the fiscal year ending June 30, 2021, the Town’s share ratio is 45.0%. This ratio can vary from year to year.

For projects approved by the voters after June 30, 2003, the cost of interest on any bond will be reimbursed as an eligible project cost only if the bonds for these projects are issued through the Rhode Island Health and Educational Building Corporation. School housing costs subject to State aid reimbursement shall not include bond issuance costs and demolition costs for buildings, facilities, or sites deemed surplus by the school committee. The legislation authorizing State School Construction Aid is subject to future change and all State aid is subject to annual appropriation by the Rhode Island General Assembly. For FY21 the Town budgeted for State Housing Aid in the amount of \$1,156,333, the Town only received \$696,433 because of the School Department’s shortfall of qualifying expenditures. The “shortfall” was redirected to the School Department in the amount \$439,000. The School received \$439,000 of the Town’s State Housing Aid for 2021. The Town expects to receive \$1,156,892 for the fiscal year ended June 30, 2022.

Other State Aid

Shown below is a summary of various state aid revenues credited to the Town's General Fund (excluding school operations and construction aid, which is accounted for in the Special Revenue Fund).

	Actual 6.30.19	Actual 6.30.20	Actual 6.30.21	Budget 6.30.22
<u>Other State Aid</u>				
Telephone Tax	\$ 437,024	\$ 442,057	\$ 412,395	\$ 430,622
Motor Vehicle Excise Tax	251,244	251,244	251,244	251,244
Motor Vehicle Phase Out Tax	1,261,782	1,752,626	583,702	2,641,017
Meals & Beverage Tax	423,090	462,452	435,453	440,888
Hotels Tax	93,340	85,819	45,958	64,299
Total Other State Aid	\$ 2,466,480	\$ 2,994,198	\$ 1,728,752	\$ 3,828,070

Set forth below are comparative financial statements which were prepared from audited financial statements.

Balance Sheet as of June 30,

Assets	2017	2018	2019	2020	Unaudited 2021
Cash & cash equivalents	\$ 12,061,890	\$ 15,080,359	\$ 17,989,292	\$ 21,316,642	\$ 18,010,792
Investments	-	-	-	-	5,734,297
Accounts Receivable:					
Real estate & personal property taxes	2,575,158	2,556,336	2,447,478	2,783,877	2,318,824
Intergovernmental	-	-	-	-	-
Other	-	-	-	-	445,897
Advances to sewer fund	-	-	-	2,967,414	1,066,558
Other receivables	894,567	835,753	842,682	239,171	193,897
Due from other funds	<u>3,841,066</u>	<u>3,716,747</u>	<u>3,300,967</u>	<u>557,553</u>	<u>13,714,713</u>
Total Assets	\$ 19,372,681	\$ 22,189,195	\$ 24,580,419	\$ 27,864,657	\$ 41,484,978
 Liabilities & Fund Balances					
Liabilities:					
Accounts payable & accrued expenditures	\$ 144,606	\$ 301,986	\$ 293,962	\$ 787,885	\$ 8,582,946
Due to other funds	4,636,570	6,187,945	6,168,403	6,695,967	9,145,316
Other liabilities	<u>611,240</u>	<u>440,670</u>	<u>707,283</u>	<u>-</u>	<u>26,414</u>
Total Liabilities	\$ 5,392,416	\$ 6,930,601	\$ 7,169,648	\$ 7,483,852	\$ 17,754,676
 Unavailable tax revenue					
	\$ 2,624,506	\$ 2,579,656	\$ 2,505,648	\$ 2,350,917	\$ 2,376,894
Fund Balances:					
<i>Non-spendable</i>					
Sewer interfund receivable	2,286,086	2,656,700	2,745,064	3,206,585	1,066,558
Prepaid					16,943
Note receivable	-	-	-	-	176,954
Committed	1,611,167	2,037,394	2,407,421	2,904,500	2,803,640
Unassigned	<u>7,458,506</u>	<u>7,980,844</u>	<u>9,752,638</u>	<u>11,918,803</u>	<u>17,289,313</u>
Total Fund Balances	<u>11,355,759</u>	<u>12,674,938</u>	<u>14,905,123</u>	<u>18,029,888</u>	<u>21,353,408</u>
Total Liabilities & Fund Balances	\$ 19,372,681	\$ 22,185,195	\$ 24,580,419	\$ 27,864,657	\$ 41,484,978

Source: Prepared from audited financial reports

Statement of Revenues, Expenditures and Changes in Fund Balance as of June 30,

Unaudited

Revenues	2017	2018	2019	2020	2021
Real estate & personal property taxes	\$ 69,985,564	\$ 71,652,257	\$ 74,063,667	\$ 76,143,864	\$ 79,469,075
Other taxes	974,821	1,005,987	953,454	990,328	481,411
Penalties & interest on taxes	499,097	461,433	509,992	472,459	584,217
Licenses, fees & permits	892,336	789,512	786,956	919,223	1,430,096
Investment income	186,529	151,181	515,557	584,548	552,697
Intergovernmental	1,838,699	2,358,888	2,798,224	3,355,343	27,378,016
Charges for services	478,984	517,589	469,999	330,904	226,206
Miscellaneous	<u>720,405</u>	<u>787,938</u>	<u>1,059,566</u>	<u>993,475</u>	<u>2,331,087</u>
Total Revenues	\$ 75,576,435	\$ 77,724,785	\$ 81,157,415	\$ 83,790,144	\$ 112,452,805
 Expenditures					
Current:					
General government	\$ 6,056,865	\$ 5,890,896	\$ 5,759,677	\$ 6,215,625	\$ 6,315,004
Public safety	12,326,651	12,530,200	13,039,257	13,197,979	13,774,697
Public works	5,036,458	5,450,874	5,449,723	5,286,206	5,771,317
Community & economic development	373,617	344,198	375,065	370,195	324,977
Health & human services	825,832	708,822	710,220	713,238	763,157
Culture & recreation	2,310,837	2,237,014	2,415,206	2,122,831	1,870,658
Capital Expenditures	-	-	-	200,000	-
Debt service:					
Principal	3,269,000	3,745,000	3,741,000	3,802,000	3,854,000
Interest	<u>1,325,449</u>	<u>1,412,861</u>	<u>1,418,210</u>	<u>1,374,892</u>	<u>1,335,626</u>
Total Liabilities	\$ 31,524,709	\$ 32,319,865	\$ 32,908,358	\$ 33,282,966	\$ 34,009,436
 Excess revenues over (under) expenditures	 \$ 44,051,726	 \$ 45,404,920	 \$ 48,249,057	 \$ 50,507,178	 \$ 78,443,369
 Other financing sources (uses)					
Transfers from other funds	\$ 122,323	\$ -	\$ 279,484	\$ -	\$ 134,817
Transfers to other funds	(44,140,058)	(44,304,450)	(53,601,780)	(47,361,590)	(75,254,666)
Debt issuance and premium	<u>-</u>	<u>-</u>	<u>7,299,424</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	(44,017,735)	(44,304,450)	(46,022,872)	(47,361,590)	(75,119,849)
 Excess revenues & other sources over (under) expenditures & other uses	 <u>33,991</u>	 <u>1,100,470</u>	 <u>2,226,185</u>	 <u>3,145,588</u>	 <u>3,323,520</u>
 Fund Balance - Beginning	 <u>11,321,768</u>	 <u>11,578,468</u>	 <u>12,678,938</u>	 <u>14,884,300</u>	 <u>18,029,888</u>
Fund Balance - Ending	\$ 11,355,759	\$ 12,678,938	\$ 14,905,123	\$ 18,029,888	\$ 21,353,408

(1) As restated.

Source: Prepared from audited financial reports

Source: Prepared from audited financial reports

Retirement Programs

All full-time employees of the Town hired before July 1, 2013 are covered by one of six separate pension plans, each of which are summarized below. For additional discussion of the Town's Retirement Programs, see Note 15 of the Town's 2018 Financial Statements.

Town-Administered Municipal Retirement Plans

For employees hired prior to July 1, 2013, the Town contributes to the Town's Municipal Employee Defined Benefit Retirement Plan (the "Town Defined Benefit Plan"), which is a single-employer public employee defined benefit retirement system. The Town Plan was established by the Town in accordance with the Town Charter and federal and State statutes. The Town has delegated the authority to manage the plan assets to Fidelity Investments.

For employees hired after July 1, 2013, the Town contributes to the Town's Municipal Employee Defined Contribution Retirement Plan (the "Town Defined-Contribution Plan"), which is a single-employer public employee defined contribution retirement system. The Town Defined-Contribution Plan was established by the Town in accordance with the Town Charter and federal and State statutes. The Town has delegated the management of this plan to International City Management Association-RC (ICMA-RC).

Substantially all employees of the Town, except police, school employees and school administrators, are covered by either of these municipal plans. Participants who became active members of the Town Defined Benefit plan contribute specified percentages of their annual compensation to the plan. As of July 1, 2019, the Town Defined Benefit Plan had 76 active members, 38 inactive members, 79 retired members; and as of the same date, the Town Defined Contribution Plan had 2 active members, 0 inactive members, and 0 retired members.

Under the provisions of the Town Defined Benefit 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 service for reduced 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/her 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 Town Defined Contribution Plan, employees hired on or after July 1, 2013 shall participate in a Defined-Contribution Plan in which the Town will match the employee contribution, up to 10% of an employee's annual base wages. The terms of the Plan will be negotiated in accordance with the Defined Contribution Plan rather than the Defined Benefit Plan.

In addition to pension benefits, the Town Plans also provide disability and death benefits. In order to receive the disability benefits, an employee must have at least ten years of creditable service when he/she 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 all qualified employees. An employee is qualified if he/she, 1) dies before retirement benefits begin, 2) was married for the full year before his/her 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 50% of the survivor's benefit and is payable as of the earliest date the employee could have retired after the date of death.

All active employees hired before July 1, 2013 are required to contribute 10% of compensation to the Town Defined Benefit Plan. The Town makes annual contributions to the Town Defined Benefit Plan based on its legally adopted budget. Over the past six years, the Town has made the following contributions to the Defined Benefit Plan:

Town Plan - General Employees					
Fiscal Year	Annual Required Contribution	Actual Contribution	Percent Contributed	Unfunded Liability*	Funded Ratio %
2021	1,086,844	1,101,713	101.37%	14,619,882	43.00%
2020	926,251	928,292	100.22%	16,523,931	43.00%
2019	875,686	875,686	100.00%	14,499,057	42.00%
2018	845,691	845,691	100.00%	14,108,506	43.00%
2017	821,825	821,825	100.00%	13,669,727	36.00%
2016	852,707	865,274	101.47%	14,170,167	32.00%

The Town makes budgeted a contribution to the Town Defined Benefit Plan in the amount of \$1,137,990 for fiscal year 2022, which represents 100% of the actuarially determined contribution.

*Unfunded liability is calculated with an assumed rate of return of 7.00% and payroll growth of 3.4%.

Town-Administered Police Pension Plan

The Retirement Income Plan for the Police Officers of the Town of Coventry Pension Plan (the “Police Plan”) is a single-employer defined benefit pension plan. The plan is governed by the Town which may amend plan provisions, and which is responsible for the management of the assets. The Town has delegated the authority to manage the plan assets to Fidelity Investments. As of July 1, 2019, the Police Plan has 56 active members, 11 inactive members and 80 retirees and beneficiary members.

Under the provisions of the Police Plan, benefits vest at various times depending on the date of hire. An employee may retire with twenty years of creditable service if employed prior to January 1, 1994, twenty-three years if employed on or after January 1, 1994, or twenty-five years of creditable service and age 55 if employed on or after January 1, 2013. A participant’s earned benefit is equal to 50% of earnings. For employees employed before January 1, 1994, the retirement benefit shall equal 50% of base pay, holiday pay, longevity pay, vacation time paid at termination, and overtime. In addition, participants employed prior to January 1, 1994 receive a 2.5% compounded COLA. For employees hired between January 1, 1994 and December 31, 2012, the retirement benefit shall be equal to fifty percent (50%) of base pay and longevity pay only, earned during the last twelve months of service. The retirement benefit for participants employed on or after January 1, 2013 shall be equal to fifty percent (50%) of the average base pay of the five (5) years immediately preceding retirement. The Town shall provide retirees who were hired on or after January 1, 1994 an annual 1.50% non-compound COLA or a COLA based upon the National Consumer Price Index for clerical workers (known as CPI-W) published by the Bureau of Labor Statistics whichever is higher.

Under the provisions of the Police Plan, all officers who were members of the Police Department prior to July 1, 1989 are required to contribute 9.5% of total annual compensation from all sources as of July 1, 2016 and 11% effective July 1, 2017. Any participants who were hired between January 1, 1994 and December 31, 2012 are required to contribute 11% of their base pay as of July 1, 2016 and 12% effective July 1, 2017. Participants hired on or after January 1, 2013 are required to contribute 12% of base pay.

In addition to pension benefits, the Police 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 date of completion of ten years of service or the date at which the participant reaches his normal retirement date. If the disability is not in the line of duty, but it is expected that the participant will be unable to return to active duty and the participant has ten years of service with the Town, the participant is entitled to a 25% disability benefit for up to one year. If after one year, the participant is still unable to work, the participant is automatically retired.

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 participant’s 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 the participant’s retirement date, a death benefit is paid to the participant’s surviving spouse, dependent child, or beneficiary.

The Town makes annual contributions to the Police Plan based on its legally adopted budget. Over the past six years, the Town has made the following contributions:

Police Plan - Police Officer Employees

Fiscal Year	Annual Required Contribution	Actual Contribution	Percent Contributed	Unfunded Liability*	Funded Ratio %
2021	5,488,847	5,370,000	97.83%	62,804,923	23.00%
2020	5,163,563	5,163,563	100.00%	66,365,874	23.00%
2019	4,957,710	4,957,710	100.00%	63,494,927	22.00%
2018	4,808,076	4,808,076	100.00%	64,301,572	20.00%
2017	4,656,200	4,715,528	101.27%	64,386,977	18.00%
2016	4,565,873	4,619,691	101.18%	63,801,000	15.00%

The Town makes budgeted a contribution to the Police Defined Benefit Plan in the amount of \$5,370,000 for fiscal year 2021, which represents 97.83% of the actuarially determined contribution.

*Unfunded liability is calculated with an assumed rate of return of 7.00% and payroll growth of 3.4%.

Coventry School Employees Pension Plan (Non Teacher)

The Coventry Teacher's Alliance School Related Personnel Pension Plan ("CTASRPP") is a single-employer defined benefit pension plan. The plan is governed by the Town which may amend plan provisions, and which is responsible for the management of the assets.

Under the provisions of the plan, benefits vest at various times depending on the date of hire. The plan covers school related personnel (non-teaching personnel) who are members of the bargaining unit. Each school employee who is a member of the Union shall be a participant of the plan. Participants contribute 8% of their annual compensation received in a Plan year. The Town makes two types of annual contributions to the plan. The first such amount as is set forth under the relevant terms of the collective bargaining agreement between the Employer and the Union and is equal to 12.75% of the regular payroll of employees subject to the Plan. The second such amount shall be annually determined by an actuary for the Plan. As of July 1, 2021 employee membership data related to this plan was as follows:

Active members	223
Inactive members	29
Retired members	<u>166</u>
	418

CTASRPP provisions include the following: Creation of a New Plan with modifications to the current Plan's pension-benefit structure, the Town will pay the remaining actuarial-determined contribution, the Coventry School Department will be responsible for the administration of the New Plan, and the Trustees will not have a role once the New Plan is adopted by all parties. The Tentative Agreement was subject to and conditioned upon agreement on a final plan of action for the Coventry School Employees Pension Plan and Trust and had no effect unless and until final agreement is reached on all issues and final ratification had been received from the Coventry Town Council, the Coventry School Department School Committee, and the Trustees of the Coventry School Employees Pension Plan and Trust.

A Final Plan – A Plan Document was drafted and presented to the parties in December 2015. Some changes were made to the draft; and in late January 2016 the attorneys for the each of the parties recommended that the Final Plan – Plan Document be approved. In February 2016, the Town Council, Coventry School Department School Committee, and Trustees of the Coventry School Employees Pension Plan and Trust each voted to adopt the SRP Final Plan – Plan Document. The Town Council also voted to adopt a Funding Improvement Plan which will bring the Plan above 60% funding by 2033 as required by the State of Rhode Island.

The School Department took control of the Plan's assets and the day-to-day administration of the Plan in November/December 2017. An actuarial valuation of the Plan as of July 1, 2019 was delivered to the Town on December 6, 2018. The UAAL as of July 1, 2018 is reported as \$16,024,086.

It is important to note that the financial terms of the Final Plan – Plan Document have been adhered to since July 2015 as the modifications were made to the Plan's pension-benefit structure and the Town has been paying the remaining actuarial-determined contribution since FY16.

Net Pension Liability of the Coventry Teachers Alliance School Related Personnel Pension Plan

	<u>June 30, 2021*</u>
Total pension liability	\$33,738,642
Plan fiduciary net position	<u>(14,136,932)</u>
Town's net pension liability	<u>\$ 19,601,710</u>
Plan fiduciary net position as a percentage of The total pension liability	41.90%

* Assumes annual growth rate of 4.00% and investment rate of return of 6.50%

Over the past six years, the Town has made the following required contributions:

CTASRPP			
<u>Fiscal Year</u>	<u>Annual Required Pension Contribution: Town⁽¹⁾</u>	<u>Annual Required Pension Contribution: Employees⁽¹⁾</u>	<u>Percent Contributed</u>
2021	768,386	451,214	100
2020	738,117	458,540	100
2019	801,906	507,069	100
2018	708,523	415,480	100
2017	761,680	481,062	100
2016	714,023	451,061	100

(1) Contribution amounts are not actuarially determined but contractually committed.

School Administration Plan

The Town contributes to the School Administration Pension Plan (the “School Administration Plan”). The School Administration Plan is a defined contribution plan that covers certain school administrators who do not qualify for other school pension plans. The School Administration Plan was established by the Town in accordance with the Town Charter and federal and State statutes.

The Town makes contributions to the School Administration Plan based on the Town's contribution requirements for the School Plan. In addition, participants may contribute a percentage of their annual salary to the School Administration Plan based on applicable tax law. Under the provisions of the School Administration Plan, benefits vest in the Town's contributions after three years of creditable service. The School Administration Plan also provides disability and death benefits. As of June 30, 2019, the School Administration Plan had 9 active members.

Over the past six years, the Town has made the following required contributions:

<u>School Administration Plan - Non-Teacher Employees</u>			
<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percent Contributed</u>
2021	79,788	79,788	100.00%
2020	114,775	114,775	100.00%
2019	118,590	118,590	100.00%
2018	73,225	73,225	100.00%
2017	69,234	69,234	100.00%
2016	67,797	67,797	100.00%

The Town budgeted a contribution to the School Administration Plan in the amount of \$87,500 in fiscal year 2022, which represents 100% of the actuarially determined contribution.

School Teachers' Retirement Plan

The Town provides retirement benefits to its public school teachers through its participation in the Employees' Retirement System of Rhode Island (“ERSRI”), a statutory, mandatory, statewide, cost-sharing multi-employer defined benefit

plan, which first covered State teachers on July 1, 1949. ERSRI is administered as a unified statewide system by the State Retirement Board, the composition of which is set forth in the pertinent State statute. The assets are held in the custody of the State Treasurer as an undivided single fund.

Rhode Island General Law currently sets the defined benefit contribution rates of participating employees at 3.75% of salary. Annual required contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as a percentage of participants' payroll. 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 initially, but in conjunction with the implementation of RIRSA the amortization period was reset to 25 years as of June 30, 2010; and (c) interest on the unfunded frozen actuarial liability.

As prescribed by Rhode Island General Laws, the State pays the entire portion of the defined benefit 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.

Effective with the June 30, 2011 actuarial valuation, the funding method was changed to the Individual Entry Age Cost Method in order to be consistent with the Act and GASB statement No. 27 standards. The ERSRI does not maintain separate data for each of its participants. The ERSRI's website contains additional information (www.ersri.org).

The actuarial valuation prepared for ERSRI by Gabriel, Roeder, Smith & Company uses the Entry Age Normal (EAN) actuarial cost method. Valuations under this method assume a valuation date of June 30th of each plan year. This is the date as of which both the actuarial present value of future benefits and the actuarial value of assets are determined. The valuation assumes an annual salary increase on a scale of age/service. In addition, other actuarial assumptions are made for post-retirement increases and other contingencies as set forth in the published annual reports of the State Retirement Board.

The following are comparative highlights for 2017 through 2021 for the Teachers' Retirement System as a whole:

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Active Participants	13,372	13,474	13,511	13,297	13,310
Pensioners & Beneficiaries	11,398	11,274	11,196	11,320	11,211
Inactive Participants	4,227	4,001	3,888	3,643	3,501
Market Value of Assets	\$ 4,671,641,312	\$ 3,798,755,901	\$ 3,829,895,134	\$ 3,781,560,920	\$ 3,696,400,551
Employer Contributions	\$ 275,778,411	\$ 266,034,899	\$ 249,634,988	\$ 239,092,095	\$ 233,828,518
Member & Other Misc. Contributions	50,174,050	50,781,701	51,057,446	50,768,637	50,960,566
Total Contributions	\$ 325,952,461	\$ 316,816,600	\$ 300,692,434	\$ 289,860,732	\$ 284,789,084
Investment income	1,034,477,257	139,896,962	233,855,078	282,535,405	391,115,013
Total Income Available for Benefit Payments	\$ 1,360,429,718	\$ 456,713,562	\$ 534,547,512	\$ 572,396,137	\$ 675,904,097
Benefit Payment	\$ (487,793,158)	\$ (487,783,008)	\$ (486,577,981)	\$ (486,818,998)	\$ (490,467,141)
Transfer and Other Adjustments	\$ 248,851	\$ (69,787)	\$ 364,683	\$ (416,770)	\$ 427,703
Excess of Income Over Expenses	\$ 872,885,411	\$ (31,139,233)	\$ 48,334,214	\$ 85,160,369	\$ 185,864,659
Funded Ratio	58.7%	56.2%	55.3%	54.9%	54.8%

Compiled from Employees' Retirement System of Rhode Island - Actuarial Valuation Reports as of June 30, 2017 - 2021.

According to the statutory funding schedule, the combined contributions required each year by the Town and the State will remain relatively level as a percent of payroll as the System moves toward funding the full actuarial liability. Ultimately, however, because the actuarial funding results in the accumulation of reserves that are invested, the required appropriation will be significantly less than would be required if the Teacher's Retirement System was on a pay-as-you-go basis.

The actuarial costs of the retirement benefits are partially funded by employee contributions of 9.50% of the actuarial costs of the retirement benefits effective July 1, 2003. The actuary determines the net employer actuarial costs annually and as provided by the State Retirement Board to the Department of Administration. Contributions are reported as a percent of payroll, payable in part by the State and in part by the Town. The split between State and the Town is specified in State statute. For fiscal year 2021, the State paid 40% and the Town paid 60%.

Actuarial costs and liabilities, as shown in the summary presentation above, are determined in the aggregate for the ERSRI. Accordingly, employer contributions are first determined in the aggregate for all participating employers in this multi-employer system and are then expressed as a percentage of the aggregate participating payroll. For fiscal year 2020, the Town applied 60 percent of this factor to its participating payroll (the remaining 40 percent of the employer cost is contributed by the State as well as the full cost of deferred contributions).

Over the past six years, the Town has made the following required contributions:

Employees Retirement System of Rhode Island (Teachers)			
<u>Fiscal Year</u>	<u>Annual Required Pension Cost</u>	<u>Actual Contribution</u>	<u>Percent Contributed</u>
2021	\$5,238,331	\$5,238,331	100%
2020	5,107,544	5,107,544	100
2019	4,791,770	4,791,770	100
2018	4,759,439	4,759,439	100
2017	4,851,664	4,851,664	100
2016	4,943,999	4,943,999	100

A contribution in the amount of \$4,896,454 has been budgeted in fiscal year 2022, which represents 100% of the actuarially determined contribution.

At June 30, 2021, the Coventry School Department ERSRI Plan reported a liability of \$63,492,522 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the State.

Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and/or life insurance benefits. The Governmental Accounting Standards Board (“GASB”) recently promulgated its Statement Nos. 43 and 45, which will for the first time require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. GASB 74 and 75 add disclosure requirements but also require a 20-year municipal bond rate to discount the unfunded portion while also requiring the a long-term rate of return of plan investments. The affect will be an overall increase to reported unfunded liabilities associated with OPEB. These new accounting standards do not require pre-funding such benefits, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits.

The Town pays for post-employment benefits on a pay-as-you-go basis. As of July 1, 2019 (most recent information available), 444 School Department retirees and their spouses, 14 Town retiree and 26 Police retirees and their spouses meet the eligibility requirements. The Town pays for the other post-employment benefits on a pay-as-you-go basis. The annual medical and dental benefits premium cost for fiscal year ended June 30, 2021 was \$1,144,680 for Town employees. Over the past six years, the Town has made the following required contributions:

Other Post-Employment Benefits					
<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percent Contributed</u>	<u>Unfunded Liability*</u>	<u>Funded Ratio %</u>
2021	n/a	\$ 1,144,680	n/a	\$ 27,478,181	0.00%
2020	n/a	1,085,381	n/a	27,339,394	0.00%
2019	n/a	910,285	n/a	17,880,857	0.00%
2018	1,605,868	916,658	57.08%	17,107,002	0.00%
2017	1,471,269	952,546	64.74%	16,318,857	0.00%
2016	1,501,777	856,732	57.05%	16,319,000	0.00%

*Unfunded liability is calculated with an assumed rate of return of 4.00% and payroll growth of 4.00%.

(1) An OPEB valuation is prepared on a bi-annual basis.

Capital Improvement Program

Annually all commissions, agencies and departments of the Town submit to the Planning Board information on all capital projects planned or proposed for acquisition during the following five fiscal years. The Planning Board then reviews all proposals with the departments submitting them and develops a recommended five-year program of capital improvements for submission to the Town Manager. The Town Manager in turn files the program with the Town Council. In doing so the Board considers these factors:

1. The relative need for each project as shown in the facts presented by the agency;
2. The relationship of the project to plans for the development of the Town;
3. The relationship of the project to other projects; and
4. The Town's ability to finance the project.

Capital projects are those which fall into at least one of these categories:

1. Acquisition or lease of land.
2. Construction of new buildings or facilities, including engineering design or other preconstruction costs.
3. Improvements or additions to existing buildings or facilities, not including annual replacement or items of routine maintenance and repair.
4. Purchase of any equipment costing over \$5,000 or having a useful life of more than two years.

A summary of the Town's Fiscal Year 2021 – 2025 Capital Improvement Program appears below:

Department	FY2021	FY2022	FY2023	FY2024	FY2025
DPW	\$ -	\$ 3,246,646	\$ 1,768,036	\$ 4,726,432	\$ -
School Department	2,872,078	3,023,118	2,691,638	2,818,466	2,499,837
Police	-	-	-	200,000	380,000
Parks & Recreation	<u>2,274,542</u>	<u>3,450,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	\$ 5,146,620	\$ 9,719,764	\$ 4,459,674	\$ 7,744,898	\$ 2,879,837

LITIGATION

The Town has several lawsuits pending against it. In the opinion of the Town Solicitor, except as follows, there is no pending litigation against the Town which, either individually or in the aggregate, would result in judgments that would have a materially adverse effect on the Town's financial position or its ability to meet its debt service obligations.

1. Coventry Landfill - The Town has been named as a responsible party in connection with the investigation and remediation of the former Coventry Landfill owned and operated by the Town and located off Arnold Road in Coventry. The Town is one of a number of persons to whom a Letter of Responsibility was issued in June 2003 by the Rhode Island Department of Environmental Management requiring such persons to conduct the investigation and remediation of the Landfill under applicable state and federal law and regulations. The Town is one of a number of such persons who executed and delivered that certain Partial Consent Decree in 2005 in the case of State of Rhode Island, Department of Environmental Management v. Town of Coventry, C. A. No. 05-346-S, pursuant to which the signatories agreed to conduct and pay for an environmental investigation of the site.

As a result of that investigation, the Town is obligated to conduct and pay for the remediation of the Landfill as approved by the Rhode Island Department of Environmental Management. Pursuant to that certain Settlement Contribution Agreement dated as of March 1, 2010, by and between (i) the Town and (ii) Mallinckrodt, LLC, Oce Imaging Supplies, Inc.

Chevron Environmental Management Company, CAN Holdings, Inc., Sunoco, Inc. and Teknor Apex Company, the Town agreed to pay for sixty percent (60%) of the costs of the investigation and remediation of the Landfill, and the other parties thereto agreed to pay the remaining forty percent (40%).

The current estimate of the cost of the remediation of the Landfill is approximately \$6.5 million (of which the Town is obligated under the above Agreement to pay sixty percent (60%) thereof.) The Town continues to participate in the remediation of the site as part of the potentially responsible party ("PRP") group.

2. Cambio et als. v. Town of Coventry. We are handling a number of cases involving Nicholas Cambio, Commerce Park Realty and its various sub-entities including PM No. 13-0350, PB 11-1922; Kent County Case, Civil Action No. 2008-0262, Civil Action No. 07-1433.

These matters are all intertwined and arise out of Mr. Cambio's assertions that he does not owe the Town various monies arising out of sewer assessment and use taxes.

The following lawsuits were initiated against the Town by Mr. Cambio through his various entities, remain pending against the Town, and are not being defended by the Interlocal Trust:

- A. Commerce Park Associates 1, 2, 6, 13 LLC, Commerce Park Properties, LLC, Commerce Park Realty, LLC, Commerce Park Realty 2, LLC, Nicholas Cambio, Trustee and Vincent A. Cambio v. Town of Coventry et al., PB 11-6096;
- B. Commerce Park Associates 1, 2, 5, 6, 13, Commerce Park Realty, LLC, Commerce Park Realty 2 and 3 LLC v. Town of Coventry Sewer Assessment, KC 08-262;
- C. Commerce Park Associates 1, 2, 6, 13 LLC, Commerce Park Properties, LLC, Commerce Park Realty, LLC, Commerce Park Realty 2, LLC, Commerce Park Management, LLC v. Monique Houle, in her capacity as Tax Collector of the Town of Coventry, et al., KB 11-1434; and,
- D. Commerce Park Associates 8, 9 and 4 LLC v. Town of Coventry, KC 03-444.

There has been little to no activity on any of these lawsuits in the last several years, however we continue to monitor these matters for application to the Town's interests, if any.

3. Baird Properties, LLC v. Town of Coventry This is a counterclaim in a suit to enforce the Town's Zoning Ordinances against a marijuana grower who was in violation thereof.

The Town prevailed on the zoning enforcement claims in the Superior Court and Baird has petitioned the State Supreme Court for relief. His petition was denied, and Baird's counterclaim (for "Slander of Title") to the property used for marijuana is thus doubtful. The counterclaim seeks unspecified damages, and it is impossible to project with precision, the likely outcome of the counterclaims. There has been no activity in this case since our last Audit Response Letter.

4. Miozzi v. Town of Coventry This lawsuit claims the Town violated the Plaintiffs constitutional rights in enforcing certain "closing hours" ordinances. The Interlocal Trust is defending the Town. Plaintiff sought preliminary injunctive relief in US District Court (RI) which was denied in October 2016. The Plaintiff dismissed the federal case and brought a similar case in Kent County Superior Court seeking an unspecified amount of damages only. The outcome is impossible to predict. There has been no activity in this case since our last Audit Response Letter.

5. Licciardi v. Town of Coventry, KC-2019-1223. This matter involves an allegation of workplace discrimination based on sex (Mr. Licciardi alleges disparate treatment from female workers) and a claim under the R.I. Whistleblower's Protection Act, R.I. Gen. Laws § 28-50-1, *et seq.*

6. Soscia Holdings, LLC v. Town of Coventry, KC-2020-0769. This matter involves litigation over a lease that the Town has with the owner of the Quidnick Reservoir, also known as Johnson's Pond. The case is at the earliest inception of litigation and it is impossible to predict both the anticipated travel of the case or outcome. The Town is defending the matter and has asserted numerous affirmative defenses and a counterclaim.