

The City of
COVINGTON
WASHINGTON



2010 Budget



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Covington
Washington**

For the Fiscal Year Beginning

January 1, 2009

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an Award for Distinguished Budget Presentation to the City of Covington, Washington for its budget for the fiscal year beginning January 1, 2009.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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INTRODUCTORY



City of Covington

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January 29, 2010

Dear Mayor Harto, Mayor Pro Tem Wagner, Honorable Councilmembers, Residents, and Businesses of Covington:

It is with careful thought and consideration that I present the final 2010 Operating and Capital Budget. This budget encompasses and implements Council policies and conforms to state law. It reflects our continued commitment to live within our means and provide a reasonable level of service to the community. It focuses reductions in areas where revenue and workload have decreased and protects core services like public safety and infrastructure maintenance.

Despite the economy, 2009 has been a productive year for the City of Covington. Our most exciting accomplishments include working on the Downtown Plan & Zoning Study, completing road projects on time and within budget, getting our parks and recreation efforts back on track, studying feasibility of commuter rail service, and receiving \$3.1 million from the Governor and Washington State Legislature for City initiatives.

Major Issues

There are three major issues driving the 2010 budget. All three are a direct or indirect result of the worst recession since the Great Depression. They have permeated almost every aspect of our budget.

- Real Estate Excise Tax (REET) revenues have dropped from a high of \$1.03 million in 2007 to a forecast level of \$300,000 in 2009. In 2010, the City's debt service on the 2007 transportation bonds will be almost \$1 million. At the time the City sold the bonds, REET was expected to pay the full amount.
- Permit revenue has evaporated from a high of \$2.2 million in 2007 to a forecast level of \$500,000 in 2009. This budget forecasts a similar amount in 2010.
- The Capital Investment Program (CIP) is unable to pay for employee salaries and benefits after early 2010 because bond proceeds are spent, state money for the State Route 516 project is about to be spent, and impact fee revenue has evaporated.

In total, the City is cutting about \$1.1 million from the Operating Budget and absorbing about \$700,000 in debt service next year.

The total sources and uses for the 2010 budget is \$23,834,363.

Economic Outlook

On the national level, unemployment continues to dominate the headlines, home foreclosures continue to climb, home prices continue to decline, and consumer consumption remains weak. Inflation is moderating, but wages are barely growing.

In the Puget Sound region, indicators are looking more favorable according to the economists at *The Puget Sound Economic Forecaster*. Home prices have apparently bottomed out and even rose 5.5% between March and June. Employment is still down but job losses are decelerating. The *Forecaster's* view is that employment will come back in the second quarter of 2010 but it will likely be 2013 before employment

returns to its 2008 peak and 2014 before it drops below 6%. The real recovery will be felt in 2011 as employment and personal income increase, inflation remains low, and housing permits begin to increase.

In Covington, we will continue to feel the effects of lower REET, permit revenue, and impact fees for several years at least. However, decisions by the Council to proceed cautiously will pay off as we work our way out of this recession.

Given the cyclical nature of the economy and the plethora of different factors involved, it has been most difficult to assemble the long range forecast. Forecasting is arguably more art than science but for 2010 and beyond it is almost untenable. The economy has been the biggest challenge. We get numbers and information on a national and regional scale but it is hard to identify how that will impact us at a local level. We use our best judgment along with historical information to spot trends and determine how revenues will move over time. We continue to remain conservative and closely monitor local changes.

Budget Process

Early in the 2010 budget process, departments were directed not to submit decision cards unless they were legally mandated, Council-directed, or cost neutral. In addition, they were asked to review the budget for efficiencies and reductions. The Council implemented mid-year cost saving strategies including layoffs, elimination of overnight travel, a city wide hiring freeze, reduced fund balance threshold for the Development Services Fund, and adjusted personnel splits to address declining revenues related to the economy. These strategies will help with fund balance as the City moves into 2010.

Budget Strategies

The Management Team, Finance Department, and I spent several months evaluating strategies to balance the 2010 budget. After careful consideration, I recommended the following to Council and the Council concurred to:

- Make a finding of substantial need and increase the property tax levy by 1%.
- Redirect the General Fund's transfer of \$150,000 per year from the CIP Fund's street overlay program to the Street Fund operations.
- Maintain the General Fund's transfer of \$370,000 per year to the CIP Fund's Parks program for one more year and discontinue it in 2011.
- Discontinue the General Fund's transfer of sales tax revenue to the Cumulative Reserve Fund; the General Fund will benefit from the additional 5% of sales tax revenue.
- Discontinue the Parks Fund's annual transfer of fund balance to the Cumulative Reserve Fund.
- Have the General Fund assume the Development Services Fund's interfund payment next year and review this strategy on an annual basis.
- Have the General Fund absorb additional central services costs based on the full time equivalent (FTE) reduction in other funds.
- Draw down reserves in the Surface Water Management Fund for another year to continue implementation of the National Pollutant Discharge Elimination System (NPDES) permit.
- Use a 0% cost of living adjustment (COLA). The June 2008 to June 2009 Consumer Price Index came in negative. The negative CPI will be moved forward against future positive CPI increases.
- Modify the merit award program by replacing monetary compensation with another form of compensation such as additional vacation days or floating holidays.
- Maintain the current medical benefits program through 2010 and convert to a less expensive plan beginning in 2011.

- Eliminate the following positions: Administrative/Legal Assistant, Assistant City Engineer, Construction Inspector, Economic Development Manager, and Office Technician II.
- Reduce the following positions to half time: Administrative Services Manager, Building Official, and Development Review Engineer.
- Maintain the following position at half time: Code Enforcement Officer.
- Forego the biennial budget process until the economy stabilizes.
- Explore implementation of a \$20 vehicle license fee via a transportation benefit district to help fund street operations.

The most controversial of these recommendations is the elimination of the Economic Development Manager position. On the surface, it does not appear to make sense to eliminate a position whose primary function is to grow the City's economy. However, economic development has always been, should be, and will continue to be a team effort among the Council, the Covington Economic Development Council, the City Manager, and a variety of employees. It is imperative that the City direct its increasingly scarce resources to those economic development-related activities that are most critical to growing the City's economy. In 2010, those are to continue to implement the Downtown Plan & Zoning Study and to provide the most timely and predictable permitting process the City can afford.

Alternative Strategies

The Management Team, Finance Department, and I also carefully evaluated the options of furlough days and salary step freezes.

Furlough days have been very popular in other Washington cities and counties. However, they tend to work best in larger organizations where each day saves a significant amount of money. Covington is a small organization that is divided into multiple funds. The consequence is furlough days fail to save enough money in any one fund to be effective. For example, 10 furlough days would save about \$22,000 in the Development Services Fund. In addition, furlough days are a short-term band-aid, not a long-term solution.

Likewise, step freezes do not save enough money in any one fund. For example, a step freeze would save about \$4,300 in the Development Services Fund. In addition, a step freeze impacts employees disproportionately because only newer employees receive step increases.

Funds Overview

General Fund

The General Fund is the backbone of City government. The three major revenue sources -- property tax, sales tax, and utility tax -- continue to come in as forecast for 2009. Total collections for 2009 are estimated to be \$2.9 million, with the General Fund receiving 75% (\$2.2 million), the Parks Fund 20% (\$586,000) and the Cumulative Reserve Fund 5% (\$147,000).

For 2010, we are forecasting a 0.17% total increase in revenues,

- Property tax for 2010 is estimated to be \$2.1 million. This includes a 1% increase plus new construction. Since the implicit price deflator was negative for 2009 the Council made a finding of substantial need to add 1% to last year's tax levy. The amount added is nominal - \$20,700.
- Sales tax revenue for 2010 is expected to increase by 3.2%. A portion of this increase is due to retaining the tax revenue formerly directed to the Cumulative Reserve Fund. While construction revenue has seen a steep decline over 2008, retail sales have been holding steady, and Costco and Home Depot have contributed significantly to our tax base even during this economic downturn.
- Utility tax for 2010 is estimated at \$2.06 million. Since the City's collection history is so new, it is difficult to accurately forecast this revenue. We are aware that PSE is requesting a decrease in

natural gas rates and a slight increase in electric rates. This will have an impact on the total amount as PSE is the largest contributor to the utility tax. However, we believe this estimate is attainable.

- Other sources of revenue total \$1.52 million with \$584,500 being paid to the General Fund in the form of overhead and interfund payments from other funds. This assumes the Council adopts the aforementioned strategy to forgive the interfund payment from the Development Services Fund in 2010.

On the expenditure side, the 2010 General Fund budget is 0.17% or \$1,368 higher than estimated actuals for 2009. This is due to lower transfers out. The largest expenditure in the General Fund is the police contract, which is slated to increase 5.00%.

I initially recommended three decision cards for your review totaling \$(42,625). As noted above, I recommended two positions be eliminated in the General Fund: the Economic Development Manager and the Administrative/Legal Assistant. I also recommended the Code Enforcement Officer and Administrative Services Manager be maintained at and reduced to half-time, respectively. The latter position is currently split between the General Fund and Development Services Fund. I also recommended the Council continue the lobbyist contract and appropriate \$20,000 to speed up the downtown planning and zoning study implementation by three months. After receiving further Council direction, I amended the downtown planning and zoning study decision card to add \$25,000. This will shorten the implementation time frame. An additional \$5,000 was added for an asphalt batch plant study.

Revenues over expenditures leaves a \$267,500 surplus that I recommended be allocated to our debt service reserve to help pay for the 2007 transportation bonds. In addition, I recommended that any funds above the 10% fund balance be reserved for debt service in future years.

Street Fund

Lower than forecast estimates of fuel tax revenues in 2009 will impact the Street Fund's fund balance moving into 2010. Base expenditures before decision cards are \$1.04 million. I recommended that two positions be eliminated: the Assistant City Engineer and Office Technician II and their related central services costs. This action would reduce expenditures by \$93,000. In addition, I recommended the Council redirect the General Fund's transfer of \$150,000 per year from the CIP Fund's street overlay program to the Street Fund to help pay for operations.

The Council has directed me to explore implementation of a \$20 vehicle license fee via a Transportation Benefit District to fund street operations. The Street Fund continues to suffer from a structural imbalance between revenues and expenditures caused by Initiative 695. The Association of Washington Cities estimates Covington could receive as much \$287,500. Our Finance Department's estimate is more conservative at around \$180,000.

Development Services Fund

Due to the ongoing economic conditions, Development Services continues to be our biggest challenge. Although the recession appears to be ending, bold action needs to be taken to keep this fund solvent.

Revenue for 2010 is estimated at \$500,000. I recommended that two positions be eliminated: the Administrative/Legal Assistant and Construction Inspector. I also recommended three positions be reduced to half-time: the Administrative Services Manager, Building Official, and Development Review Engineer. The Building Official position will be evaluated at the end of the first quarter to determine whether it can continue. In addition, I recommended the Council move a portion of the Permit Technician's time into the General Fund, forgive the interfund service payment, and adjust the central services allocations. These actions still leave a deficit, but keep the fund above a 10% fund balance threshold.

The silver lining is that we are seeing a slight uptick in permit activity at the end of 2009 that we hope translates into increased activity in 2010.

Parks Fund

Revenues in the Parks Fund for 2010 are showing a slight increase over 2009 due to an expected increase in sales tax revenue.

Expenditures show a slight reduction from the previous year primarily due to a reduction in other services and charges. I recommended that the Parks Fund not transfer money to the Cumulative Reserve Fund at each year end as has been our practice. This will help keep the fund balanced for future years.

Surface Water Management Fund

The Surface Water Fund remains fairly static heading into 2010. I recommended that two positions be eliminated: the Assistant City Engineer and Office Technician II and their related central services costs.

I have purposely recommended a slight drawdown of reserves to continue implementation of the National Pollutant Discharge Elimination System (NPDES) permit in 2010. We will need to eliminate one position, hopefully through attrition, by 2011.

On a positive note, SWM was able to reimburse REET the \$441,000 it borrowed in 2007.

Capital Investment Program Fund

This final budget eliminates transfers to the CIP by 2011, as all of our REET revenue and a large portion of General Fund revenue is dedicated to debt service on the 2007 transportation bonds. The City will have to rely on voter-approved bonds backed by guaranteed revenue sources; federal and state earmarks; and federal, state, and private grants if we are to build a town center, streets, and parks in the coming years.

We are fortunate to have money to widen State Route 516 from Wax Road to the Jenkins Creek Bridge and make some minor improvements to the stormwater system in 2010.

Revenue Options

For 2010 and beyond there are revenue options available to the Council.

- There is \$127,000 available in banked property tax capacity. Banked capacity must be in place before any levy lid lifts can be put before the voters.
- There is 0.5% or \$180,000 per year available in utility tax authority.
- The City, acting as a transportation benefit district, may impose a vehicle license fee of up to \$20 per vehicle without a public vote and up to \$100 with a public vote. Transportation benefit districts are quasi-municipal corporations with independent taxing authority that may also impose property taxes and impact fees for transportation purposes. As noted above, our Finance Department estimates revenues of around \$180,000 per year at the \$20 level.

Summary

What was once thought of as a straightforward budget year turned out to be more complex than anyone expected. Directors spent an inordinate number of hours combing through line items, reviewing invoices, and talking with employees to devise ways to trim expenditures without cutting back on core services or laying off additional valued employees. Finance staff diligently calculated and recalculated how different scenarios would play out financially. The Management Team held numerous brainstorming sessions to determine the best path. It was a Herculean effort. I am very proud of everyone.

I want to thank you, the Council, for your support and guidance during this challenging time. Your unfailing vision and commitment to residents and businesses is admirable. The future is uncertain, but what remains constant is our shared commitment to provide the best services we can afford.

Sincerely,

A handwritten signature in blue ink that reads "Derek Matheson". The signature is written in a cursive style with a large, circular initial "D".

Derek Matheson
City Manager



Reader's Guide to the Budget

Introduction

This section includes the City Manager's message to the Mayor, Council, and citizens of the community presenting the 2010 budget. Also included is this Reader's Guide, a description of the budget process, listing of the council and staff, as well as the City's commissions and committees.

Budget Summary and Forecast

This section begins with the ordinance passed by the council adopting the 2010 Budget. This section also contains a summary of revenue, expenditure, and interfund transfer information which has actual comparisons for two previous years. There are projected 2009 year end fund balances, as well as FY 2010 resources and uses along with beginning and ending fund balances by fund. Also included is a description of revenue sources as well as the City's Six-Year Financial Planning Model.

Department Budgets

The Department Budgets section presents the 2010 budget for each Department within each Fund. Each Department includes a mission statement, department overview, major activities, significant budget issues, 2009 accomplishments, and 2010 goals. There are also charts comparing the department's expenditures with those in that fund, as well as all funds combined. A breakdown by type of use is shown both in spreadsheet format and a bar graph. This is followed by a budget line item breakdown.

Statistical

This section contains more information about Covington, personnel information, property tax information, population, housing statistics, and workload indicators.

Appendix

This section contains the City of Covington's vision statement, goals and objectives, financial policies, and a glossary of budget terms.



Budget Process

Purposes of the Annual Budget

The 2010 annual budget, prepared by the Finance Department working with the City Manager and City Council, seeks to achieve four major purposes:

Policy Development

The budget process brings to the City Council and the City Manager an opportunity to set and review the goals, objectives, and strategies of the City, and the ability to direct its activities by allocating resources. The budget affords an opportunity to review and establish policy for ensuing years and may affect operations, service levels, and the financial wellbeing of the community.

Financial Planning

The budget also provides a financial plan to govern the fiscal operation of the City for the year. A formal revenue estimate provides a listing of the available financial resources, explaining the basis for estimating each source. Over time, the budget document will display a revenue history that improves understanding of both the current year's needs and a longer term view of City programs and resources.

Operations Guide

The budget is also the blueprint that governs the amount of service to be provided during the year, and how that service is to be provided, e.g., by contract with another agency, the City's own personnel, or a combination. This direction is presented throughout the document with program descriptions, staffing levels, charts, and services as legislative and administrative guidance to department staff and the public.

Communications Device

The budget also provides a way for the City's decision makers to communicate a great deal of information regarding the scope and nature of the City's activities. This information includes priorities for service delivery, rationale for decisions made, and a vision for the future. The budget is intended to provide an effective tool in helping citizens understand their City government, reasons behind legislative decisions, and the basis for change as the need may arise.

The Process of Budget Development and Adoption

The general method by which budgets are developed is laid out in Washington State law. The law prescribes the basis for forecasting revenue and preparing the budget; public access to the preliminary budget; and much of the budget content. The budget message appearing at the beginning of this document has been prepared by the City Manager.

The budget message must include an explanation of the document; an outline of recommended financial policies and programs; reasons for changes from the prior year; and an explanation of recommended major changes in financial policies. The City Council must schedule public hearings on the budget and require the presence of staff to give information about the preliminary budget.

State law also requires that "any taxpayer may appear and be heard for or against any part of the budget." The City Council must adopt the budget no later than December 31.

During the budget year, the City Council may make certain amendments to the budget as they become necessary. The general responsibility of administering the adopted budget, however, falls to the City Manager, who is the chief executive officer.

The Process of Budget Adjustments & Amendments

Under the provisions of State law and the City’s operating procedures, the operating budget may be adjusted or amended in two different ways. Adjustment of the budget involves a reallocation of existing appropriations and does not change the budget “bottom line”. Amendment of the budget involves an addition to or reduction of existing appropriations.

- A. Adjustments – Under the first method, departmental expenditures and requirements are monitored throughout the year. Certain departments may develop the need for additional expenditure authority to cover unanticipated costs that cannot be absorbed within the budget, while other departments will not require their full budget authorizations. The Finance Department reviews and analyzes all department and/or fund budgets to determine what adjustments are necessary and whether the adjustments can be made within existing appropriation limits. These changes are then reviewed with the affected department and/or fund managers. When an adjustment is needed, Finance staff will look first to savings within the department; and then transfers between departments. No City Council action is needed as State law allows budget adjustments to be done administratively.

- B. Amendments – Amending the City’s budget occurs whenever the requested changes from department and/or fund managers will cause the existing appropriation level for the fund to change. This situation generally occurs when the City Council authorizes additional appropriation. This is done by an ordinance that amends the original budget and states the sources of fund for the incremental appropriations.

Budget Organization

The City’s financial structure is divided into funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts. In other words, revenue groups support identified sets of expenditures with a stated balance. Funds are generally separated into four types:

<i>Governmental</i>	Funds that account for the activities of the City that are of governmental nature.
<i>Proprietary</i>	Funds that account for the activities of the City that are of proprietary or “business” nature.
<i>Intergovernmental Service</i>	Funds that provide services to other funds of the City.
<i>Fiduciary</i>	Funds held by the City as a trustee, e.g., pension funds. The City of Covington has none.

The City of Covington’s budget consists of thirteen governmental funds: the General Fund, the Street Fund, the Development Services Fund, the Parks Fund, the Surface Water Management Fund, the Capital Investment Program Fund, the Cumulative Reserve Fund, the Contingency Fund, the Real Estate Excise Tax Fund 1st ¼% Fund, the Real Estate Excise Tax Fund 2nd ¼% Fund, the Local Improvement District 99-01 Fund, the Local Improvement District Guaranty Fund, the Long-Term Debt Service Fund; and two intergovernmental service funds: the Unemployment Insurance Fund, the Equipment Replacement Fund.

Basis of Budgeting and Accounting

This term refers to revenues, expenditures, expenses and transfers and the related assets and liabilities that are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on either the cash or the accrual method. The City's funds are accounted for under the "modified accrual basis." Under this method, revenues and other financial resource increments are recognized when they become susceptible to accrual—that is, when they become both "measurable" and "available" to finance expenditures of the current period. Expenditures are recognized when the fund liability is incurred.

The Washington State Auditor's Office divides cities into two categories as follows:

Category 1 - Cities with populations of 25,000 or more. Local governments in this category must use a unique chart of accounts for budgeting and reporting in conformity with generally accepted accounting principles (GAAP).

Category 2 – Cities and towns with populations under 25,000. Local governments in this category may follow single-entry accounting and cash-basis reporting procedures that are not intended to reflect financial condition and results of operations in conformance with GAAP.

Category 2 municipalities may use the system prescribed for Category 1 municipalities.

Although the City of Covington qualifies as a Category 2 city, the City has been reporting as a Category 1 since its inception. While this takes more resources, it is a valuable tool for the City since it provides a higher level of accountability and a better overall picture of the City's financial health.

Fund Descriptions

General Fund: This fund is used to account for and fund the day-to-day operations of the City. Items such as supplies, utility payments, rent, salaries, and maintenance are paid for out of this fund. It is supported by non-restricted revenues such as property and sales taxes, and shared revenues such as liquor excise tax, and liquor profits.

Special Revenue Funds

Street Fund: This fund is used to provide for street maintenance within the City. It is funded by restricted revenues such as street fuel taxes and cable TV franchise fees - which are specifically intended for this purpose.

Development Services Fund: This fund was created to track costs associated with building and development within the City. Developers are billed for costs incurred by the City for outside consulting plus staff time. The revenue received from developers is used to offset the City's cost for development. Any excess is utilized for General Fund operations as needed.

Parks Fund: This fund was created to track costs associated with parks and aquatics. These divisions are funded by user fees and 20% of the sales tax revenue received by the City.

Surface Water Management Fund: This fund was created to provide maintenance for the surface water management system. It is funded by surface water management fees collected by King County and remitted to the City.

Contingency Fund: The Contingency Fund is used to accumulate monies with which to meet any municipal expense, the necessity or extent of which could not have been foreseen or reasonable evaluated at the time of adopting the annual budget or to provide monies for certain emergencies which

may arise. The amount accumulated shall not exceed the equivalent of thirty-seven and one half cents per thousand dollars of assessed valuation within the City at such time.

Cumulative Reserve Fund: This fund is used to accumulate monies that in general terms can be used for several different municipal purposes as well as for a very specific municipal purpose. The monies accumulated in this fund shall never be expended for any other purpose or purposes than those specified, without an approving vote by a two-thirds majority of the members of the legislative authority of the City.

Real Estate Excise Tax Funds: These Funds are to account for the monies received by the City from the implementation of an excise tax on real estate transactions within the City. Uses of these funds are generally limited to financing certain capital projects specified in the City's Comprehensive Plan. Currently, the City has implemented the maximum allowed by law of two ¼% for a total of ½%. Each ¼% is accounted for separately.

Debt Service Funds

Local Improvement District Guaranty Fund: The Local Improvement District Guaranty Fund is used to establish a guaranty account to provide a means of paying LID bond debt service obligations in the event there are insufficient resources in the LID Control Fund to do so.

Long-Term Debt Service Fund: This Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Funds

Capital Investment Program Fund: This fund is where capital projects are budgeted. It is funded by impact fees, grants, debt proceeds, and portions of utility tax monies.

Local Improvement District 99-01 Fund: The Local Improvement District Fund is used to account for resources used to finance specific capital improvements, which are deemed to primarily benefit certain properties located near the project. Although the bonds are secured by liens against assessed properties, the City is required under State law to establish a guaranty account.

Internal Service Funds

Unemployment Insurance Fund: This Fund is used to account for charges to other departments to accumulate sufficient resources to pay reimbursement of unemployment benefits paid by the Employment Security Department of the State and chargeable to the City. The City has elected the in-lieu contribution method for payment of unemployment compensation.

Equipment Replacement Fund: This Fund is required by state law and accounts for the replacement of equipment in the City such as vehicles. It is funded by transfers from the General Fund, Development Services Fund, Parks Fund, Street Fund and Surface Water Management Fund.

Performance Measures

The City's performance measurement system is not about measuring, it's about improving. To do that the City is in the process of establishing measurement criteria for both City wide and for individual departments. The City of Covington uses three types of measures: Effectiveness - the degree to which performance objectives are being achieved; Efficiency - the relationship between work performed and the resources required to perform it and is typically presented as unit costs; and Workload - a quantity of work performed.

Performance measures will be utilized and reported in department budgets. The City will work toward preparing trends, comparisons to other cities, and other financial management tools to monitor and improve service delivery in City programs.

The City is in the process of implementing performance measure data therefore all departments may not have information. We anticipate continuing to add to the data annually.

JUN							<u>Due Date</u>	<u>Responsibility</u>	<u>Action</u>
S	M	T	W	Th	F	S	6/16	CM/Finance	Formal budget call after Mgmt Team meeting.
	1	2	3	4	5	6	Jun – July	All Depts	Complete Department Budgets per Budget Instructions; Base budget worksheets and all forms are due to Finance including decision cards, line-item detail, new employee requests including job descriptions and justifications, new revenue/revenue enhancements, and capital outlay requests. Final due date is Jul 31. NO EXCEPTIONS.
7	8	9	10	11	12	13			
14	15	16	17	18	19	20			
21	22	23	24	25	26	27			
28	29	30							
JUL									
S	M	T	W	Th	F	S	8/17	All Depts	Decision card list to the City Manager and Finance Director.
			1	2	3	4	8/31	Finance/All Depts	Complete 2010-2015 revenue forecast including Dev Svcs.
5	6	7	8	9	10	11			
12	13	14	15	16	17	18			
19	20	21	22	23	24	25			
26	27	28	29	30	31				
AUG							7/1 – 8/31	Fin/HR	Develop Personnel Budget.
S	M	T	W	Th	F	S	9/9 – 9/10	CM/Finance/Directors	Department Budget Review Development Meetings. Two half-day meetings with Mgmt Team.
						1			
2	3	4	5	6	7	8			
9	10	11	12	13	14	15	9/14 – 10/9	Finance	Prepare 2010 preliminary budget document. Preliminary budget message to the CM the week of 9/21 for review.
16	17	18	19	20	21	22			
23	24	25	26	27	28	29			
30	31								
SEP							10/1 *	Finance	Revenue and expenditure summaries are available and presented to the City Manager for review. Comparative revenue and expenditure reports are due at this time for the last, current, and ensuing fiscal year.
S	M	T	W	Th	F	S			
		1	2	3	4	5	10/13*	CM/Fin	Preliminary budget presented to City Council and copies made available to the public. CM presents budget message.
6	7	8	9	10	11	12	10/20	City Council/CM	Study Session to begin department presentations and budget discussions. <i>GF departments (excluding police) and Dev Svcs.</i>
13	14	15	16	17	18	19	10/27 *	CM/Council/Departments	First public hearing on revenue sources including consideration of possible increases in the property tax (prior to setting property tax levy).
20	21	22	23	24	25	26			
27	28	29	30						
OCT							11/4	CM/Council/Departments	Continue department presentations and budget discussions. <i>Streets & SWM</i>
S	M	T	W	Th	F	S	11/1 – 14 *	CC/Fin	Clerk publishes notice of filing of preliminary budget and publishes notice of public hearing on final budget once a week for two consecutive weeks.
4	5	6	7	8	9	10	11/17	City Council	Complete department presentations. Budget discussions continue. <i>Parks & Rec, CIP, Police</i>
11	12	13	14	15	16	17			
18	19	20	21	22	23	24			
25	26	27	28	29	30	31			
NOV							11/24 *	City Council	Second budget public hearing. Property tax levy set. The Council shall determine and fix by ordinance the amount to be raised by ad valorem taxes.
S	M	T	W	Th	F	S	12/1	City Council	Budget deliberations continue (if needed).
		1	2	3	4	5	12/8 *	City Council	Final budget deliberations. Budget Adoption.
6	7	8	9	10	11	12			
13	14	15	16	17	18	19			
20	21	22	23	24	25	26			
27	28	29	30	31					
DEC									
S	M	T	W	Th	F	S			
		1	2	3	4	5			
6	7	8	9	10	11	12			
13	14	15	16	17	18	19			
20	21	22	23	24	25	26			
27	28	29	30	31					

* Required dates and/or actions required by state law.

CITY OF COVINGTON

CITY COUNCIL



Top row (from left to right): Marlla Mhoon, David Lucavish, Jim Scott, and Wayne Snoey
Bottom row (from left to right): Mark Lanza, Mayor Margaret Harto, Mayor Pro Tem Jeff Wagner

CITY MANAGER

DEREK MATHESON

FINANCE DEPARTMENT STAFF

ROB HENDRICKSON

FINANCE DIRECTOR

CASEY CAMP

ACCOUNTANT

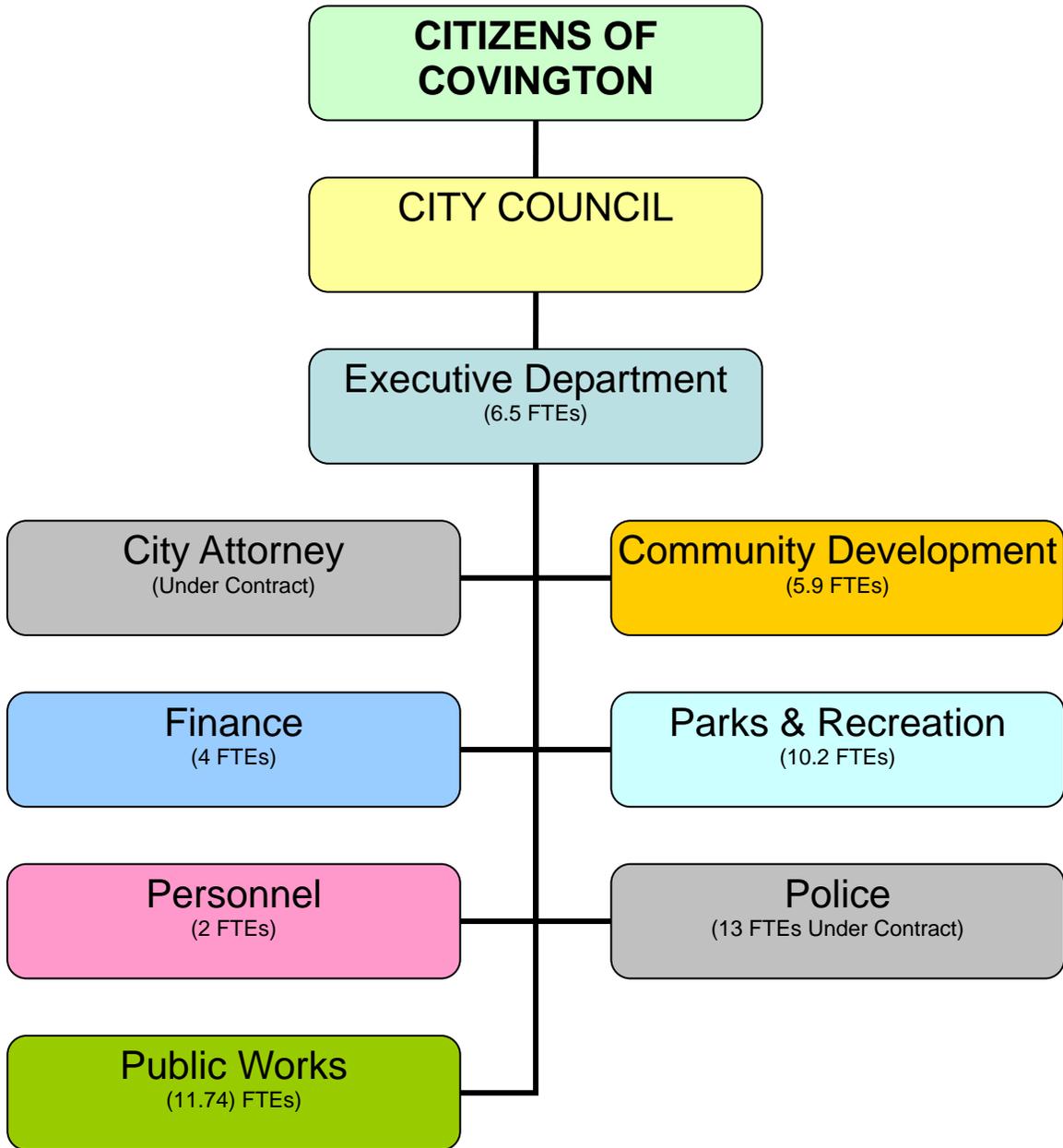
LINDSAY HAGEN

FINANCE SPECIALIST

STACI CLES

ACCOUNTING CLERK

~ **CITY OF COVINGTON** ~
ORGANIZATION CHART by FUNCTION
January 2010





ARTS COMMISSION 2010

Position	Name	Term Exp Date
1	Sandra Bisordi	01/01/2013
2	Beatrice Wambui	01/01/2011
3	Vacant	01/01/2011
4	Gregg Lobdell	01/01/2011
5	Davi-Ann Mason	01/01/2012
6	Donna Tonella	01/01/2012
7	Ruth (Rudi) Sullivan	01/01/2012

Terms for the Arts Commission are three (3) years for adult members and one (1) year for student members (January 1 – December 31)

Commission Meetings: 2nd Thursday of the month at 6:30 p.m. in City Hall

Staff Contact: Pat Patterson 425-413-7665 x 303
ppatterson@ci.covington.wa.us



COVINGTON ECONOMIC DEVELOPMENT COUNCIL 2010

Position	Name	Term Exp Date
1	Barry Anderson	07/31/2010
2	Edwin Cook	07/31/2011
3	Jennifer Gilbert	07/31/2011
4	Brian Pounder	07/31/2010
5	Rick Oliveira	07/31/2010
6	Jeff Wagner	07/31/2010
7	David Lucavish	07/31/2010
8	Steven Pand	07/31/2011
9	Kevin Holland	07/31/2011
10	Hugh Kodama	07/31/2011

Terms for the Covington Economic Development Council are two (2) years (Aug 1 – July 31)

Commission Meetings: 4th Thursday of the month at 6:30 p.m. in City Hall

Staff Contact: David Nemens 253-638-1110 x 2249
dnemens@ci.covington.wa.us

Chamber Contact: Loray Rainwater 253-631-6117
info@covingtonchamber.org



PARKS AND RECREATION COMMISSION 2010

Position	Name	Term Exp Date
1	Conni Elliot	01/31/2011
2	Martin Larson	01/31/2011
3	David Aldous	01/31/2011
4	Elizabeth Fast	01/31/2012
5	Bryan Higgins	01/31/2010
6	Steven Pand	01/31/2010
7	Kollin Higgins	01/31/2010

Terms for the Parks & Recreation Commission are three years (February 1 – January 31)

Commission Meetings: 3rd Wednesday of the month at 6:30 p.m. in City Hall

Staff Contact: Scott Thomas 253-638-1110 x 3279
sthomas@ci.covington.wa.us



PLANNING COMMISSION 2010

Name	Term Exp Date
Jack Brooks	08/31/2011
Sonia Foss	08/31/2011
Daniel Key	08/31/2013
Mary Smith	08/31/2011
Sean Smith	08/31/2013
Dan Thomason	08/31/2013
Alex White	08/31/2013

Terms for the Planning Commission are four (4) years (September 1 – August 31)

Commission Meetings: 1st and 3rd Thursdays of the month at 6:30 p.m. in City Hall

Staff Contact: Kelly Thompson 253-638-1110 x 2269
kthompson@ci.covington.wa.us



YOUTH AND FAMILY SERVICES COMMISSION 2010

Position	Name	Term Exp Date
1	Fran McGregor-Hollums	03/31/2011
2	Colleen Holmes	03/31/2011
3	Trudy Hendrix-Schefcik (Chair)	03/31/2012
4	Kaitlin Hendrix-Beach	03/31/2010
5	Haris Ahmad (Vice Chair)	03/31/2010
6	Michelle Dimmett	03/31/2010
7	Kevin Piersawl	03/31/2010

Terms for the Youth and Family Services Commission are three (3) years for adult members and one (1) year for student members (April 1 – March 31)

Commission Meetings: 2nd Thursday of the month at 6:30 p.m. in City Hall

Staff Contact: Victoria Throm 253-638-1110 x 2237
vthrom@ci.covington.wa.us

BUDGET SUMMARY AND FORECAST

ORDINANCE NO. 22 -09

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COVINGTON, WASHINGTON, ADOPTING THE CY2010 OPERATING AND CAPITAL BUDGET.

WHEREAS, in Chapter 35A.33 RCW, the state law requires the City to adopt an annual budget and provides procedures for the filing of estimates, a preliminary budget, deliberations, public hearings, and final fixing of the budget; and

WHEREAS, a preliminary budget for the year 2010 was prepared and filed with the City Clerk; and

WHEREAS, Public Hearings were scheduled and properly noticed for October 27, 2009 at 7:00 PM and November 24, 2009 at 7:00 PM for the purpose of making and fixing the final budget for the year 2010; and

WHEREAS, the City Council did hold said hearings and deliberated, and made such changes as deemed necessary and proper; and

WHEREAS, the estimated expenditures set forth in said budget being all necessary to carry on the government of the City of Covington for the year 2010 and being sufficient to meet the needs of the City of Covington for this period;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COVINGTON, WASHINGTON, DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. The budget for the City of Covington, Washington, for the year 2010 is hereby adopted at the fund level in its final form and content as set forth in the document entitled "City of Covington 2010 Budget" dated December 8, 2009 a true and correct copy of which is attached hereto as Exhibit "A".

Section 2. Estimated resources, including fund balances or working capital for each separate fund of the City of Covington, and aggregate totals for all such funds combined, for the year 2010 are set forth in summary form below, and are hereby appropriated for expenditure at the fund level during the year 2010 as set forth below:

<u>Fund</u>	<u>Amount</u>
General Fund	\$10,583,543
Parks and Recreation Fund	1,400,648
Development Services Fund	639,113
Street Fund	1,385,274
Surface Water Management Fund	2,245,911
Capital Investment Program	3,160,383
Local Improvement District	59,908
LID Guaranty Fund	52,666
Unemployment Reserve Fund	229,183
Equipment Replacement Fund	593,435
Cumulative Reserve Fund	1,407,794
Contingency Fund	429,792
Real Estate Excise Tax Fund 1 st Qtr	285,702
Real Estate Excise Tax Fund 2 nd Qtr	356,560
Long-Term Debt Service Fund	<u>1,004,451</u>
Total All Funds	<u>\$23,834,363</u>

Section 3. The 2010 Budget provides funding for and it is hereby authorized that a step increase be awarded to all employees on that date which is one year from their date of hire or the date of their last step increase. The exact details of the step program are to be established by the City Manager, subject to the funded level in the budget.

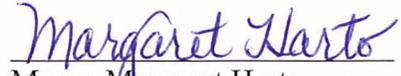
Section 4. The 2010 Salary Schedule for authorized positions is attached hereto as Exhibit "B".

Section 5. A complete copy of the final budget as adopted herein shall be transmitted to the Division of Municipal Corporations in the office of the State Auditor, and to the Municipal Research and Services Center of Washington. Three copies of the final budget as adopted herein shall be filed with the City Clerk and shall be available for use by the public.

Section 6. If any provision of this ordinance, or ordinance modified by it is determined to be invalid or unenforceable for any reason, the remaining provisions of this ordinance, and ordinances and/or resolutions modified by it shall remain in force and effect.

Section 7. This ordinance shall be in force and take effect five (5) days after its publication according to law.

Adopted by the Council on this 8th day of December, 2009.



Mayor Margaret Harto

Attested:



Sharon Scott, City Clerk

Published: December 11, 2009

Effective: December 16, 2009

Approved as to Form:



Sara Springer, City Attorney

2009

City of Covington
Estimated Actuals - By Fund
For the Fiscal Year 2009

	General Fund	Street Fund	Development Services Fund	Parks Fund	Surface Water Management Fund	Capital Investment Program Fund	Cumulative Reserve Fund
Beginning Fund Balances (Actuals), January 1, 2009	\$ 2,211,048	\$ 451,285	\$ 1,003,726	\$ 285,041	\$ 1,158,583	\$ 754,400	\$ 1,075,638
Projected Revenues:	8,103,589	627,381	500,000	1,017,119	1,307,288	3,417,122	154,402
Projected Expenditures:	(6,622,811)	(902,204)	(1,394,388)	(1,172,626)	(1,087,282)	(4,224,395)	-
2010 Decision Packages Expenditures:	(9,810)	(3,371)	(2,065)	-	(4,763)	(17,374)	-
Fund Transfers In:	-	263,944	31,840	213,392	8,696	752,266	163,354
Fund Transfers (Out):	(1,215,138)	-	-	(220,837)	(466,688)	-	-
Excess (Deficiency) of Revenues Over Expenditures	255,830	(14,250)	(864,613)	(162,952)	(242,749)	(72,381)	317,756
Reserved Ending Fund Balance	1,078,134	251,012	-	-	-	140,000	-
Projected Adjusted Ending Fund Balances, December 31, 2009	\$ 1,388,744	\$ 186,023	\$ 139,113	\$ 122,089	\$ 915,834	\$ 542,019	\$ 1,393,394

2009

City of Covington
Estimated Actuals - By Fund
For the Fiscal Year 2009

Contingency Fund	Real Estate Excise Tax Fund 1st 1/4%	Real Estate Excise Tax Fund 2nd 1/4%	L.I.D. 99-01 Fund	L.I.D. Guaranty Fund	Long-Term Debt Service Fund	Internal Service Fund - Unemployment	Equipment Replacement Fund
\$ 429,792	\$ 291,939	\$ 46,465	\$ 1,387	\$ 51,666	\$ -	\$ 204,634	\$ 408,765
-	151,600	150,400	43,969	500	-	45,809	103,809
-	-	-	(37,944)	-	(821,313)	(61,000)	(30,500)
-	-	-	-	-	-	-	-
-	220,844	220,844	-	-	821,313	-	-
-	(555,681)	(238,149)	-	-	-	-	-
-	(183,237)	133,095	6,025	500	-	(15,191)	73,309
-	-	-	-	-	-	-	-
\$ 429,792	\$ 108,702	\$ 179,560	\$ 7,412	\$ 52,166	\$ -	\$ 189,443	\$ 482,074



2010
City of Covington
Budget Summary - All Funds
For the Fiscal Year 2010

Item	General Fund	Street Fund	Development Svcs Fund	Parks Fund	SWM Fund	Capital Inv. Fund	Other Funds
RESOURCES							
Beginning Fund Balance	\$ 2,466,878	\$ 437,035	\$ 139,113	\$ 122,089	\$ 915,834	\$ 682,019	\$ 2,842,543
Operating Revenues							
Taxes	6,808,810	-	-	605,000	-	-	501,250
Licenses & Permits	-	184,000	255,000	-	-	-	-
Intergovernmental	352,124	380,000	1,700	-	10,267	2,038,955	-
Charges for Service	868,515	-	243,100	322,344	1,258,896	-	-
Fines and Forfeits	120,925	-	-	-	-	-	-
Miscellaneous	88,800	3,500	200	114,234	12,000	15,000	228,722
Total Operating Revenues	8,239,174	567,500	500,000	1,041,578	1,281,163	2,053,955	729,972
Transfers							
Transfer In	-	230,739	-	210,938	48,914	574,409	1,057,951
Decision Cards							
Related Revenues	(122,509)	-	-	26,043	-	-	(157,475)
Fund Transfer In	-	150,000	-	-	-	(150,000)	(53,500)
Debt Proceeds	-	-	-	-	-	-	-
Total Decision Card Revenues	(122,509)	150,000	-	26,043	-	(150,000)	(210,975)
TOTAL RESOURCES	\$ 10,583,543	\$ 1,385,274	\$ 639,113	\$ 1,400,648	\$ 2,245,911	\$ 3,160,383	\$ 4,419,491
USES							
General Fund							
City Council	\$ 89,714	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency	50,000	-	-	-	-	-	-
Municipal Court	414,800	-	-	-	-	-	-
Executive	793,755	-	-	-	-	-	-
Finance	521,748	-	-	-	-	-	-
Legal	101,000	-	-	-	-	-	-
Personnel	332,356	-	-	-	-	-	-
Central Services	907,020	-	-	-	-	-	-
Police	2,844,412	-	-	-	-	-	-
Strategic Planning	634,411	-	-	-	-	-	-
Street	-	1,039,524	-	-	-	-	-
Development Services	-	-	1,141,558	-	-	-	-
Parks Fund	-	-	-	1,142,162	-	-	-
Surface Water Management	-	-	-	-	1,463,206	-	-
Capital Investment	-	-	-	-	-	2,361,223	-
L.I.D. 99.01	-	-	-	-	-	-	36,639
Long-Term Debt Service	-	-	-	-	-	-	1,004,451
Unemployment	-	-	-	-	-	-	24,000
Equipment Replacement	-	-	-	-	-	-	38,625
Total Operating Expenses	6,689,216	1,039,524	1,141,558	1,142,162	1,463,206	2,361,223	1,103,715
Transfers							
Transfer Out	1,296,205	-	-	80,984	53,500	50,000	642,262
Decision Cards							
Decision Packages Expenditures	(138,294)	(92,948)	(569,540)	70,970	(107,666)	(150,000)	126,252
Fund Transfer Out	-	-	-	(53,500)	-	-	-
Total Decision Card Expenditures	(138,294)	(92,948)	(569,540)	17,470	(107,666)	(150,000)	126,252
Reserved Fund Balance	1,712,429	251,012	-	-	-	140,000	-
Adjusted Ending Fund Balance	1,023,987	187,686	67,095	160,032	836,871	759,160	2,547,262
TOTAL USES	\$ 10,583,543	\$ 1,385,274	\$ 639,113	\$ 1,400,648	\$ 2,245,911	\$ 3,160,383	\$ 4,419,491

2010

City of Covington
Adopted Budget - By Fund
For the Fiscal Year 2010

	<u>General Fund</u>	<u>Street Fund</u>	<u>Development Services Fund</u>	<u>Parks Fund</u>	<u>Surface Water Management Fund</u>	<u>Capital Investment Program Fund</u>	<u>Cumulative Reserve Fund</u>
Beginning Fund Balances (Projected), January 1, 2010	\$ 2,466,878	\$ 437,035	\$ 139,113	\$ 122,089	\$ 915,834	\$ 682,019	\$ 1,393,394
Projected Revenues:	8,239,174	567,500	500,000	1,041,578	1,281,163	2,053,955	165,650
Projected Expenditures:	<u>(6,691,216)</u>	<u>(1,039,524)</u>	<u>(1,141,558)</u>	<u>(1,142,162)</u>	<u>(1,463,206)</u>	<u>(2,361,223)</u>	<u>-</u>
Fund Transfers In:	-	230,739	-	210,938	48,914	574,409	53,500
Fund Transfers (Out):	(1,296,205)	-	-	(80,984)	(53,500)	(50,000)	-
Excess (Deficiency) of Revenues Over Expenditures	<u>251,753</u>	<u>(241,285)</u>	<u>(641,558)</u>	<u>29,370</u>	<u>(186,629)</u>	<u>217,141</u>	<u>219,150</u>
Base Budget Projected Ending Fund Balances, December 31, 2010	<u>\$ 2,718,631</u>	<u>\$ 195,750</u>	<u>\$ (502,445)</u>	<u>\$ 151,459</u>	<u>\$ 729,205</u>	<u>\$ 899,160</u>	<u>\$ 1,612,544</u>
Decision Packages:							
Decision Packages Expenditures:	138,294	92,948	569,540	(70,970)	107,666	150,000	-
Related Revenues	(122,509)	-	-	26,043	-	-	(151,250)
Fund Transfers In:	-	150,000	-	-	-	(150,000)	(53,500)
Fund Transfers (Out):	-	-	-	53,500	-	-	-
Debt Proceeds:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Decision Packages	<u>15,785</u>	<u>242,948</u>	<u>569,540</u>	<u>8,573</u>	<u>107,666</u>	<u>-</u>	<u>(204,750)</u>
Reserved Ending Fund Balance	1,712,429	251,012	-	-	-	140,000	-
Adjusted Ending Fund Balances, December 31, 2010	<u>\$ 1,021,987</u>	<u>\$ 187,686</u>	<u>\$ 67,095</u>	<u>\$ 160,032</u>	<u>\$ 836,871</u>	<u>\$ 759,160</u>	<u>\$ 1,407,794</u>

2010

City of Covington
Adopted Budget - By Fund
For the Fiscal Year 2010

Contingency Fund	Real Estate Excise Tax Fund 1st 1/4%	Real Estate Excise Tax Fund 2nd 1/4%	L.I.D. 99-01 Fund	L.I.D. Guaranty Fund	Long-Term Debt Service Fund	Internal Service Fund - Unemployment	Equipment Replacement Fund	Total
\$ 429,792	\$ 108,702	\$ 179,560	\$ 7,412	\$ 52,166	\$ -	\$ 189,443	\$ 482,074	\$ 7,605,511
-	177,000	177,000	52,496	500	-	45,965	111,361	14,413,342
-	-	-	(36,639)	-	(1,004,451)	(24,000)	(38,625)	(14,942,604)
-	-	-	-	-	1,004,451	-	-	2,122,951
-	(285,702)	(356,560)	-	-	-	-	-	(2,122,951)
-	(108,702)	(179,560)	15,857	500	-	21,965	72,736	(529,262)
<u>\$ 429,792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,269</u>	<u>\$ 52,666</u>	<u>\$ -</u>	<u>\$ 211,408</u>	<u>\$ 554,810</u>	<u>\$ 7,076,249</u>
-	-	-	-	-	-	(126,252)	-	861,226
-	-	-	-	-	-	(6,225)	-	(253,941)
-	-	-	-	-	-	-	-	(53,500)
-	-	-	-	-	-	-	-	53,500
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(132,477)	-	607,285
-	-	-	-	-	-	-	-	-
<u>\$ 429,792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,269</u>	<u>\$ 52,666</u>	<u>\$ -</u>	<u>\$ 78,931</u>	<u>\$ 554,810</u>	<u>\$ 7,683,534</u>



DESCRIPTION OF 2010 REVENUE SOURCES

This summary describes each of the major revenue sources that appear in the 2010 budget by category. Budget amounts are based on the best available information at the time of budget preparation.

Beginning Fund Balance

All Funds

This is the estimate of funds remaining unspent at the end of the previous budget year and available for use in the following budget year. This amount will fluctuate annually depending on the amount of reserves, under or over collection of revenues, and under or over expenditure of appropriations.

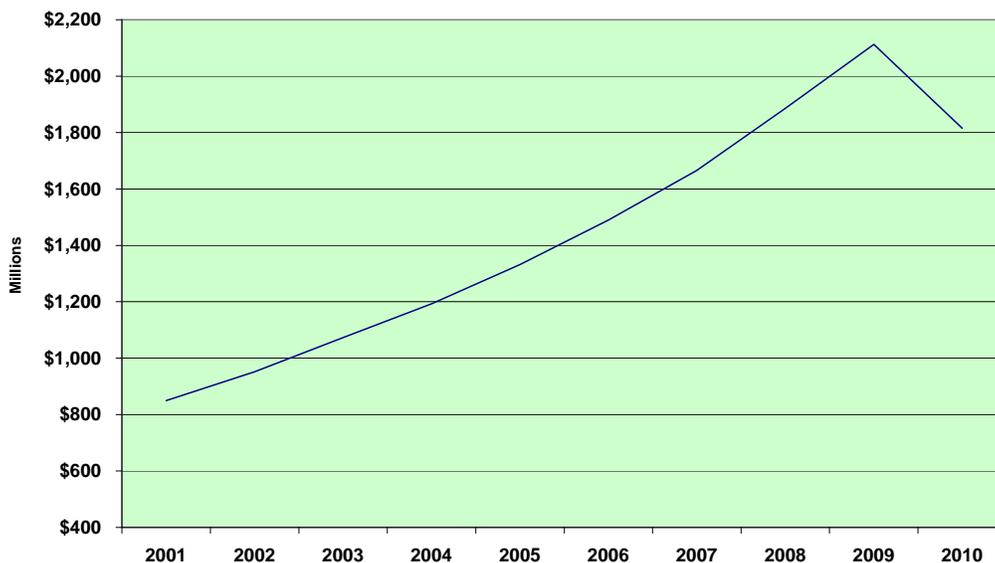
TAXES

Property Taxes

General Fund

Property taxes are one of the largest sources of revenue for the City. With the passage of Initiative 747, state law limits the levy increase to 101%. In June 2006, the King County Superior Court ruled that Initiative 747 was unconstitutional. In November 2007, the Washington State Legislature reinstated the 1% property tax limit factor adopted by the voters under Initiative 747. The City has budgeted a levy increase in the amount of 101%. An increment for new construction is also added to this amount. The levy for CY 2010 is \$2,093,085. The final assessed valuation (AV) is \$1,815,495,951, which includes \$28,133,198 in new construction. The final levy rate is \$1.15290/\$1,000AV.

**Total Assessed Values
Real and Personal Property
For the Fiscal Years 2001 Through 2010**



The City saw a 15% decrease in assessed value from 2009 to 2010.

Sales Taxes

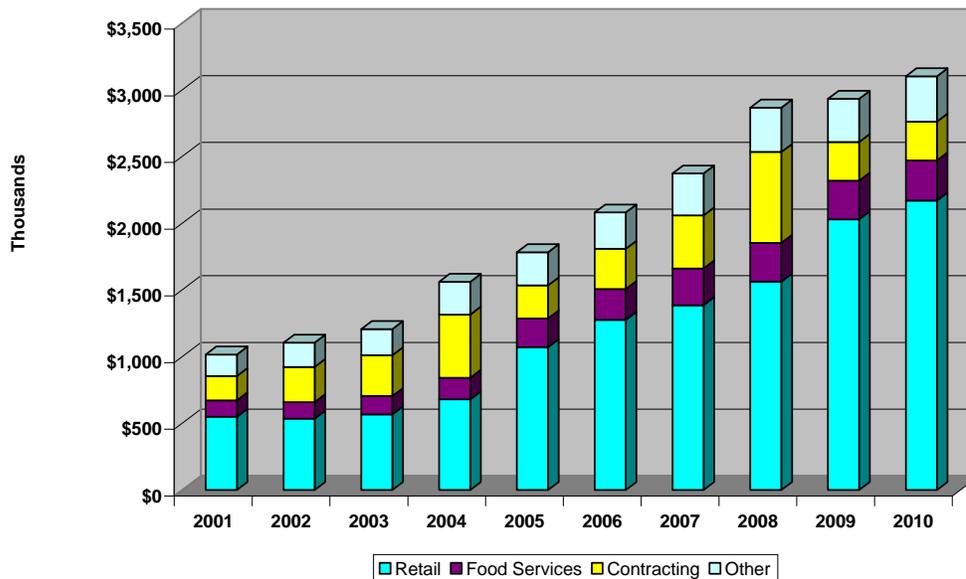
General Fund/Parks Fund

Sales taxes are subject to fluctuation from year to year due to changes in the economy and the buying habits of consumers. Sales tax is distributed monthly and is based on sales from two months previous. Revenues for CY 2010 are estimated at \$3,025,000. Sales Tax is currently divided between the General Fund and Parks Fund 80% and 20% respectively. The total sales tax of 8.6%* is distributed among public agencies as follows:

Sales Tax Distribution	
Agency	Tax Rate
State of Washington	6.50%
City of Covington	0.85%
King County/METRO	0.60%
Traffic and Traffic Congestion	0.30%
King County	0.15%
King County Criminal Justice Levy	0.10%
King County Mental Health	<u>0.10%</u>
Total Sales Tax Rate	<u>8.60%</u>

*King County Food & Beverage rate of 0.5% is in addition to sales tax rate above for restaurants, taverns, and bars.

Sales Tax by Classifications
For the Fiscal Years 2001 Through 2010



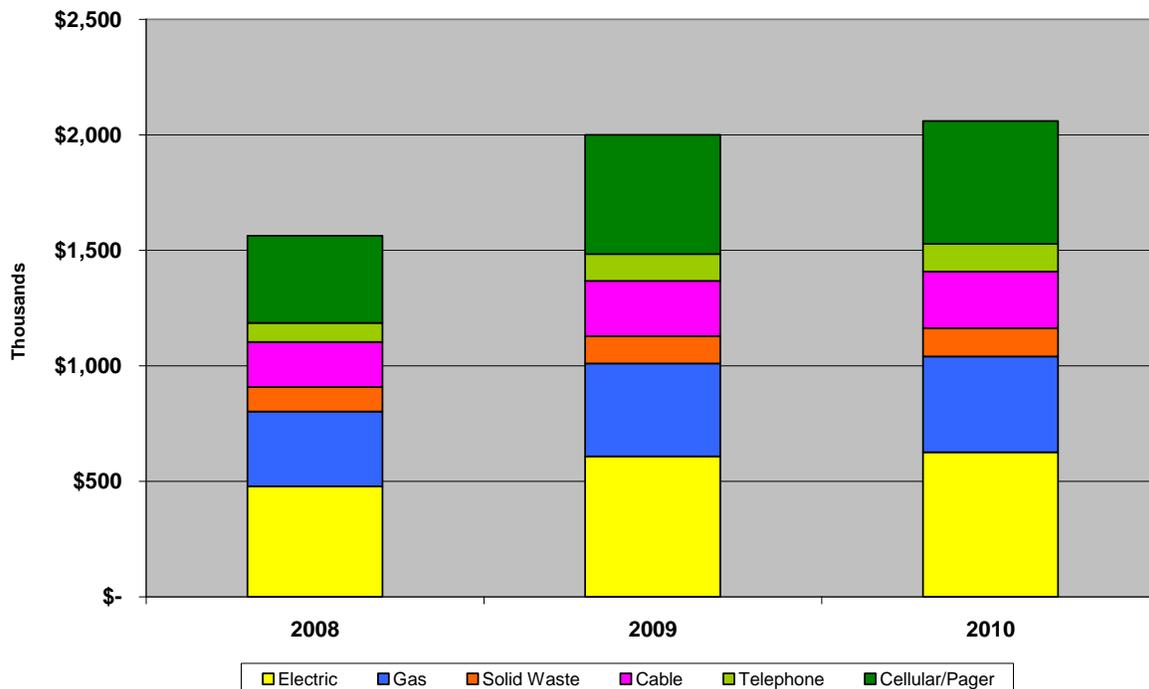
2001-2008 - Actuals 2009 - Estimated Actuals 2010 - Budget

**General Fund/Parks Fund/Street Fund/
Utility Taxes**

Capital Investment Program Fund

Utility taxes are imposed on utilities such as electricity, natural gas, telephones, cellular telephones, cable television, and solid waste. In 2007, the City adopted a 5.5% utility tax. Revenues for CY 2010 are estimated at \$2,060,000. Utility tax revenues are allocated between the General Fund, Parks Fund, Street Fund, and Capital Investment Program Fund.

**Utility Tax by Classification
For the Fiscal Years 2008 Through 2010**



2008 - Actuals

2009 - Estimated Actuals

2010 - Budget

Criminal Justice Sales Tax

General Fund

King County levies an optional 0.1% sales tax to support criminal justice programs, under authority granted by the State. This optional tax, collected by the State, is distributed as follows: 10% to the County, and the remainder to cities and towns on the basis of population. The CY 2010 estimate of \$368,000 is based on inflation and population growth. This tax is distributed monthly to cities.

Real Estate Excise Tax (REET)

Real Estate Excise Tax Funds

The real estate excise tax is levied on all sales of real estate, measured by the full selling price, including the amount of any liens, mortgages, and other debts given to secure the purchase. The state levies this tax at the rate of 1.28%. The City has also authorized a locally imposed tax of 0.5%, in two 0.25% increments, replacing that tax formally levied by King County. Both increments must be spent for local capital improvements, identified under the capital facilities plan element of the City's Comprehensive Plan. The amount of tax collected depends totally upon real estate sales activity for residential and non-residential, including new construction and economic fluctuations. CY 2010 estimates are based on estimated changes in real estate prices, new residential development increases, and new non-residential development increases. Distribution occurs on the 10th of each month to cities in King County. The CY 2010 revenue estimate is \$350,000.

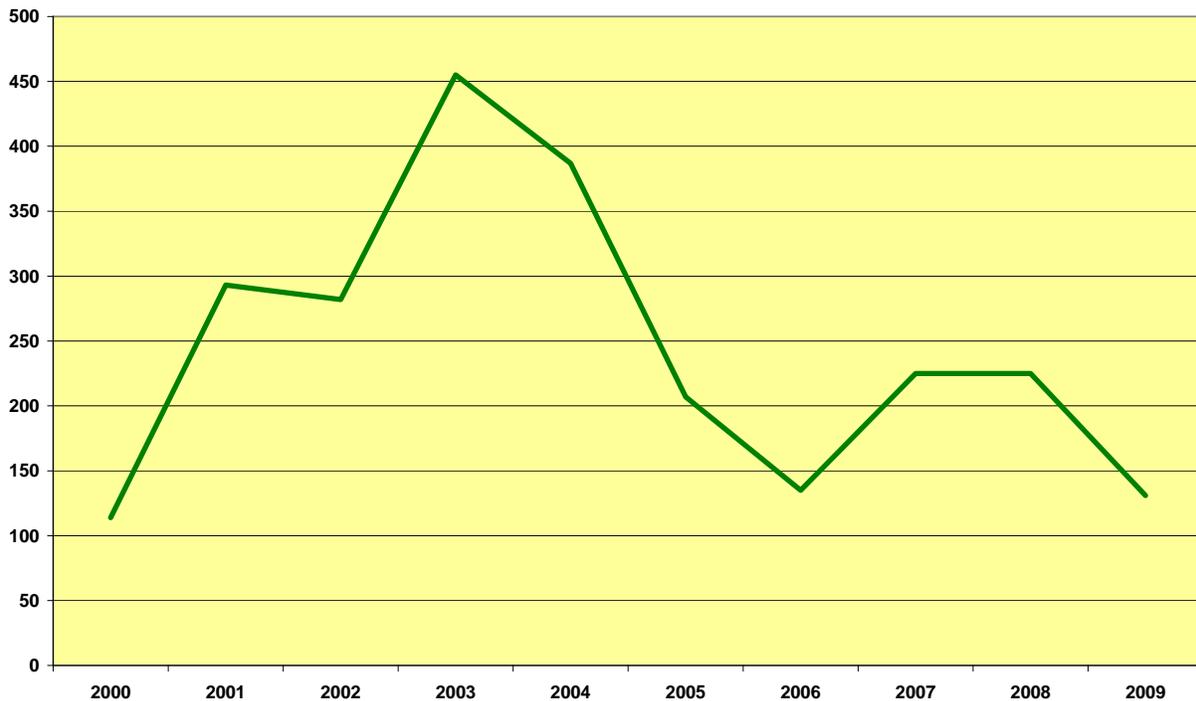
LICENSES AND PERMITS

Building, Cable TV, Misc.

Development Services Fund/ Street Fund

Licenses and permit activities are user fees derived from various regulatory activities of the City. Cable TV franchise fees, which are applied to the Street Fund, are based on population growth. For CY 2010 the estimated fees are \$184,000. Building permit revenues are based on staff estimates and are applied to the Development Services Fund. In CY 2010, \$125,500 is estimated based on 20 new single family permits. Commercial fees are tracked separately from residential fees. They include building permits and land use revenues. For CY 2010 we estimate \$70,000. A fee of \$39 is collected for business licenses from those businesses that conduct activities within the City. This fee is collected annually and is also applied to the Development Services Fund. The CY 2010 revenue estimate for this license fee is \$47,000. For CY 2010, all other permits and licenses such as sign permits and peddler's permits are estimated at \$12,500.

Number of Building Permits Issued
For Fiscal Years 2000 Through 2009



INTERGOVERNMENTAL

Liquor Excise Tax

General Fund

Cities and towns receive 28% of the liquor excise tax receipts collected by the State and distributed on the basis of population. The CY 2010 estimate of \$83,793 is based on the City's population and per capita estimates provided by Municipal Research Services Center. This tax is distributed quarterly beginning in January.

Liquor Board Profits**General Fund**

Cities and towns receive a 40% share of State Liquor Board profits, distributed on a per capita basis. To be eligible to receive this revenue and Liquor Excise Taxes, a city must devote at least 2% of its distribution to support an approved alcoholism or drug addiction program. The CY 2010 estimate of \$144,272 is based on the City's population and per capita estimates provided by Municipal Research Services Center. This money is distributed quarterly beginning in March.

Motor Vehicle Fuel**Street Fund**

State law provides that the State-levied tax on gasoline be shared with cities and towns. Of the base tax amount of 23 cents per gallon, 6.92% is redistributed to cities and towns to be used for street maintenance as well as construction, improvement, chip sealing, seal coating, and repair of arterial highways and city streets. These funds will be deposited in the Street Fund and used for the described purposes. Estimates are based on the City's population and per capita estimates provided by Municipal Research Services Center. This tax is distributed on the 20th of each month (or the last working day prior to the 20th). For CY 2010, we are estimating \$380,000.

Criminal Justice**General Fund**

Municipal Criminal Justice Funding has shifted from application based to a per capita distribution. Estimates are based on the City's population and per capita estimates provided by Municipal Research Services Center. For CY 2010, we are estimating \$45,999.

Recycling Grants**General Fund**

The City is involved with King County and the State of Washington in an effort to encourage recycling. The City offers events in the spring and fall of every year. Costs for these events are reimbursed to the City through the grant process. For CY 2010 we estimate being awarded \$57,260.

CHARGES FOR SERVICES**Interfund Service Payments/Overhead****General Fund**

These fees are collected from other Funds within the City for their percentage of General Fund Services that they require. There are two interfund payments - central services overhead and interfund service payments. Central services overhead is spread over every fund besides the General Fund based on the amount of FTEs. Each fund pays their proportional share of the Central Services Department which consists of things such as the building lease, office supplies, and IT. The CY 2010 budget is estimated to be \$379,872. Each fund other than the General Fund pays an interfund service payment for its proportional share of the assistance they receive from the City Manager, Finance, Legal, and Personnel offices. The CY 2010 budget is estimated at \$204,596.

Land Use/Inspection/Engineering Fees**Development Services Fund**

These fees are collected for services related to the issuance of permits for both residential and commercial aspects of construction or capital improvements, and for services related to the review of plans for compliance with aspects of the various codes. Fees are generally collected at a level estimated to recover the cost of the service. The CY 2010 budget for these fees is estimated at \$243,100.

Parks Fees**Parks Fund**

These fees are collected for services related to the Aquatics Center and Recreation programs. CY 2010 revenues are estimated at \$322,344.

Surface Water Management Fees

Surface Water Management Fund

These fees are collected on developed properties within the City to maintain storm and surface water runoff in the City. These fees provide for things such as maintenance and repair and construction of storm water facilities. The CY 2010 budget is estimated at \$1,258,896. This is an increase over 2009 of 6.3%.

FINES AND FORFEITURES

District Court, False Alarm, and Miscellaneous Fines

General Fund

The City is entitled to money received in payment of fines, forfeitures, fees, costs and penalties associated with enforcement of local ordinances. Based on current collections we are estimating \$120,925 in revenue for CY 2010. In 2010 the City will again be utilizing King County for its court services through an interlocal agreement. As part of the agreement, King County receives 100% of revenues collected to provide the City's court services. Revenue to the City is directly matched against the expenditure for court services.

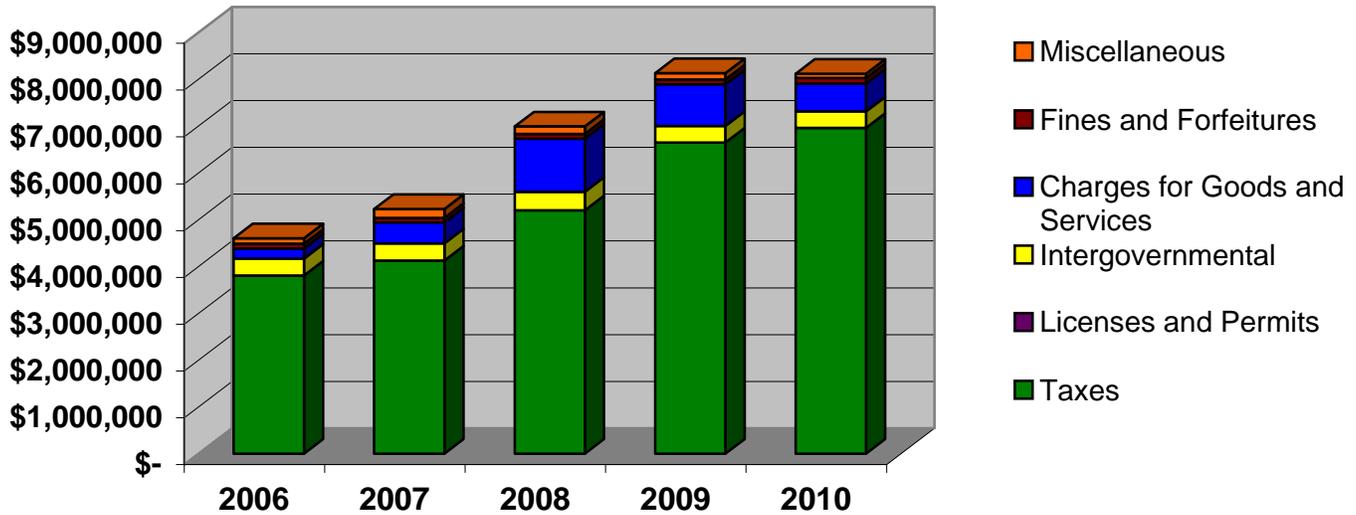
MISCELLANEOUS

Interest Income

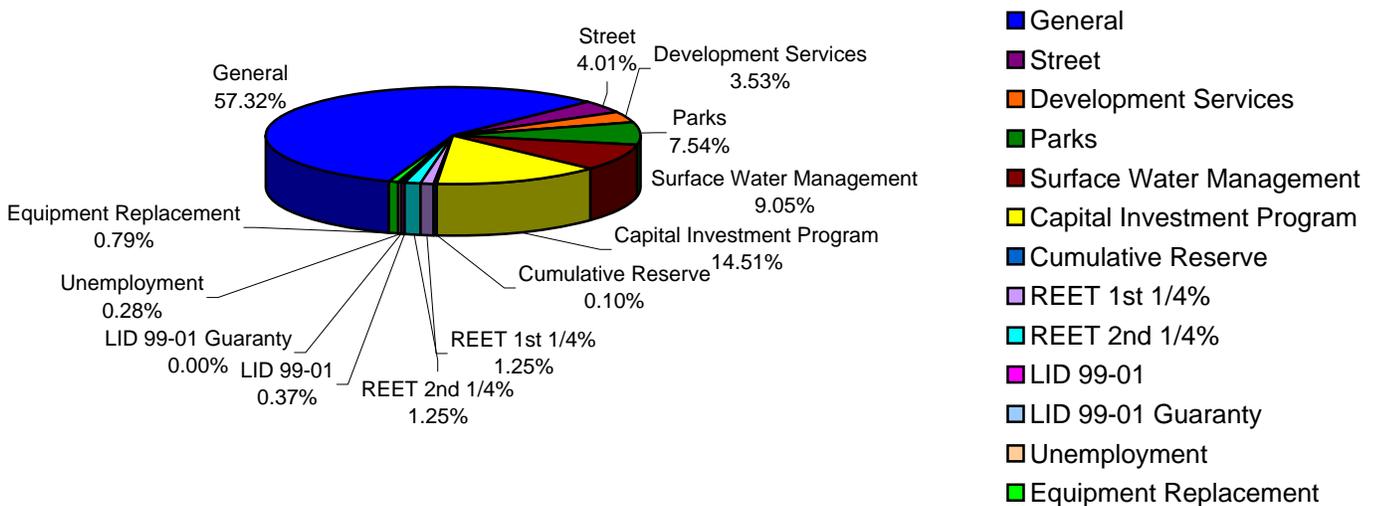
All Funds

The City will receive interest on cash balances through investment of public funds as allowed by law. The amount received will vary with interest rates, types and duration of investments, and the amount of cash available for investment during any particular budget year. The overall CY 2010 estimate of \$120,118 is based on annualized 2009 data, economic outlook, and the assumption that fund balances available for investing will be at 2009 levels.

General Fund Revenues



2010 Revenues All Funds



City of Covington
 Summary of Revenues - All Funds (Note 1)
 For the Fiscal Years 2008 through 2010

	2008	2009		2010		
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<u>General Fund</u>						
Taxes	\$ 6,111,710	\$ 6,651,000	\$ 6,621,456	\$ 6,808,810	\$ 151,250	\$ 6,960,060
Intergovernmental	412,194	351,323	341,358	352,124	-	352,124
Charges for Goods and Services	1,172,963	886,406	877,731	868,515	(273,759)	594,756
Fines and Forfeitures	111,203	105,370	120,999	120,925	-	120,925
Miscellaneous	155,325	137,000	142,045	88,800	-	88,800
Total General Fund	\$ 7,963,395	\$ 8,131,099	\$ 8,103,589	\$ 8,239,174	\$ (122,509)	\$ 8,116,665
<u>Street Fund</u>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	182,288	184,000	184,000	184,000	-	184,000
Intergovernmental	385,000	406,398	439,778	380,000	-	380,000
Charges for Goods and Services	-	-	-	-	-	-
Miscellaneous	12,317	7,000	3,603	3,500	-	3,500
Other Financing Sources	2,377	-	-	-	-	-
Total Street Fund	\$ 581,982	\$ 597,398	\$ 627,381	\$ 567,500	\$ -	\$ 567,500
<u>Development Services Fund</u>						
Licenses and Permits	\$ 631,787	\$ 766,000	\$ 259,036	\$ 255,000	\$ -	\$ 255,000
Intergovernmental	3,548	4,000	1,248	1,700	-	1,700
Charges for Goods and Services	893,770	837,000	236,654	243,100	-	243,100
Fines and Forfeitures	196	-	-	-	-	-
Miscellaneous	37,452	23,600	3,062	200	-	200
Total Development Services Fund	\$ 1,566,753	\$ 1,630,600	\$ 500,000	\$ 500,000	\$ -	\$ 500,000
<u>Parks Fund</u>						
Taxes	\$ 573,186	\$ 586,400	\$ 586,400	\$ 605,000	\$ -	\$ 605,000
Intergovernmental	4,511	2,500	-	-	-	-
Charges for Goods and Services	373,494	339,569	318,620	322,344	26,043	348,387
Fines and Forfeitures	670	-	-	-	-	-
Miscellaneous	99,949	72,531	112,099	114,234	-	114,234
Other Financing Sources	-	-	-	-	-	-
Total Parks Fund	\$ 1,051,810	\$ 1,001,000	\$ 1,017,119	\$ 1,041,578	\$ 26,043	\$ 1,067,621
<u>Surface Water Management Fund</u>						
Intergovernmental	\$ 20,128	\$ 85,600	\$ 70,982	\$ 10,267	\$ -	\$ 10,267
Charges for Goods and Services	1,141,143	1,184,314	1,224,314	1,258,896	-	1,258,896
Miscellaneous	25,200	20,000	11,992	12,000	-	12,000
Total Surface Water Management Fund	\$ 1,186,471	\$ 1,289,914	\$ 1,307,288	\$ 1,281,163	\$ -	\$ 1,281,163

City of Covington
 Summary of Revenues - All Funds (Note 1)
 For the Fiscal Years 2008 through 2010

	2008	2009		2010		
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<u>Capital Investment Program Fund</u>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,173,697	1,209,500	1,350,026	2,038,955	-	2,038,955
Charges for Goods and Services	874,864	1,997,763	1,680,415	-	-	-
Miscellaneous	703,385	136,319	376,681	15,000	-	15,000
Other Financing Sources	-	86,000	10,000	-	-	-
Total Capital Investment Program Fund	\$ 2,751,946	\$ 3,429,582	\$ 3,417,122	\$ 2,053,955	\$ -	\$ 2,053,955
<u>Cumulative Reserve Fund</u>						
Taxes	\$ 143,297	\$ 146,600	\$ 146,600	\$ 151,250	\$ (151,250)	\$ -
Miscellaneous	28,363	14,400	7,802	14,400	-	14,400
Total Cumulative Reserve Fund	\$ 171,660	\$ 161,000	\$ 154,402	\$ 165,650	\$ (151,250)	\$ 14,400
<u>Real Estate Excise Tax Fund- 1st 1/4%</u>						
Taxes	\$ 212,275	\$ 300,000	\$ 150,000	\$ 175,000	\$ -	\$ 175,000
Miscellaneous	6,146	5,000	1,600	2,000	-	2,000
Total Real Estate Excise Tax-1st 1/4% Fund	\$ 218,421	\$ 305,000	\$ 151,600	\$ 177,000	\$ -	\$ 177,000
<u>Real Estate Excise Tax Fund-2nd 1/4%</u>						
Taxes	\$ 212,275	\$ 300,000	\$ 150,000	\$ 175,000	\$ -	\$ 175,000
Miscellaneous	2,432	2,500	400	2,000	-	2,000
Total Real Estate Excise Tax-2nd 1/4% Fund	\$ 214,707	\$ 302,500	\$ 150,400	\$ 177,000	\$ -	\$ 177,000
<u>L.I.D. 99.01 Fund</u>						
Miscellaneous	\$ 79,380	\$ 53,396	\$ 43,969	\$ 52,496	\$ -	\$ 52,496
Total L.I.D. 99.01 Fund	\$ 79,380	\$ 53,396	\$ 43,969	\$ 52,496	\$ -	\$ 52,496
<u>L.I.D. 99.01 Guaranty Fund</u>						
Miscellaneous	\$ 1,302	\$ 1,100	\$ 500	\$ 500	\$ -	\$ 500
Total L.I.D. 99.01 Guaranty Fund	\$ 1,302	\$ 1,100	\$ 500	\$ 500	\$ -	\$ 500
<u>Unemployment Insurance Reserve Fund</u>						
Miscellaneous	\$ 46,525	\$ 49,553	\$ 45,809	\$ 45,965	\$ (6,225)	\$ 39,740
Total Unemployment Insurance Reserve Fund	\$ 46,525	\$ 49,553	\$ 45,809	\$ 45,965	\$ (6,225)	\$ 39,740

City of Covington
 Summary of Revenues - All Funds (Note 1)
 For the Fiscal Years 2008 through 2010

	2008	2009		2010		
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<u>Equipment Replacement Fund</u>						
Miscellaneous	\$ 106,055	\$ 106,035	\$ 103,809	\$ 111,361	\$ -	\$ 111,361
Other Financing Sources	6,070	-	-	-	-	-
Total Equipment Replacement Fund	<u>\$ 112,125</u>	<u>\$ 106,035</u>	<u>\$ 103,809</u>	<u>\$ 111,361</u>	<u>\$ -</u>	<u>\$ 111,361</u>
Total All Funds	<u>\$ 15,946,477</u>	<u>\$ 17,058,177</u>	<u>\$ 15,622,988</u>	<u>\$ 14,413,342</u>	<u>\$ (253,941)</u>	<u>\$ 14,159,401</u>

Note 1: This table does not include operating transfers-in

City of Covington
 Summary of Expenditures/Appropriations - All Funds (Note 1)
 For the Fiscal Years 2008 through 2010

	2008	2009		2010		
	Actual	Total Amended Budget	Estimated Actuals	Base Budget Requests	Decision Cards	Total Budget
<u>General Fund</u>						
Salaries and Wages	\$ 1,261,236	\$ 1,448,119	\$ 1,500,774	\$ 1,472,327	\$ (141,535)	\$ 1,330,792
Personnel Benefits	432,753	510,264	525,019	544,309	(47,129)	497,180
Supplies	66,173	61,809	76,147	86,725	(9,200)	77,525
Other Services and Charges	1,288,981	1,663,110	1,423,973	1,350,412	59,570	1,409,982
Intergovernmental/Interfund Services	2,829,039	3,029,443	3,070,981	3,203,674	-	3,203,674
Capital Outlay	21,451	-	-	6,000	-	6,000
Debt Service	12,688	12,867	13,025	12,564	-	12,564
Interfund Payment for Services	339,202	12,892	12,892	15,205	-	15,205
Total General Fund	<u>\$ 6,251,523</u>	<u>\$ 6,738,504</u>	<u>\$ 6,622,811</u>	<u>\$ 6,691,216</u>	<u>\$ (138,294)</u>	<u>\$ 6,552,922</u>
<u>Street Fund</u>						
Salaries and Wages	\$ 211,064	\$ 221,243	\$ 238,115	\$ 334,162	\$ (59,537)	\$ 274,625
Personnel Benefits	67,020	78,379	81,169	120,261	(21,623)	98,638
Supplies	49,270	54,174	56,519	47,335	-	47,335
Other Services and Charges	208,769	266,958	239,272	214,630	(1,044)	213,586
Intergovernmental/Interfund Services	108,814	169,229	155,340	148,490	-	148,490
Capital Outlay	39,670	5,864	72,446	-	-	-
Debt Service	274	425	425	1,210	-	1,210
Interfund Payment for Services	54,529	58,538	58,918	173,436	(10,744)	162,692
Total Street Fund	<u>\$ 739,410</u>	<u>\$ 854,810</u>	<u>\$ 902,204</u>	<u>\$ 1,039,524</u>	<u>\$ (92,948)</u>	<u>\$ 946,576</u>
<u>Development Services Fund</u>						
Salaries and Wages	\$ 814,706	\$ 856,561	\$ 575,781	\$ 474,390	\$ (218,952)	\$ 255,438
Personnel Benefits	289,997	313,503	193,511	173,965	(72,082)	101,883
Supplies	6,962	15,119	7,372	5,695	-	5,695
Other Services and Charges	68,089	175,513	39,160	63,270	(1,225)	62,045
Intergovernmental/Interfund Services	149,870	165,019	139,720	48,920	-	48,920
Capital Outlay	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Interfund Payment for Services	434,263	451,387	438,844	375,318	(277,281)	98,037
Total Development Services Fund	<u>\$ 1,763,887</u>	<u>\$ 1,973,102</u>	<u>\$ 1,394,388</u>	<u>\$ 1,141,558</u>	<u>\$ (569,540)</u>	<u>\$ 572,018</u>

City of Covington
 Summary of Expenditures/Appropriations - All Funds (Note 1)
 For the Fiscal Years 2008 through 2010

	2008		2009		2010	
	Actual	Total Amended Budget	Estimated Actuals	Base Budget Requests	Decision Cards	Total Budget
<u>Parks Fund</u>						
Salaries and Wages	\$ 462,252	\$ 526,924	567,358	547,290	\$ 16,361	\$ 563,651
Personnel Benefits	130,038	168,023	155,267	173,472	3,456	176,928
Supplies	126,422	112,406	126,105	122,880	-	122,880
Other Services and Charges	148,613	294,522	233,190	199,574	36,540	236,114
Intergovernmental/Interfund Services	63	-	3,340	3,340	-	3,340
Capital Outlay	23,633	2,182	5,597	-	-	-
Interfund Payment for Services	65,309	81,579	81,769	95,606	14,613	110,219
Total Parks Fund	<u>\$ 956,330</u>	<u>\$ 1,185,636</u>	<u>\$ 1,172,626</u>	<u>\$ 1,142,162</u>	<u>\$ 70,970</u>	<u>\$ 1,213,132</u>
<u>Surface Water Management Fund</u>						
Salaries and Wages	\$ 278,022	\$ 352,616	\$ 371,945	\$ 567,567	\$ (77,954)	\$ 489,613
Personnel Benefits	92,032	134,390	129,811	217,148	(28,089)	189,059
Supplies	22,037	40,132	34,502	30,905	-	30,905
Other Services and Charges	171,945	381,656	321,173	258,607	(1,276)	257,331
Intergovernmental/Interfund Services	28,218	39,100	35,541	50,540	-	50,540
Capital Outlay	38,232	4,364	11,163	-	-	-
Debt Service	34,209	33,130	33,360	33,815	-	33,815
Interfund Payment for Services	143,790	149,407	149,787	304,624	(347)	304,277
Total Surface Water Management Fund	<u>\$ 808,485</u>	<u>\$ 1,134,795</u>	<u>\$ 1,087,282</u>	<u>\$ 1,463,206</u>	<u>\$ (107,666)</u>	<u>\$ 1,355,540</u>
<u>Capital Investment Program Fund</u>						
Salaries and Wages	\$ 280,927	\$ 292,630	\$ 340,772	\$ -	\$ -	\$ -
Personnel Benefits	101,667	110,935	125,892	-	-	-
Supplies	3,654	2,520	1,747	-	-	-
Other Services and Charges	1,308,265	646,710	632,866	363,723	-	363,723
Capital Outlay	9,537,988	2,942,390	2,894,010	1,997,500	(150,000)	1,847,500
Debt Service	823	850	800	-	-	-
Interfund Payment for Services	227,977	228,308	228,308	-	-	-
Total Capital Investment Program Fund	<u>\$ 11,461,301</u>	<u>\$ 4,224,343</u>	<u>\$ 4,224,395</u>	<u>\$ 2,361,223</u>	<u>\$ (150,000)</u>	<u>\$ 2,211,223</u>
<u>L.I.D. 99-01 Fund</u>						
Other Services and Charges	\$ 673	\$ 750	\$ 750	\$ 750	\$ -	\$ 750
Debt Service	192,306	37,194	37,194	35,889	-	35,889
Other Decreases in Fund Balances	-	-	-	-	-	-
Total LID 99-01 Fund	<u>\$ 192,979</u>	<u>\$ 37,944</u>	<u>\$ 37,944</u>	<u>\$ 36,639</u>	<u>\$ -</u>	<u>\$ 36,639</u>

City of Covington
 Summary of Expenditures/Appropriations - All Funds (Note 1)
 For the Fiscal Years 2008 through 2010

	2008	2009		2010		
	Actual	Total Amended Budget	Estimated Actuals	Base Budget Requests	Decision Cards	Total Budget
<u>Long-Term Debt Service Fund</u>						
Debt Service	\$ 792,762	\$ 821,313	\$ 821,313	\$ 1,004,451	\$ -	\$ 1,004,451
Total Long-Term Debt Service Fund	<u>\$ 792,762</u>	<u>\$ 821,313</u>	<u>\$ 821,313</u>	<u>\$ 1,004,451</u>	<u>\$ -</u>	<u>\$ 1,004,451</u>
<u>Unemployment Insurance Reserve Fund</u>						
Personnel Benefits	\$ 3,344	\$ 24,000	\$ 61,000	\$ 24,000	\$ 126,252	\$ 150,252
Total Unemployment Insurance Reserve Fund	<u>\$ 3,344</u>	<u>\$ 24,000</u>	<u>\$ 61,000</u>	<u>\$ 24,000</u>	<u>\$ 126,252</u>	<u>\$ 150,252</u>
<u>Equipment Replacement Fund</u>						
Supplies	\$ 24,385	\$ 16,200	\$ 12,500	\$ 15,300	\$ -	\$ 15,300
Other Services and Charges	17,545	24,150	18,000	23,325	-	23,325
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Equipment Replacement Fund	<u>\$ 41,930</u>	<u>\$ 40,350</u>	<u>\$ 30,500</u>	<u>\$ 38,625</u>	<u>\$ -</u>	<u>\$ 38,625</u>
Total all Funds	<u>\$ 23,011,951</u>	<u>\$ 17,034,797</u>	<u>\$ 16,354,463</u>	<u>\$ 14,942,604</u>	<u>\$ (861,226)</u>	<u>\$ 14,081,378</u>

Note 1: This table does not include operating transfers-out



City of Covington
 Summary of Interfund Transfers - All Funds
 For the Fiscal Years 2008 through 2010

	Transfer In/Out	2008	2009		2010		
		Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
General Fund	In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Out	(805,764)	(1,142,030)	(1,215,138)	(1,296,205)	-	(1,296,205)
Net Total General Fund		<u>\$ (805,764)</u>	<u>\$ (1,142,030)</u>	<u>\$ (1,215,138)</u>	<u>\$ (1,296,205)</u>	<u>\$ -</u>	<u>\$ (1,296,205)</u>
Street Fund	In	\$ 315,571	\$ 257,412	\$ 263,944	\$ 230,739	\$ 150,000	\$ 380,739
	Out	-	-	-	-	-	-
Net Total Street Fund		<u>\$ 315,571</u>	<u>\$ 257,412</u>	<u>\$ 263,944</u>	<u>\$ 230,739</u>	<u>\$ 150,000</u>	<u>\$ 380,739</u>
Development Services Fund	In	\$ 35,616	\$ -	\$ 31,840	\$ -	\$ -	\$ -
	Out	-	-	-	-	-	-
Net Total Development Services Fund		<u>\$ 35,616</u>	<u>\$ -</u>	<u>\$ 31,840</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Parks Fund	In	\$ 134,481	\$ 198,378	\$ 213,392	\$ 210,938	\$ -	\$ 210,938
	Out	(315,361)	(27,483)	(220,837)	(80,984)	53,500	(27,484)
Net Total Parks Fund		<u>\$ (180,880)</u>	<u>\$ 170,895</u>	<u>\$ (7,445)</u>	<u>\$ 129,954</u>	<u>\$ 53,500</u>	<u>\$ 183,454</u>
Surface Water Management Fund	In	\$ 68,219	\$ -	\$ 8,696	\$ 48,914	\$ -	\$ 48,914
	Out	-	(53,500)	(466,688)	(53,500)	-	(53,500)
Net Total Surface Water Management Fund		<u>\$ 68,219</u>	<u>\$ (53,500)</u>	<u>\$ (457,992)</u>	<u>\$ (4,586)</u>	<u>\$ -</u>	<u>\$ (4,586)</u>
Capital Investment Program Fund	In	\$ 262,392	\$ 739,740	\$ 752,266	\$ 574,409	\$ (150,000)	\$ 424,409
	Out	(694,811)	-	-	(50,000)	-	(50,000)
Net Total Capital Investment Program Fund		<u>\$ (432,419)</u>	<u>\$ 739,740</u>	<u>\$ 752,266</u>	<u>\$ 524,409</u>	<u>\$ (150,000)</u>	<u>\$ 374,409</u>
Cumulative Reserve Fund	In	\$ 301,619	\$ -	\$ 163,354	\$ 53,500	\$ (53,500)	\$ -
	Out	-	-	-	-	-	-
Net Total Cumulative Reserve Fund		<u>\$ 301,619</u>	<u>\$ -</u>	<u>\$ 163,354</u>	<u>\$ 53,500</u>	<u>\$ (53,500)</u>	<u>\$ -</u>
Real Estate Excise Tax Fund-1st 1/4%	In	\$ 468,368	\$ -	\$ 220,844	\$ -	\$ -	\$ -
	Out	(394,849)	(555,681)	(555,681)	(285,702)	-	(285,702)
Net Total Real Estate Excise Tax Fund-1st 1/4%		<u>\$ 73,519</u>	<u>\$ (555,681)</u>	<u>\$ (334,837)</u>	<u>\$ (285,702)</u>	<u>\$ -</u>	<u>\$ (285,702)</u>
Real Estate Excise Tax Fund-2nd 1/4%	In	\$ 215,928	\$ -	\$ 220,844	\$ -	\$ -	\$ -
	Out	(384,171)	(238,149)	(238,149)	(356,560)	-	(356,560)
Net Total Real Estate Excise Tax Fund-2nd 1/4%		<u>\$ (168,243)</u>	<u>\$ (238,149)</u>	<u>\$ (17,305)</u>	<u>\$ (356,560)</u>	<u>\$ -</u>	<u>\$ (356,560)</u>
Long-Term Debt Service Fund	In	\$ 792,762	\$ 821,313	\$ 821,313	\$ 1,004,451	\$ -	\$ 1,004,451
	Out	-	-	-	-	-	-
Net Total Long-Term Debt Service Fund		<u>\$ 792,762</u>	<u>\$ 821,313</u>	<u>\$ 821,313</u>	<u>\$ 1,004,451</u>	<u>\$ -</u>	<u>\$ 1,004,451</u>
Total Interfund Transfers-In		2,594,956	2,016,843	2,696,493	2,122,951	(53,500)	2,069,451
Total Interfund Transfers-Out		<u>(2,594,956)</u>	<u>(2,016,843)</u>	<u>(2,696,493)</u>	<u>(2,122,951)</u>	<u>53,500</u>	<u>(2,069,451)</u>
Net Total Fund Transfers for all Funds		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Covington
 Summary of Interfund Transfers - All Funds
 For the Fiscal Year 2010

Transfer In:

	Street Fund	Parks Fund	Surface Water Management Fund	Capital Investment Program Fund	Long - Term Debt Service Fund	Total
Transfer Out:						
General Fund	\$ 365,739	\$ 210,938	\$ 13,914	\$ 370,909	\$ 334,705	\$ 1,296,205
Parks Fund	-	-	-	-	27,484	27,484
Surface Water Management Fund	-	-	-	53,500	-	53,500
Capital Investment Program Fund	15,000	-	35,000	-	-	50,000
Real Estate Excise Tax 1st Qtr % Fund	-	-	-	-	285,702	285,702
Real Estate Excise Tax 2nd Qtr % Fund	-	-	-	-	356,560	356,560
Total Transfers	<u>\$ 380,739</u>	<u>\$ 210,938</u>	<u>\$ 48,914</u>	<u>\$ 424,409</u>	<u>\$ 1,004,451</u>	<u>\$ 2,069,451</u>

CITY OF COVINGTON
GENERAL FUND LONG-RANGE FORECAST
 2009-2015 Analysis in 000s

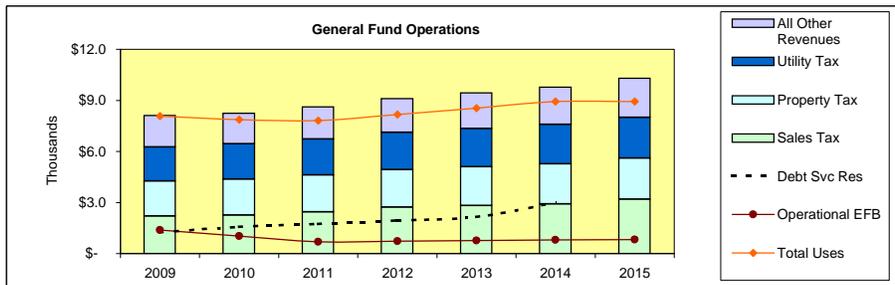
	2009	2010	2011	2012	2013	2014	2015
BEGINNING FUND BALANCE	\$ 2,211	\$ 1,389	\$ 1,022	\$ 698	\$ 731	\$ 766	\$ 804
REVENUES							
Sales Tax ¹	\$ 2,199	\$ 2,269	\$ 2,454	\$ 2,721	\$ 2,816	\$ 2,914	\$ 3,192
Property Tax ²	2,072	2,112	2,154	2,219	2,285	2,354	2,425
Utility Tax ³	2,000	2,060	2,122	2,185	2,251	2,319	2,388
Local Criminal Justice	350	368	386	405	425	447	469
Intergovernmental Revenue	341	352	370	388	407	428	449
Charges for Services	10	10	11	11	11	12	12
Fines & Forfeitures	121	121	127	135	142	149	157
Miscellaneous	143	89	93	98	103	108	113
Central Services Payment	464	424	445	467	490	515	541
Interfund Payment	404	435	456	479	503	528	555
BASE BUDGET REVENUES	\$ 8,104	\$ 8,239	\$ 8,618	\$ 9,109	\$ 9,435	\$ 9,773	\$ 10,300
EXPENDITURES							
Central Services Overhead	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	1,501	1,472	1,516	1,562	1,609	1,657	1,707
Personnel Benefits ⁴	525	544	587	657	736	824	923
Supplies	76	87	89	92	95	98	101
Other Services and Charges	1,424	1,350	1,391	1,433	1,476	1,520	1,565
Intergovernmental	3,071	3,204	3,364	3,532	3,709	3,894	3,894
Capital Outlay	-	6	7	7	8	8	9
Debt Service	13	13	13	14	15	15	16
Interfund Payment for Services	13	15	16	17	18	18	19
Operating Transfers ⁵	1,215	962	1,000	1,040	1,082	1,125	1,170
BASE BUDGET EXPENDITURES	\$ 7,838	\$ 7,653	\$ 7,984	\$ 8,354	\$ 8,746	\$ 9,161	\$ 9,405
Operating Surplus/Deficit by Year	\$ 266	\$ 585	\$ 634	\$ 755	\$ 689	\$ 612	\$ 895
OTHER FINANCING USES							
Decision Cards	\$ 10	\$ 64	\$ 46	\$ 47	\$ 49	\$ 51	\$ 53
Budget Strategies ⁶	-	(80)	(453)	(471)	(490)	(510)	(530)
Reserve for Costco payout ⁷	231	231	231	231	231	231	-
TOTAL OTHER FINANCING USES	241	215	(177)	(193)	(210)	(228)	(477)
TOTAL USES	\$ 8,079	\$ 7,868	\$ 7,807	\$ 8,161	\$ 8,536	\$ 8,933	\$ 8,928
Sources over Uses	\$ 25	\$ 371	\$ 811	\$ 948	\$ 899	\$ 840	\$ 1,372
TOTAL ENDING FUND BALANCE	\$ 2,236	\$ 1,760	\$ 1,833	\$ 1,646	\$ 1,630	\$ 1,607	\$ 2,176
Debt Service Reserve⁸	\$ 847	\$ 738	\$ 1,134	\$ 915	\$ 864	\$ 803	\$ 1,352
OPERATIONAL ENDING FUND BALANCE⁹	\$ 1,389	\$ 1,022	\$ 698	\$ 731	\$ 766	\$ 804	\$ 823
Cumulative net amount available for debt service.	\$ 847	\$ 1,585	\$ 2,385	\$ 2,485	\$ 2,604	\$ 2,742	\$ 3,503
Amount transferred to the debt service fund. ¹⁰		335	815	745	665	591	514
Remainder of debt service reserve. ¹¹		1,250	1,570	1,740	1,939	2,151	2,989
10% fund balance target		\$ 669	\$ 698	\$ 731	\$ 766	\$ 804	\$ 823
Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%
Margin above the 10% threshold		\$ 353	\$ -				

Notes:

- 1) Decisions cards are illustrations reflecting the impact to the fund in outlying years. If approved, they would be rolled into the base budget.
- 2) Budget strategies are outlined in the budget message.

Footnotes:

- ¹ Sales tax is allocated at 75% of forecasted revenues to the General Fund, 20% to the Parks Fund and 5% to the CRF. In 2012, the ratio changes to 80% GF and 18% parks and 2% to the CRF. The transfer to the CRF will be suspended in 2010 if the council approves the recommended budget strategies.
- ² Includes new construction estimated at 1% and a *negative* IPD of 0.848% netting out at almost no increase for 2010. However, a finding of substantial need will allow the Council to increase property taxes up to 1%. (see budget message)
- ³ This represents gross receipts for utility tax collections. Transfers are made to other funds in the amount of \$933,700.
- ⁴ The medical benefits portion will increase by 10% for 2010 per AWC and inflates at the same rate through 2015.
- ⁵ Operating transfers go to Streets, Parks, SWM, CIP, and Long-Term Debt.
- ⁶ In 2011 and beyond, the transfer to CIP of \$370,000 for Parks CIP is eliminated and remains in the General Fund to support operations and debt service.
- ⁷ The City needs to reserve this amount to fund a total payout of \$1.4 million to Costco per Ordinance 09-07 adopted 8/14/07- interest earnings make up the difference.
- ⁸ The debt service reserve is cumulative. Each year it builds on the prior year's reserve.
- ⁹ For illustration purposes, the ending fund balance has been reduced to the minimum 10% with the remainder being applied to the debt service reserve in 2011-2015
- ¹⁰ This amount is transferred to the debt service fund to supplement REET to make the debt service payment.
- ¹¹ This amount reflects the total reserve less an amount transferred to the debt service fund.



CITY OF COVINGTON
STREET FUND LONG-RANGE FORECAST
 2009-2015 Analysis in 000s

	2009	2010	2011	2012	2013	2014	2015
BEGINNING FUND BALANCE	\$ 451	\$ 186	\$ 188	\$ 253	\$ 294	\$ 308	\$ 293
REVENUES							
Street Fuel Tax	\$ 440	\$ 380	\$ 390	\$ 399	\$ 409	\$ 419	\$ 430
Licenses and Permits	184	184	193	203	213	224	235
Intergovernmental Revenues	-	-	-	-	-	-	-
Miscellaneous	4	4	4	4	4	4	5
BASE BUDGET SUBTOTAL	<u>627</u>	<u>568</u>	<u>587</u>	<u>606</u>	<u>626</u>	<u>647</u>	<u>669</u>
Transfers In	264	231	225	234	243	253	263
Revenue Strategy	-	-	240	240	240	240	240
TOTAL REVENUES	<u>\$ 891</u>	<u>\$ 798</u>	<u>\$ 1,051</u>	<u>\$ 1,080</u>	<u>\$ 1,110</u>	<u>\$ 1,141</u>	<u>\$ 1,172</u>
EXPENDITURES							
Central Services Overhead	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	238	334	344	355	365	376	387
Personnel Benefits	81	120	131	147	164	184	206
Supplies	57	47	50	52	55	58	60
Other Services and Charges	239	215	225	237	248	261	274
Intergovernmental	155	148	156	164	172	180	190
Capital Outlay	72	-	-	-	-	-	-
Debt Service: Principal	0	1	1	1	1	1	1
Interfund Payment for Services	59	173	182	191	201	211	221
BASE BUDGET SUBTOTAL	<u>902</u>	<u>1,040</u>	<u>1,089</u>	<u>1,146</u>	<u>1,206</u>	<u>1,271</u>	<u>1,340</u>
Budget Strategies	3	(243)	(103)	(107)	(111)	(115)	(120)
TOTAL EXPENDITURES	<u>\$ 906</u>	<u>\$ 797</u>	<u>\$ 987</u>	<u>\$ 1,039</u>	<u>\$ 1,095</u>	<u>\$ 1,155</u>	<u>\$ 1,220</u>
Operating Surplus/Deficit by Year	\$ (14)	\$ 2	\$ 65	\$ 41	\$ 14	\$ (15)	\$ (47)
TOTAL ENDING FUND BALANCE	<u>\$ 437</u>	<u>\$ 188</u>	<u>\$ 253</u>	<u>\$ 294</u>	<u>\$ 308</u>	<u>\$ 293</u>	<u>\$ 246</u>
Operating Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved Ending Fund Balance¹	<u>\$ 251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OPERATIONAL ENDING FUND BALANCE	<u>\$ 186</u>	<u>\$ 188</u>	<u>\$ 253</u>	<u>\$ 294</u>	<u>\$ 308</u>	<u>\$ 293</u>	<u>\$ 246</u>

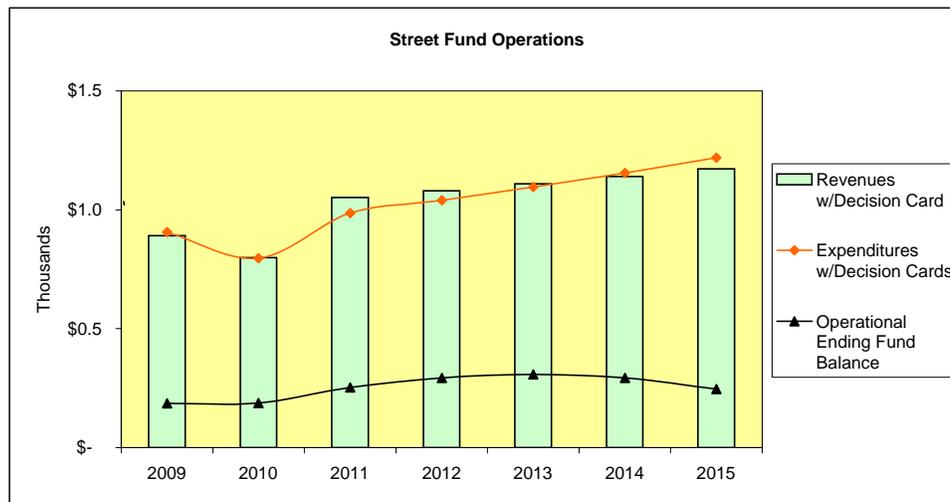
10% fund balance target	\$ 84	\$ 87	\$ 91	\$ 95	\$ 101	\$ 106	\$ 112
Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%
Margin above the 10% threshold	\$ 102	\$ 101	\$ 162	\$ 198	\$ 207	\$ 187	\$ 134

Notes:

- 1) This worksheet makes no assumptions as to new programs and decision cards past 2010 other than ongoing costs.
- 2) The revenue option is part of the budget strategies listed in the budget message.

Footnotes:

¹ Funds borrowed from REET to maintain the Street Fund's positive cash flow.



CITY OF COVINGTON
DEVELOPMENT SERVICES FUND LONG-RANGE FORECAST
 2009-2015 Analysis in 000s

	2009	2010	2011	2012	2013	2014	2015
BEGINNING FUND BALANCE	\$ 1,004	\$ 139	\$ 66	\$ 326	\$ 623	\$ 960	\$ 1,342
REVENUES							
Licenses & Permits	\$ 259	\$ 255	\$ 600	\$ 660	\$ 726	\$ 799	\$ 878
Intergovernmental Revenues	1	2	2	2	2	2	2
Charges for Goods & Services	237	243	253	263	273	284	296
Miscellaneous Revenues	3	-	-	-	-	-	-
TOTAL REVENUES¹	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 854</u>	<u>\$ 925</u>	<u>\$ 1,001</u>	<u>\$ 1,085</u>	<u>\$ 1,176</u>
EXPENDITURES							
Central Services Overhead	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	576	474	489	503	518	534	550
Personnel Benefits	194	174	186	209	234	262	293
Supplies	7	6	6	6	7	7	7
Other Services and Charges	39	63	66	70	73	77	81
Intergovernmental	140	49	51	54	57	59	62
Other Financing	-	-	-	-	-	-	-
Interfund Payment for Services ²	439	375	394	414	434	456	479
BASE EXPENDITURES	<u>1,394</u>	<u>1,142</u>	<u>1,193</u>	<u>1,256</u>	<u>1,323</u>	<u>1,395</u>	<u>1,473</u>
Budget Strategies	2	(570)	(598)	(628)	(659)	(692)	(727)
TOTAL EXPENDITURES	<u>\$ 1,396</u>	<u>\$ 572</u>	<u>\$ 595</u>	<u>\$ 628</u>	<u>\$ 664</u>	<u>\$ 703</u>	<u>\$ 746</u>
Operating Surplus/Deficit by Year	\$ (897)	\$ (72)	\$ 260	\$ 297	\$ 337	\$ 382	\$ 430
Operating Transfer In	\$ 32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL ENDING FUND BALANCE	<u>\$ 139</u>	<u>\$ 66</u>	<u>\$ 326</u>	<u>\$ 623</u>	<u>\$ 960</u>	<u>\$ 1,342</u>	<u>\$ 1,772</u>

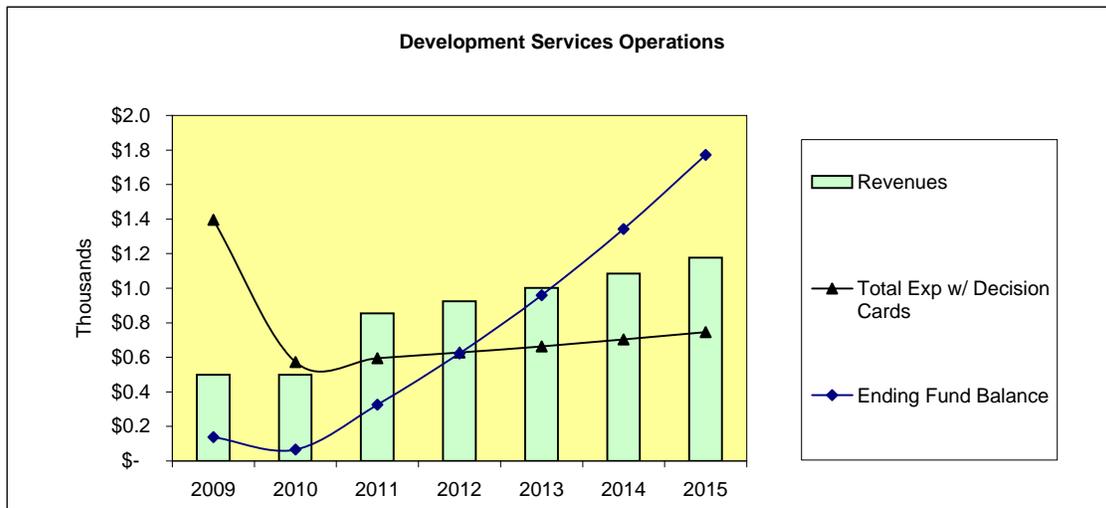
Fund balance target	\$ 75	\$ 50	\$ 85	\$ 92	\$ 100	\$ 108	\$ 118
	Meets 10%						
Margin above the 10% threshold	\$ 64	\$ 16	\$ 240	\$ 530	\$ 860	\$ 1,233	\$ 1,654

Notes:

- 1) This worksheet makes no assumptions as to new programs and decision cards past 2010 other than ongoing costs.
- 2) Budget strategies are outlined in the budget message.

Footnotes:

- ¹ Reflects all revenues related to Development Services.
- ² Reflects payment to the General Fund for their support of Development Services.



CITY OF COVINGTON
PARKS FUND LONG-RANGE FORECAST
 2009-2015 Analysis in 000s

	2009	2010	2011	2012	2013	2014	2015
BEGINNING FUND BALANCE	\$ 285	\$ 122	\$ 161	\$ 233	\$ 216	\$ 167	\$ 83
REVENUES							
Sales Tax ¹	\$ 586	\$ 605	\$ 654	\$ 612	\$ 634	\$ 656	\$ 718
Utility Tax	-	-	-	-	-	-	-
Intergovernmental Revenues	-	-	-	-	-	-	-
Aquatics Fees	319	322	327	332	337	342	347
Athletics & Recreation	36	36	-	-	-	-	-
Miscellaneous	76	78	75	77	78	79	80
Other Financing Sources	-	-	-	-	-	-	-
BASE BUDGET SUBTOTAL	<u>1,017</u>	<u>1,042</u>	<u>1,057</u>	<u>1,021</u>	<u>1,048</u>	<u>1,077</u>	<u>1,146</u>
Transfers In	213	211	217	224	230	237	244
TOTAL REVENUES	<u>\$ 1,230</u>	<u>\$ 1,253</u>	<u>\$ 1,274</u>	<u>\$ 1,245</u>	<u>\$ 1,279</u>	<u>\$ 1,314</u>	<u>\$ 1,390</u>
EXPENDITURES							
Central Services Overhead	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	567	547	564	581	598	616	634
Personnel Benefits	155	173	191	214	239	268	300
Supplies	126	123	129	135	142	149	157
Other Services and Charges	233	200	200	210	220	231	243
Intergovernmental	3	3	-	-	-	-	-
Capital Outlay	6	-	-	-	-	-	-
Interfund Payment for Services	82	96	100	105	111	116	122
Transfers Out	57	81	27	27	27	27	27
BASE BUDGET SUBTOTAL	<u>1,230</u>	<u>1,223</u>	<u>1,210</u>	<u>1,272</u>	<u>1,337</u>	<u>1,408</u>	<u>1,483</u>
Decision Cards	-	-	-	-	-	-	-
Budget Strategies	-	(9)	(9)	(9)	(10)	(10)	(10)
TOTAL EXPENDITURES	<u>\$ 1,230</u>	<u>\$ 1,214</u>	<u>\$ 1,202</u>	<u>\$ 1,262</u>	<u>\$ 1,328</u>	<u>\$ 1,398</u>	<u>\$ 1,473</u>
Operating Surplus/Deficit by Year	\$ 0	\$ 38	\$ 73	\$ (18)	\$ (49)	\$ (83)	\$ (83)
Operating Transfer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfers-Cumulative Reserve ²	163	-	-	-	-	-	-
TOTAL ENDING FUND BALANCE	<u>\$ 122</u>	<u>\$ 161</u>	<u>\$ 233</u>	<u>\$ 216</u>	<u>\$ 167</u>	<u>\$ 83</u>	<u>\$ 1</u>

10% fund balance target	\$ 109	\$ 113	\$ 117	\$ 124	\$ 130	\$ 137	\$ 145
	Meets 10%	Under 10%	Under 10%				
Margin above the 10% threshold	\$ 13	\$ 47	\$ 116	\$ 92	\$ 37	\$ (54)	\$ (144)

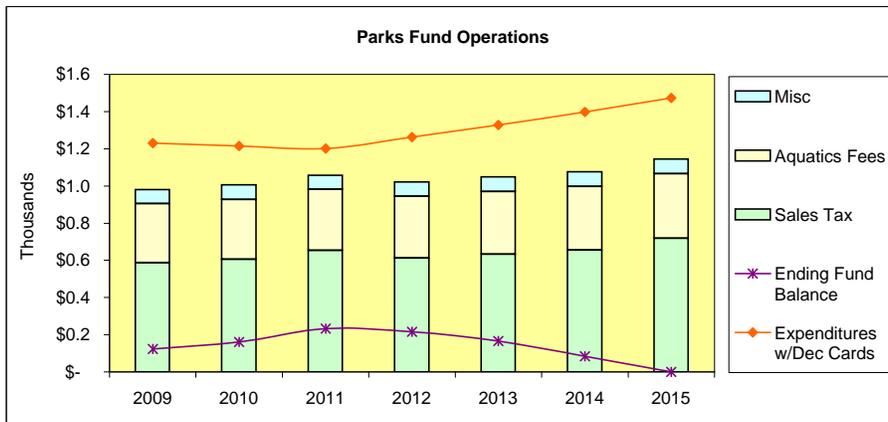
Notes:

- 1) This worksheet makes no assumptions as to new programs and decision cards past 2010 except for ongoing programs.
- 2) Budget strategies are outlined in the budget message.

Footnotes:

¹ Sales tax is allocated at 75% of forecasted revenues to the General Fund, 20% to the Parks Fund and 5% to the CRF. In 2012, the ratio changes to 80% GF and 18% Parks and 2% to the CRF. The transfer to the CRF will be suspended in 2010 if the council approves the recommended budget strategies.

² Operating transfers to the Cumulative Reserve Fund are monies that are above the 10% fund balance threshold.



CITY OF COVINGTON
SURFACE WATER MANAGEMENT FUND LONG-RANGE FORECAST
 2009-2015 Analysis in 000s

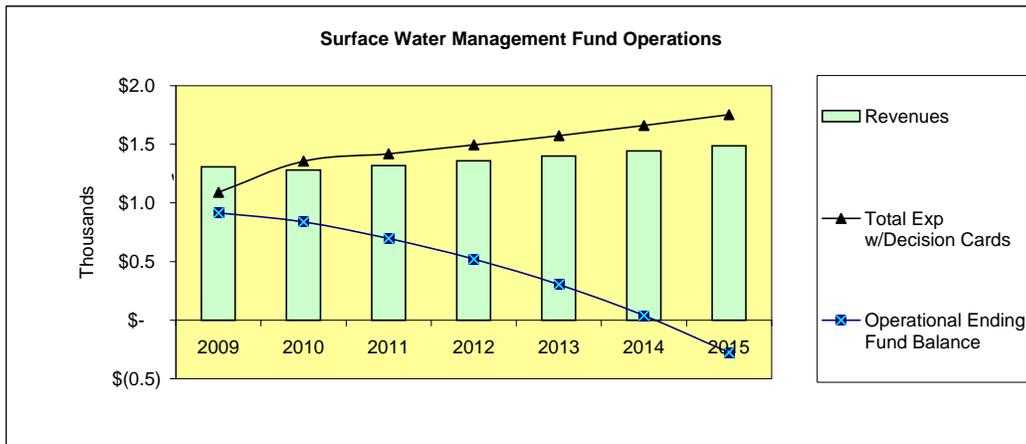
	2009	2010	2011	2012	2013	2014	2015
BEGINNING FUND BALANCE	\$ 1,158	\$ 915	\$ 837	\$ 698	\$ 521	\$ 303	\$ 40
REVENUES							
Customer Charges ¹	\$ 1,224	\$ 1,259	\$ 1,297	\$ 1,336	\$ 1,376	\$ 1,417	\$ 1,459
Intergovernmental Revenues	71	10	11	11	12	12	12
Grant Revenue	-	-	-	-	-	-	-
Miscellaneous	12	12	12	13	13	14	14
BASE BUDGET SUBTOTAL	<u>1,307</u>	<u>1,281</u>	<u>1,320</u>	<u>1,359</u>	<u>1,400</u>	<u>1,442</u>	<u>1,486</u>
Transfers In	9	49	15	15	15	15	15
TOTAL REVENUES	<u>\$ 1,316</u>	<u>\$ 1,330</u>	<u>\$ 1,334</u>	<u>\$ 1,374</u>	<u>\$ 1,415</u>	<u>\$ 1,457</u>	<u>\$ 1,501</u>
EXPENDITURES							
Central Services Overhead	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	372	568	585	602	620	639	658
Personnel Benefits	130	217	235	263	294	330	369
Supplies	35	31	32	34	36	38	39
Other Services and Charges	321	259	272	285	299	314	330
Intergovernmental	36	51	53	56	59	61	65
Capital Outlay	11	-	-	-	-	-	-
Debt Service: Principal	1	-	4	4	4	4	4
Debt Service: Interest	32	34	31	31	31	31	31
Interfund Payment for Services	150	305	320	336	353	370	389
BASE BUDGET SUBTOTAL	<u>1,087</u>	<u>1,463</u>	<u>1,531</u>	<u>1,611</u>	<u>1,696</u>	<u>1,787</u>	<u>1,885</u>
Decision Card	5	-	-	-	-	-	-
Budget Strategies	-	(108)	(112)	(116)	(121)	(126)	(131)
TOTAL EXPENDITURES	<u>\$ 1,092</u>	<u>\$ 1,356</u>	<u>\$ 1,419</u>	<u>\$ 1,494</u>	<u>\$ 1,575</u>	<u>\$ 1,661</u>	<u>\$ 1,754</u>
Operating Surplus/Deficit by Year	\$ 224	\$ (25)	\$ (85)	\$ (120)	\$ (160)	\$ (204)	\$ (254)
Returned to REET fund	\$ 442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL ENDING FUND BALANCE	<u>\$ 940</u>	<u>\$ 890</u>	<u>\$ 752</u>	<u>\$ 577</u>	<u>\$ 361</u>	<u>\$ 99</u>	<u>\$ (214)</u>
Operating Transfers Out	\$ 25	\$ 53	\$ 55	\$ 56	\$ 58	\$ 60	\$ 61
OPERATIONAL ENDING FUND BALANCE	<u>\$ 915</u>	<u>\$ 837</u>	<u>\$ 698</u>	<u>\$ 521</u>	<u>\$ 303</u>	<u>\$ 40</u>	<u>\$ (275)</u>
10% fund balance target	\$ 90	\$ 112	\$ 118	\$ 124	\$ 131	\$ 138	\$ 146
Margin above the 10% threshold	\$ 825	\$ 725	\$ 580	\$ 397	\$ 173	\$ (99)	\$ (421)

Notes:

1) This worksheet makes no assumptions as to new programs and decision cards past 2010 other than ongoing costs.

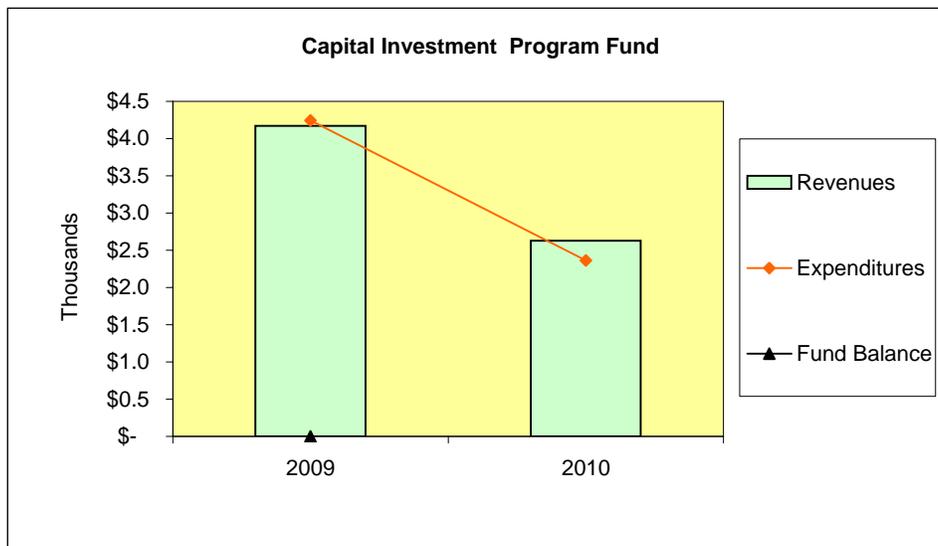
Footnotes:

¹ This reflects a 4% rate increase for 2009 and a 2.92% increase in 2010 and 3% increases thereafter.



CITY OF COVINGTON
CAPITAL INVESTMENT PROGRAM TOTAL REVENUES & EXPENDITURES
 2009-2010 Analysis in 000s

	2009	2010
BEGINNING FUND BALANCE	\$ 754	\$ 682
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental Revenues	1,350	2,039
Charges for Goods and Services	1,680	-
Miscellaneous	377	15
Other Financing Sources	10	-
Transfers In	752	574
TOTAL REVENUES	<u>\$ 4,169</u>	<u>\$ 2,628</u>
EXPENDITURES		
Central Services Overhead	\$ -	\$ -
Salaries and Wages	341	-
Personnel Benefits	126	-
Supplies	2	-
Other Services and Charges	633	364
Capital Outlay	2,894	1,998
Debt Service: Principal	1	-
Debt Service: Interest	-	-
Interfund Payment for Services	228	-
BASE BUDGET SUBTOTAL	<u>4,224</u>	<u>2,361</u>
Decision Cards	17	-
Budget Strategies	-	-
TOTAL EXPENDITURES	<u>\$ 4,242</u>	<u>\$ 2,361</u>
Balance Available for Capital	\$ (73)	\$ 267
Operating Transfers Out	\$ -	\$ 50
Reserved Ending Fund Balance	140	140
TOTAL ENDING FUND BALANCE	<u>\$ 542</u>	<u>\$ 758</u>



CITY OF COVINGTON
CUMULATIVE RESERVE FUND LONG-RANGE FORECAST
 2009-2015 Analysis in 000s

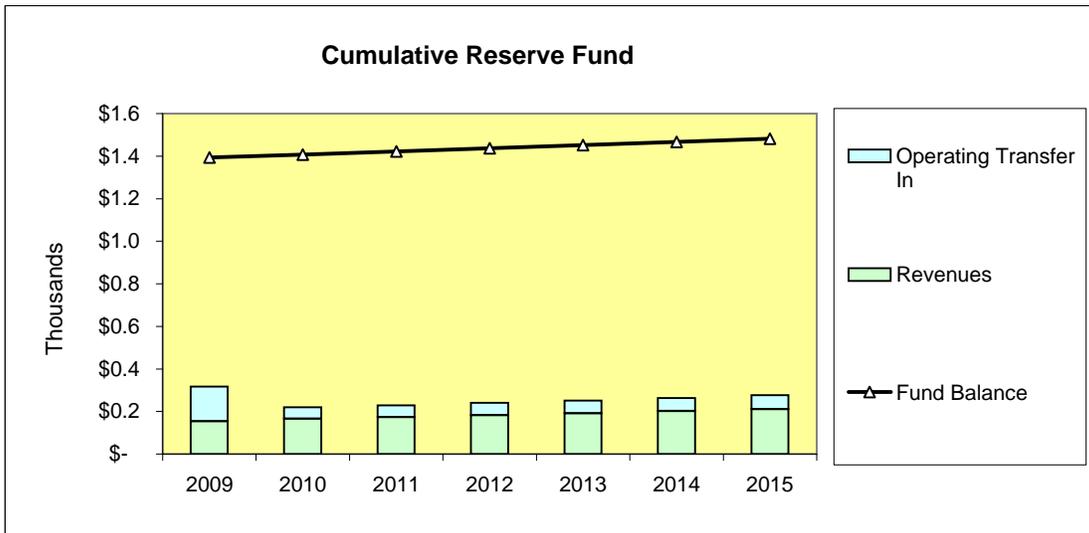
	2009	2010	2011	2012	2013	2014	2015
BEGINNING FUND BALANCE	\$ 1,076	\$ 1,393	\$ 1,408	\$ 1,422	\$ 1,437	\$ 1,452	\$ 1,467
REVENUES							
Sales Tax ¹	\$ 154	\$ 166	\$ 174	\$ 183	\$ 192	\$ 201	\$ 211
TOTAL REVENUES	<u>\$ 154</u>	<u>\$ 166</u>	<u>\$ 174</u>	<u>\$ 183</u>	<u>\$ 192</u>	<u>\$ 201</u>	<u>\$ 211</u>
EXPENDITURES							
N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	<u>\$ -</u>						
Operating Surplus/Deficit by Year	\$ 154	\$ 166	\$ 174	\$ 183	\$ 192	\$ 742	\$ 211
Budget Strategies	\$ -	\$ (205)	\$ (215)	\$ (226)	\$ (237)	\$ (249)	\$ (261)
Operating Transfers-From Parks Fund	163	54	56	58	60	63	65
TOTAL ENDING FUND BALANCE	<u>\$ 1,393</u>	<u>\$ 1,408</u>	<u>\$ 1,422</u>	<u>\$ 1,437</u>	<u>\$ 1,452</u>	<u>\$ 1,467</u>	<u>\$ 1,482</u>

Notes:

1) Budget strategies are outlined in the budget message.

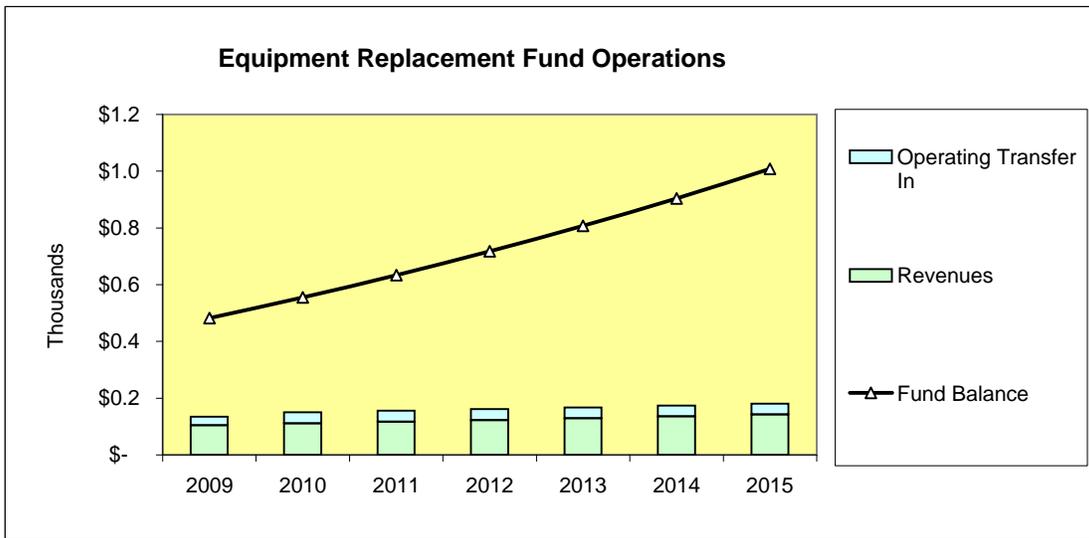
Footnotes:

¹ Sales tax is allocated at 75% of forecast revenues to the General Fund, 20% to the Parks Fund and 5% to the CRF. In 2012, the ratio changes to 80% GF and 18% parks and 2% to the CRF. The transfer to the CRF will be suspended in 2010 if the council approves the recommended budget strategies.



CITY OF COVINGTON
EQUIPMENT REPLACEMENT FUND LONG-RANGE FORECAST
 2009-2015 Analysis in 000s

	2009	2010	2011	2012	2013	2014	2015
BEGINNING FUND BALANCE	\$ 409	\$ 482	\$ 555	\$ 633	\$ 717	\$ 808	\$ 904
REVENUES							
Contributions from Funds	\$ 104	\$ 111	\$ 117	\$ 123	\$ 129	\$ 135	\$ 142
TOTAL REVENUES	<u>\$ 104</u>	<u>\$ 111</u>	<u>\$ 117</u>	<u>\$ 123</u>	<u>\$ 129</u>	<u>\$ 135</u>	<u>\$ 142</u>
EXPENDITURES							
Replacement Schedule	\$ 31	\$ 39	\$ 39	\$ 39	\$ 39	\$ 39	\$ 39
TOTAL EXPENDITURES	<u>\$ 31</u>	<u>\$ 39</u>					
Operating Surplus/Deficit by Year	\$ 73	\$ 73	\$ 78	\$ 84	\$ 90	\$ 472	\$ 104
TOTAL ENDING FUND BALANCE	<u>\$ 482</u>	<u>\$ 555</u>	<u>\$ 633</u>	<u>\$ 717</u>	<u>\$ 808</u>	<u>\$ 904</u>	<u>\$ 1,008</u>





DEPARTMENT BUDGETS





CITY COUNCIL

Mission Statement

Provide effective community leadership and formulate sound public policy to meet the Community's needs.

Department Overview

The City Council is the legislative and policy making branch of City government. The seven (7) Council Members serve as the elected representatives of Covington citizens participating in a Council-City Manager form of government.

Major Activities

- Set Operating Budget for City
- Adopt Public Policy
- Enact City Ordinances and Resolutions
- Develop Long-Range Strategic Planning
- Make Land Use Decisions
- Appoint Boards and Commissions

Significant Budget Issues

The Council Contingency is used to fund the performance incentive program and cover other unanticipated needs that may occur throughout the year.

2009 ACCOMPLISHMENTS

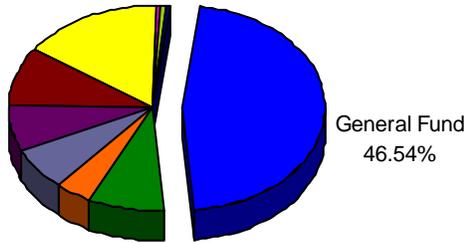
- ✓ Conducted a citizen satisfaction survey to glean information from citizens about City services and quality of life
- ✓ Participated in a joint council meeting with Black Diamond and Maple Valley to continue to explore ways to partner together and share resources to enhance the three-city region
- ✓ Conducted two council meetings in the community to reach out to citizens
- ✓ Continued involvement in Covington Days, National Night Out, Mayor's Day of Concern and Community Tree Lighting

2010 GOALS

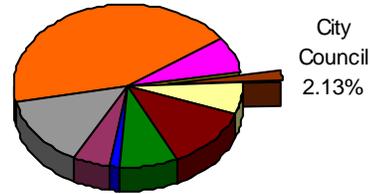
- ❖ Encourage and support a business community that is committed to Covington for the long-term and offers diverse products and services, family wage jobs, and a healthy tax base to support public services
- ❖ Establish Downtown Covington as a vibrant residential, commercial, social, and cultural gathering place that is safe, pedestrian-friendly, well-designed, and well-maintained
- ❖ Establish and maintain neighborhoods that offer a variety of housing options that are diverse, safe, accessible, and well-designed
- ❖ Plan, develop, implement, and maintain high quality capital infrastructure and services that reflect the needs of a growing community
- ❖ Recruit, support, and retain a professional team of employees, volunteers, and stakeholders who offer outstanding customer service, ensure stewardship of the public's money, and promote the City

CITY COUNCIL

2010 Budget All Funds

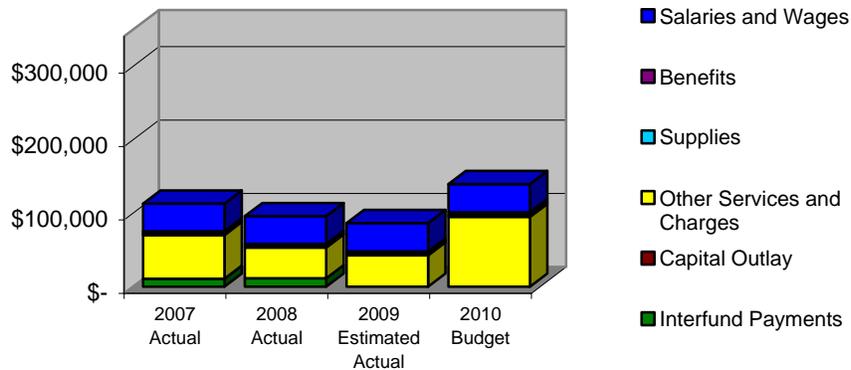


Total General Fund Budget



Uses of Funds:	2007 Actual	2008 Actual	2009 Estimated Actual	2010 Budget
Salaries and Wages	\$ 37,635	\$ 37,587	\$ 38,400	\$ 38,400
Benefits	3,032	3,104	3,365	3,579
Supplies	2,196	1,950	2,009	2,780
Other Services and Charges	59,404	41,795	42,773	94,955
Capital Outlay	-	-	-	-
Interfund Payments	10,839	11,591	-	-
Total Operating Expenses	<u>113,106</u>	<u>96,027</u>	<u>86,547</u>	<u>139,714</u>
Operating Transfer Out	<u>68,009</u>	<u>805,764</u>	<u>1,215,138</u>	<u>1,296,205</u>
Total Uses	<u>\$ 181,115</u>	<u>\$ 901,791</u>	<u>\$ 1,301,685</u>	<u>\$ 1,435,919</u>

Total Operating Expenditures by Year



CITY COUNCIL

<u>Key Departmental Metrics</u>	<u>Unit of Measure</u>	<u>Type of Indicator</u>	<u>FY 2009 Actual</u>	<u>FY 2010 Target</u>
City Council				
% of citizens that think their tax dollars are well spent	%	Effectiveness	68%	68%
% of citizens reporting being very satisfied with the quality of life in the City	%	Effectiveness	75%	75%
% of citizens saying City is a good place for families	%	Effectiveness	95%	95%
Number of state legislative issues tracked	#	Effectiveness	7	n/a
# of regional committees/organizations Council participates on	#	Workload	7	7
% of items approved by Council on Consent Calendar	%	Efficiency	44%	44%

CITY COUNCIL

Account Number	Description	2010 Budget
001-110-597-00-00-00	Operating Transfer Out Expenditure	\$ 1,296,205 <u>1,296,205</u>
001-110-511-60-11-00	Regular Wages Salaries and Wages	<u>38,400</u> <u>38,400</u>
001-110-511-60-21-01	Social Security Replacement	2,150
001-110-511-60-21-02	Medicare	557
001-110-511-60-21-05	Industrial Insurance	760
001-110-511-60-21-07	Life and AD&D Insurance	<u>112</u>
	Personnel Benefits	<u>3,579</u>
001-110-511-60-31-01	Office Supplies	210
001-110-511-60-31-08	Honorarium	1,420
001-110-511-60-31-11	Meeting Expenses	<u>1,150</u>
	Supplies	<u>2,780</u>
001-110-511-60-41-10	Professional Services General	4,200
001-110-511-60-49-01	Dues and Memberships	370
001-110-511-60-49-05	Training & Workshops	5,250
001-110-511-60-49-10	Contingency	50,000
001-110-519-90-49-08	AWC Membership	10,680
001-110-519-90-49-09	Suburban Cities Association	10,500
001-110-519-90-49-15	Puget Sound Regional Council	5,584
001-110-531-70-49-22	Puget Sound Clean Air Agency	<u>8,371</u>
	Other Services and Charges	<u>94,955</u>
	Grand Total	<u>\$ 1,435,919</u>



MUNICIPAL COURT

Mission Statement

The Municipal Court Division shall monitor and assess the City's personnel and contract resources to ensure the highest quality court, jail, prosecution, public defense and screening services while operating with a Court budget constrained by inadequate revenue streams.

Department Overview

The City currently contracts for court services through King County and jail services through King County, Renton, Yakima County, and Buckley. Other services such as prosecuting attorney are provided by contract.

Major Activities

- Prosecuting Attorney
- Provide Public Defender Services
- Monitor Jail Services Contract
- Provide Public Defender Screener
- Monitor court services contracts to include provision for court system for traffic and criminal cases

Significant Budget Issues

The City currently pays 100% of our revenues associated with the court to King County for administering our court services. Under the full cost recovery model adopted by the County, if our existing revenue stream is insufficient to pay our share of costs, we will be billed the difference. There are no employees in this department for 2010. All services are provided by contract.

2009 ACCOMPLISHMENTS

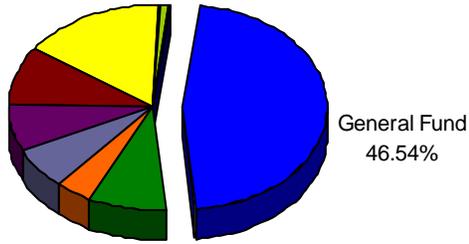
- ✓ Analyzed and monitored jail service contract and met with King County representatives to discuss cost savings measures

2010 GOALS

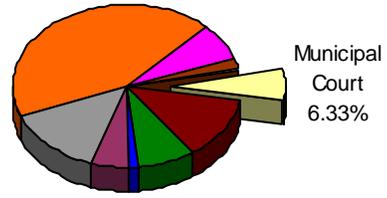
- ❖ Continue active participation in District Court Management Review Committee
- ❖ Continue to monitor jail service contract and research cost saving measures

MUNICIPAL COURT

2010 Budget All Funds

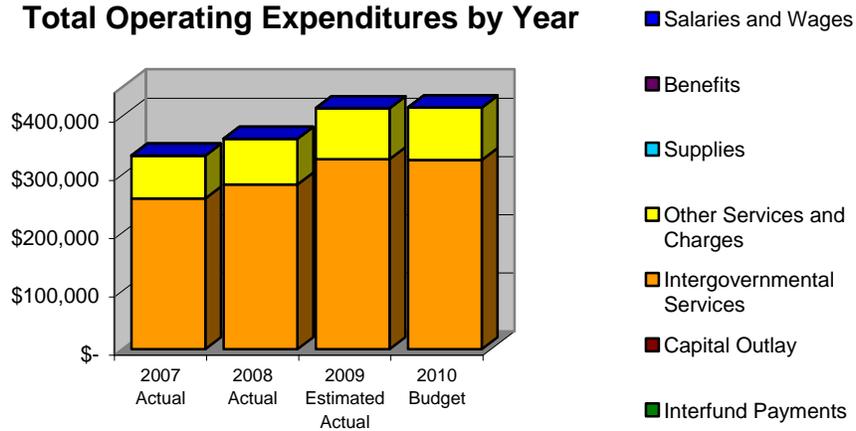


Total General Fund Budget



Uses of Funds:	2007 Actual	2008 Actual	2009 Estimated Actual	2010 Budget
Salaries and Wages	\$ -	\$ -	\$ -	\$ -
Benefits	-	-	-	-
Supplies	-	215	-	-
Other Services and Charges	73,818	78,609	87,480	89,800
Intergovernmental Services	258,897	282,847	326,199	325,000
Capital Outlay	-	-	-	-
Interfund Payments	-	-	-	-
Total Uses	<u>\$ 332,715</u>	<u>\$ 361,671</u>	<u>\$ 413,679</u>	<u>\$ 414,800</u>

Total Operating Expenditures by Year



MUNICIPAL COURT

<u>Account Number</u>	<u>Description</u>	<u>2010 Budget</u>
001-120-512-50-41-05	Prosecuting Attorney	\$ 54,000
001-120-512-50-41-06	Public Defender	30,400
001-120-512-50-41-10	General Professional Services	<u>5,400</u>
	Other Services and Charges	<u>89,800</u>
001-120-512-50-51-02	Court Services	160,000
001-120-512-50-51-03	Jail Costs	<u>165,000</u>
	Intergvmntl/Intfnd Serv & Tx	<u>325,000</u>
	Grand Total	<u>\$ 414,800</u>





EXECUTIVE

Mission Statement

The Executive Department facilitates the Vision of the City through others.

Department Overview

The Executive Department provides leadership, management, and administration of the affairs of the City, including coordination, direction, guidance, and support for the development of effective programs; and the planning, evaluation, analysis, control, and general management of the City. The City Clerk's Division provides legislative support to the City Council and assists the public in accessing their local government by providing timely information and maintains the City's official records.

Major Activities

- Manage and supervise all departments to achieve adopted City goals & objectives within available resources
- Provide professional advice to the City Council and Department Directors. Coordinate City activities with other agencies.
- Provide leadership and direction in the development of short- and long-range plans.
- Oversee personnel practices. Provide direction and performance evaluations.
- Assure effective and efficient use of budgeted funds, personnel, materials, facilities, and time.
- Advise the City Council and the general public of financial conditions including current and future City needs.
- Communicate official plans, policies, and procedures to the general public to improve residents' knowledge of City activities and facilitate meaningful, communications between the City council, staff, commissions, and residents of Covington.

Significant Budget Issues

Beginning in 2010, the City Clerk's Division was combined with the Executive Department. For comparative purposes, the data on the following page combines both City Clerk and Executive Departments for prior years.

2009 ACCOMPLISHMENTS

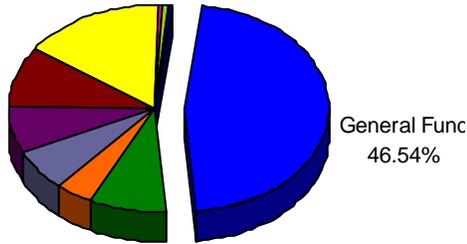
- ✓ Hired a Community Relations Coordinator
- ✓ Hired a lobbyist for \$16,000 who secured \$3.5 million in funding for road projects, a commuter rail study, and Covington Community Park
- ✓ Implemented a reduction in force to respond to a significant decrease in permit and capital improvement project activity relating to the downturn in the economy
- ✓ Worked with Senator Murray and Congressman Reichert to secure \$360,000 for the Southeast King County Commuter Rail and Transit Centers Feasibility Study

2010 GOALS

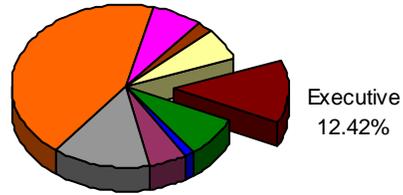
- ❖ Continue to implement the Downtown Plan and Zoning Study vision through the development of new zoning, development regulations and design standards
- ❖ Implement direction from the 2010 City Council Retreat
- ❖ Continue to lobby Congress and the Legislature per the City's 2010 Legislative agenda
- ❖ Continue to refine the City's community relations program to promote greater public involvement and awareness

EXECUTIVE

2010 Budget All Funds

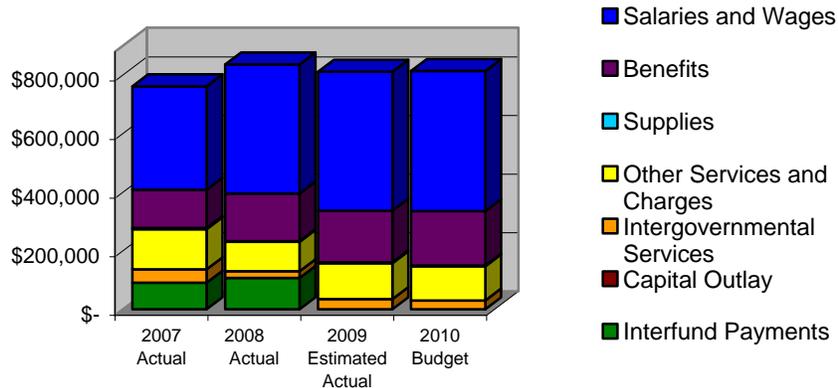


Total General Fund Budget



Uses of Funds:	2007	2008	2009	2010 Budget
	Actual	Actual	Estimated	
Salaries and Wages	\$ 352,948	\$ 440,945	\$ 474,514	\$ 478,746
Benefits	130,683	162,458	176,147	185,563
Supplies	4,104	2,361	2,995	2,500
Other Services and Charges	136,944	100,417	122,521	116,716
Intergovernmental Services	45,813	22,926	34,764	30,230
Capital Outlay	-	-	-	-
Interfund Payments	90,668	106,891	-	-
Total Uses	\$ 761,160	\$ 835,998	\$ 810,941	\$ 813,755

Total Operating Expenditures by Year



EXECUTIVE

Account Number	Description	2010 Budget
001-130-513-10-11-00	Regular Wages	\$ 478,746
	Salaries and Wages	<u>478,746</u>
001-130-513-10-21-01	Social Security Replacement	27,079
001-130-513-10-21-02	Medicare	7,013
001-130-513-10-21-03	PERS Replacement	35,908
001-130-513-10-21-04	Unemployment Compensation	5,984
001-130-513-10-21-05	Industrial Insurance	2,606
001-130-513-10-21-06	Medical/Dental/Vision	86,186
001-130-513-10-21-07	Life Insurance	839
001-130-513-10-21-08	Long Term Disability	2,681
001-130-513-10-21-09	Survivor's Life	3,189
001-130-513-10-21-10	Car Allowance	4,800
001-130-513-10-21-11	Uniform Allowance	100
001-130-513-10-21-12	457 Employer Contributions	<u>9,178</u>
	Personnel Benefits	<u>185,563</u>
001-130-513-10-31-01	Office Supplies	1,300
001-130-513-10-31-04	Books	200
001-130-513-10-31-11	Meeting Expenses	900
001-130-513-10-35-00	Small Tools	<u>100</u>
	Supplies	<u>2,500</u>
001-130-513-10-41-10	Professional Services General	74,638
001-130-513-10-42-02	Cellular Service	790
001-130-513-10-42-06	Postage	720
001-130-513-10-43-01	Travel Expenses	4,245
001-130-513-10-44-01	Legals & Publication Notices	29,090
001-130-513-10-49-01	Dues & Memberships	2,325
001-130-513-10-49-02	Subscriptions & Publications	210
001-130-513-10-49-05	Training & Workshops	<u>4,698</u>
	Other Services and Charges	<u>116,716</u>
001-130-511-70-51-08	Election Costs	10,930
001-130-511-80-51-09	Voter Registration	<u>19,300</u>
	Intergvmntl/Intfnd Serv & Tx	<u>30,230</u>
	Grand Total	<u>\$ 813,755</u>





FINANCE

Mission Statement

The objective of the Finance Department is to help maintain a fiscally sound government organization that conforms to legal requirements and to generally accepted financial management and accounting principles.

Department Overview

The Finance Department, consisting of four employees, is responsible for the administration of all financial record keeping and reporting functions required by local, state, and federal law. They provide stewardship of the public's money, protect the assets of the City, provide City policymakers with the information needed to perform their fiduciary responsibilities, and assist departments in carrying out their financial and operational functions for the citizens of Covington.

Major Activities

- Accounts Payable/Receivable
- Payroll
- Grant Management
- Long-Range Financial Planning
- Cash Management
- Risk Management
- Preparation of Annual Financial Statements
- Preparation of Annual Budget
- Reconciliation of Bank Accounts
- Monthly and Quarterly Financial Reporting
- Fixed Assets Management

Significant Budget Issues

None

2009 ACCOMPLISHMENTS

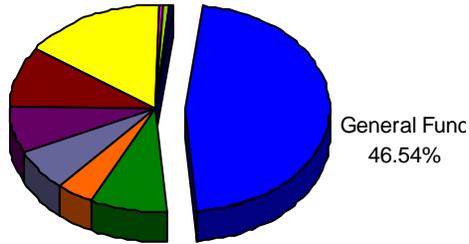
- ✓ Provided timely and accurate financial reporting
- ✓ Performed long- and short-range financial analysis and modeling
- ✓ Received clean audit opinion from State Auditor's Office
- ✓ Received 2008 CAFR award from GFOA
- ✓ Received 2009 Budget award from GFOA

2010 GOALS and OBJECTIVES TO MEET COUNCIL PRIORITIES

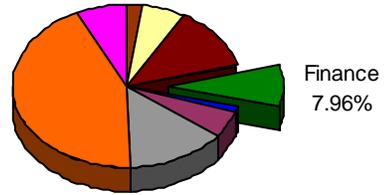
- ❖ Submit 2010 Budget for GFOA award
- ❖ Submit 2009 CAFR for GFOA award
- ❖ Provide timely and accurate financial reporting
- ❖ Develop and amend fiscal policies and procedures
- ❖ Perform long - and short-range financial analysis and modeling

FINANCE

2010 Budget All Funds

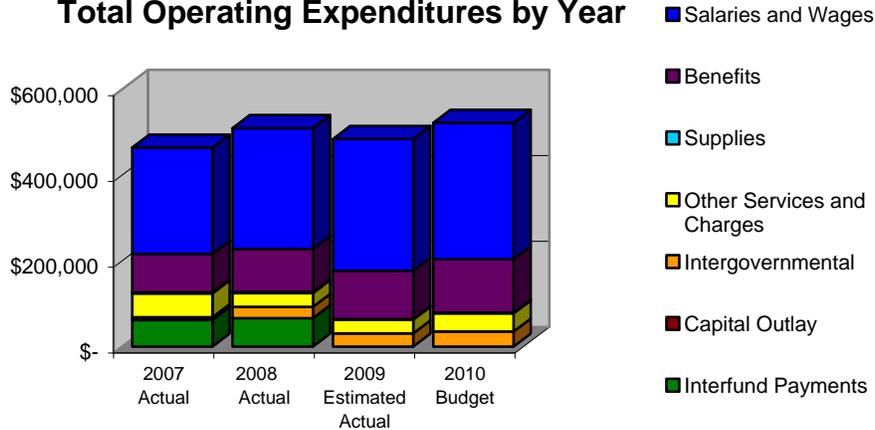


Total General Fund Budget



Uses of Funds:	2007	2008	2009	2010
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 248,340	\$ 282,119	\$ 307,614	\$ 318,354
Benefits	89,315	99,964	112,428	124,209
Supplies	2,624	2,787	1,385	1,835
Other Services and Charges	55,389	31,922	32,136	42,350
Intergovernmental	-	26,434	30,750	35,000
Capital Outlay	6,600	-	-	-
Interfund Payments	62,023	66,325	-	-
Total Operating Expenses	<u>464,291</u>	<u>509,551</u>	<u>484,313</u>	<u>521,748</u>
Operating Transfer Out	-	-	-	-
Total Uses	<u>\$ 464,291</u>	<u>\$ 509,551</u>	<u>\$ 484,313</u>	<u>\$ 521,748</u>

Total Operating Expenditures by Year



FINANCE

<u>Key Departmental Metrics</u>	<u>Unit of Measure</u>	<u>Type of Indicator</u>	<u>FY 2009 Actual</u>	<u>FY 2010 Target</u>
Receive unqualified audit opinion	Yes=1, No=2	Effectiveness	1	1
Earn GFOA Distinguished Budget Award	Yes=1, No=2	Effectiveness	1	1
City bond rating	1=Aaa	Effectiveness	1	1

FINANCE

Account Number	Description	2010 Budget
001-140-514-10-11-00	Regular Wages	\$ 318,354
	Salaries and Wages	<u>318,354</u>
001-140-514-10-21-01	Social Security Replacement	17,963
001-140-514-10-21-02	Medicare	4,651
001-140-514-10-21-03	PERS Replacement	23,877
001-140-514-10-21-04	Unemployment Compensation	3,979
001-140-514-10-21-05	Industrial Insurance	1,604
001-140-514-10-21-06	Medical/Dental/Vision	65,353
001-140-514-10-21-07	Life Insurance	540
001-140-514-10-21-08	Long Term Disability	1,782
001-140-514-10-21-09	Survivor's Life	2,060
001-140-514-10-21-10	Car Allowance	<u>2,400</u>
	Personnel Benefits	<u>124,209</u>
001-140-514-10-31-01	Office Supplies	825
001-140-514-10-31-03	Office Forms	350
001-140-514-10-31-04	Books	560
001-140-514-10-31-11	Meeting Expenses	<u>100</u>
	Supplies	<u>1,835</u>
001-140-514-10-41-01	Accounting/Payroll Prof Svcs	16,425
001-140-514-10-42-06	Postage	1,800
001-140-514-10-43-01	Travel Expense	4,295
001-140-514-10-45-02	Copier Lease	1,500
001-140-514-10-48-05	Computer Software Maintenance	11,785
001-140-514-10-48-09	Copier Maintenance	1,500
001-140-514-10-49-01	Dues & Memberships	870
001-140-514-10-49-02	Subscriptions & Publications	900
001-140-514-10-49-04	Printing & Binding	200
001-140-514-10-49-05	Training & Workshops	<u>3,075</u>
	Other Services and Charges	<u>42,350</u>
001-140-514-23-51-14	State Examiner - Audit Fees	<u>35,000</u>
	Intergvmntl/Intfnd Serv & Tx	<u>35,000</u>
	Grand Total	<u>\$ 521,748</u>



LEGAL SERVICES

Mission Statement

To assist City government in protecting lives and property while preserving and enhancing the quality of life of the public by delivering effective, cost efficient, and high quality advice, code enforcement, and litigation services that forward the policies, programs, and vision adopted by the City Council.

Department Overview

The Legal Services Department presently supports the costs associated with providing legal representation in all matters related to the City, except those related to prosecution. These services are provided through contract.

Major Activities

- General Legal Services
- Land Acquisition/Real Estate
- Condemnation
- Land Use Consultation and Litigation
- Personnel
- Code Enforcement
- Contracts

Significant Budget Issues

None

2009 ACCOMPLISHMENTS

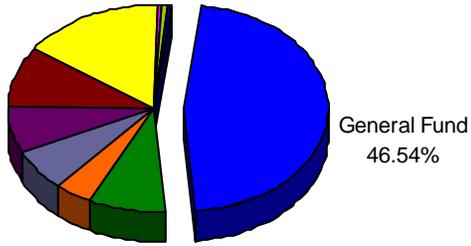
- ✓ Reviewed and assisted in revisions to zoning and development regulations relating to the downtown

2010 GOALS

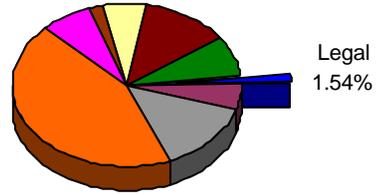
- ❖ Continue to assist in review and revision to City's zoning code
- ❖ Continue to minimize land use litigation and liability through effective claim analysis and negotiation

LEGAL SERVICES

2010 Budget All Funds

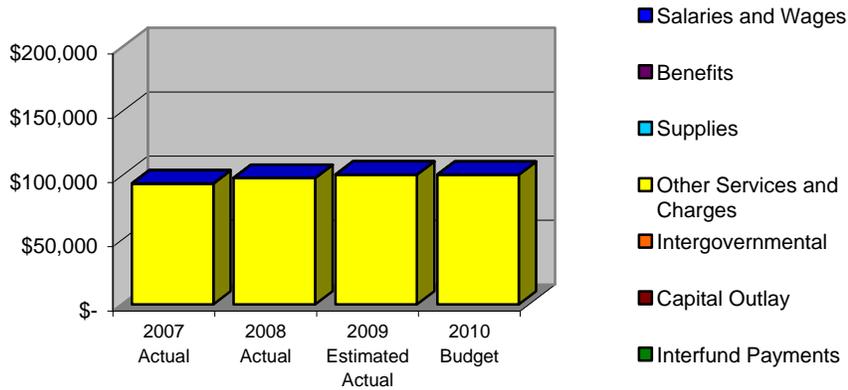


Total General Fund Budget



Uses of Funds:	2007		2009	2010
	Actual	2008 Actual	Estimated Actual	Budget
Salaries and Wages	\$ -	\$ -	\$ -	\$ -
Benefits	-	-	-	-
Supplies	-	-	8	-
Other Services and Charges	94,091	98,489	101,000	101,000
Intergovernmental	-	-	-	-
Capital Outlay	-	-	-	-
Interfund Payments	-	-	-	-
Total Uses	\$ 94,091	\$ 98,489	\$ 101,008	\$ 101,000

Total Operating Expenditures by Year



LEGAL

<u>Account Number</u>	<u>Description</u>	<u>2010 Budget</u>
001-160-515-20-41-05	Attorney/Legal Services	\$ <u>101,000</u>
	Other Services and Charges	<u>101,000</u>
	Grand Total	\$ <u><u>101,000</u></u>





PERSONNEL

Mission Statement

Personnel – Ensure delivery of quality services to Covington citizens by attracting and retaining a professional, talented, ethical, and cohesive workforce through the fair and consistent administration of the City’s personnel programs and policies.

Human Services – Assist Covington citizens in achieving a better quality of life through access to resources and services that aid in meeting immediate and basic needs; improve and strengthen the health and well-being of youth, individuals, and families; and strive to build a safer, socially-conscious community.

Department Overview

The Personnel Department is responsible for two discrete functions—Personnel and Human Services. Personnel assists in recruiting, developing, compensating and retaining the City’s workforce, while Human Services administers specialized, essential services that support the basic health and welfare of Covington citizens through individual or family referrals.

Major Activities

- Recruit new employees
- Develop/maintain Employee, Volunteer & Safety Handbooks
- Develop/maintain Personnel Administrative Procedures
- Provide analysis, information and recommendations on City benefits
- Administer employee evaluation and merit award programs
- Coordinate resolution of employee issues
- Maintain personnel files
- Manage the City’s Volunteer Program
- Develop/coordinate all staff training programs
- Manage Employee Safety Program
- Oversee and coordinate Employee Wellness Program
- Monitor City’s Human Services Programs
- Liaison to Youth & Family Services Commission
- Coordinate citizen referrals to appropriate human services programs
- Support City-sanctioned programs related to human services, such as the Covington Domestic Violence Task Force
- Participate on City committees, including Safety, Wellness, and Emergency Management

Significant Budget Issues

None

2009 ACCOMPLISHMENTS

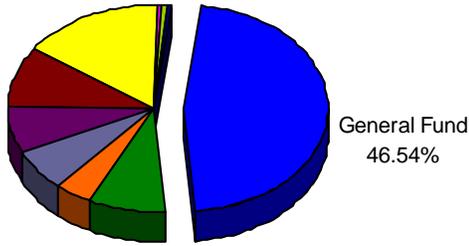
- ✓ Recruited Community Relations Coordinator
- ✓ Recruited 11 PT & 5 temporary employees
- ✓ City’s first all-staff online training module
- ✓ Adoption of a comprehensive Volunteer Recognition Program
- ✓ Updated/revised Volunteer Handbook
- ✓ Adoption of finalized Safety Manual
- ✓ Assumed responsibility for Wellness Program
- ✓ Launched and coordinated Youth & Family Services Master Plan
- ✓ Expanded regional and national Purple Light Nights® campaign participation

2010 GOALS

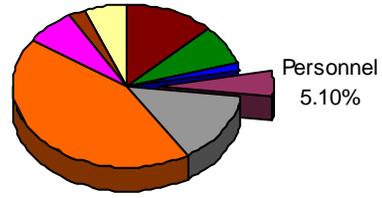
- ❖ Update/revise Employee Handbook
- ❖ Convene/facilitate ad hoc committee to study and recommend new medical plans for City
- ❖ Coordinate Human Services application process for the biennial funding cycle
- ❖ Develop and administer the Minor Home Repair Program
- ❖ Develop City privacy policies
- ❖ Complete Youth & Family Services Commission Master Plan
- ❖ Develop/launch Purple Light Nights® Annual Tree Lighting and “Bite of Covington” Event

PERSONNEL

2010 Budget All Funds

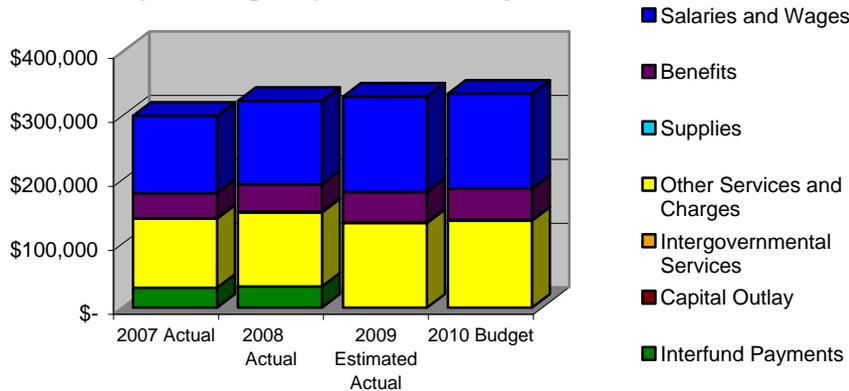


Total General Fund Budget



Uses of Funds:	2007 Actual	2008 Actual	2009 Estimated Actual	2010 Budget
Salaries and Wages	\$ 121,126	\$ 130,691	\$ 149,403	\$ 148,645
Benefits	38,917	42,240	46,830	48,776
Supplies	774	1,507	1,360	1,110
Other Services and Charges	107,984	115,668	132,210	135,825
Intergovernmental Services	-	-	-	-
Capital Outlay	-	-	-	-
Interfund Payments	30,968	33,116	-	-
Total Uses	\$ 299,769	\$ 323,222	\$ 329,803	\$ 334,356

Total Operating Expenditures by Year



PERSONNEL

Account Number	Description	2010 Budget
001-165-516-20-11-00	Regular Wages	\$ 148,645
	Salaries and Wages	<u>148,645</u>
001-165-516-20-21-01	Social Security Replacement	8,324
001-165-516-20-21-02	Medicare	2,156
001-165-516-20-21-03	PERS Replacement	11,148
001-165-516-20-21-04	Unemployment Compensation	1,858
001-165-516-20-21-05	Industrial Insurance	802
001-165-516-20-21-06	Medical/Dental/Vision	22,356
001-165-516-20-21-07	Life Insurance	270
001-165-516-20-21-08	Long Term Disability	832
001-165-516-20-21-09	Survivor's Life	<u>1,030</u>
	Personnel Benefits	<u>48,776</u>
001-165-516-20-31-01	Office Supplies	460
001-165-516-20-31-04	Books	200
001-165-516-20-31-11	Meeting Expenses	400
001-165-516-20-35-00	Small Tools	<u>50</u>
	Supplies	<u>1,110</u>
001-165-516-20-41-10	Professional Services General	15,820
001-165-516-20-41-16	Human Services	105,000
001-165-516-20-42-06	Postage	500
001-165-516-20-43-01	Travel Expenses	2,430
001-165-516-20-44-02	Classified Advertising	7,400
001-165-516-20-49-01	Dues & Memberships	850
001-165-516-20-49-02	Subscriptions & Publications	1,305
001-165-516-20-49-05	Training & Workshops	1,370
001-165-516-20-49-14	Youth & Family Services Comm.	300
001-165-516-20-49-17	Employee Wellness Program	<u>850</u>
	Other Services and Charges	<u>135,825</u>
	Grand Total	<u>\$ 334,356</u>





CENTRAL SERVICES

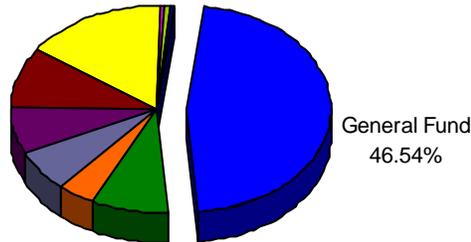
Department Overview

The Central Services Department supports activities generally not specifically associated with any department such as building maintenance, custodial services, utilities, information technology, etc.

Significant Budget Issues

Beginning in 2010, the Emergency Management Department was combined with the Central Services Department. For comparative purposes, the data on the following page combines both the Emergency Management and the Central Services Departments for prior years.

2010 Budget All Funds

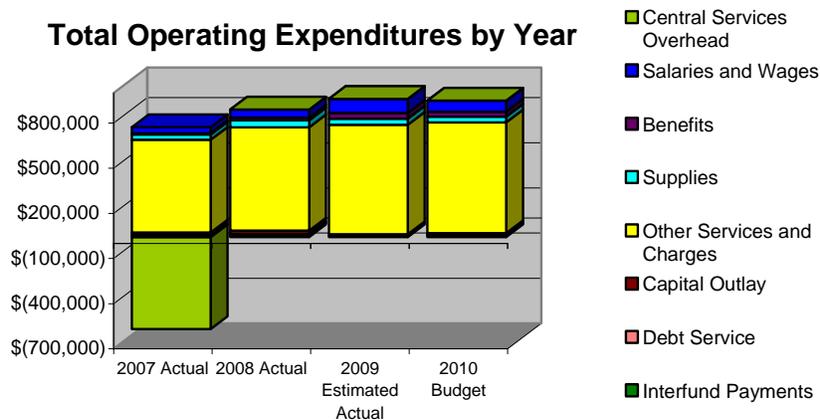


Total General Fund Budget



Uses of Funds:	2007	2008 Actual	2009	2010
	Actual		Estimated	Budget
Central Services Overhead	\$(610,892)	\$ -	\$ -	\$ -
Salaries and Wages	39,387	53,850	94,379	73,974
Benefits	8,860	17,586	37,739	33,145
Supplies	35,524	47,034	40,279	37,450
Other Services and Charges	615,391	686,282	726,808	736,491
Capital Outlay	5,846	21,451	-	6,000
Debt Service	15,888	12,688	13,025	12,564
Interfund Payments	9,075	8,964	6,596	7,396
Total Uses	\$ 119,079	\$ 847,855	\$ 918,826	\$ 907,020

Total Operating Expenditures by Year



CENTRAL SERVICES

Account Number	Description	2010 Budget
001-180-518-10-11-00	Regular Wages	\$ 73,974
	Salaries and Wages	<u>73,974</u>
001-180-518-10-21-01	Social Security Replacement	4,143
001-180-518-10-21-02	Medicare	1,073
001-180-518-10-21-03	PERS Replacement	5,548
001-180-518-10-21-04	Unemployment Compensation	925
001-180-518-10-21-05	Industrial Insurance	401
001-180-518-10-21-06	Medical/Dental/Vision	19,991
001-180-518-10-21-07	Life Insurance	135
001-180-518-10-21-08	Long Term Disability	414
001-180-518-10-21-09	Survivors Life	<u>515</u>
	Personnel Benefits	<u>33,145</u>
001-180-518-10-31-01	Office Supplies	15,400
001-180-518-10-31-02	Office Stationery	1,900
001-180-518-10-31-05	Operating Supplies	5,200
001-180-518-10-31-06	Coffee Services & Supplies	1,500
001-180-518-10-31-07	Bottled Water Svc & Supplies	1,300
001-180-518-10-31-11	Meeting Expenses	300
001-180-518-10-31-12	Computer & Network Maint Supp	800
001-180-518-10-32-00	Fuel	400
001-180-518-10-34-02	Promotional Supplies	1,600
001-180-518-10-35-00	Small Tools	1,750
001-180-518-10-35-02	Office Furniture/Equipment	350
001-180-518-10-35-03	Computer Equipment	6,750
001-180-518-10-35-04	Computer Software	<u>200</u>
	Supplies	<u>37,450</u>
001-180-518-10-41-10	Professional Services General	57,620
001-180-518-10-42-01	Telephone Services	20,420
001-180-518-10-42-02	Cellular Service	360
001-180-518-10-42-04	Internet Services	7,670
001-180-518-10-42-05	800MHZ Access Fee/Air Time	900
001-180-518-10-42-06	Postage	150
001-180-518-10-43-01	Travel Expenses	450
001-180-518-10-45-01	Building Lease	315,247
001-180-518-10-46-01	Bonds Insurance	205
001-180-518-10-46-02	Liability Insurance	138,273
001-180-518-10-46-03	Auto Insurance	1,538
001-180-518-10-46-04	Property Insurance	14,404
001-180-518-10-48-01	Repairs & Maint of Major Equip	1,000
001-180-518-10-48-05	Computer Software Maintenance	1,220
001-180-518-10-49-01	Dues and Memberships	4,835
001-180-518-10-49-02	Subscriptions & Publications	125
001-180-518-10-49-04	Printing & Binding	200

CENTRAL SERVICES

<u>Account Number</u>	<u>Description</u>	<u>2010 Budget</u>
001-180-518-10-49-05	Training & Workshops	1,500
001-180-518-10-49-21	Annual Permits	544
001-180-518-10-49-22	Awards - Covington's Best	100
001-180-518-30-41-08	Custodial & Cleaning Services	3,500
001-180-518-30-41-12	Protection Services	8,860
001-180-518-30-45-05	Postage Meter Lease	1,250
001-180-518-30-47-01	Electricity Services	32,000
001-180-518-30-47-02	Common Area Expenses	115,000
001-180-518-30-48-02	Repairs & Maint of Building	500
001-180-518-30-48-03	Repairs & Maint Office Equip	2,600
001-180-518-30-48-09	Copier Service Contract	<u>6,020</u>
	Other Services and Charges	<u>736,491</u>
001-180-594-18-64-03	Computer Equipment	<u>6,000</u>
	Capital Outlay	<u>6,000</u>
001-180-591-18-75-01	Principal Payment Copier Lease	<u>12,564</u>
	Debt Service: Principal	<u>12,564</u>
001-180-518-10-95-01	Equipment Replacement Cost	5,746
001-180-518-10-98-01	ER Fuel & Maintenance	<u>1,650</u>
	Interfund Payment for Serv.	<u>7,396</u>
	 Grand Total	 <u>\$ 907,020</u>





LAW ENFORCEMENT

Mission Statement

To provide quality, professional law enforcement services to improve public safety. To reduce crime and the fear of crime. To provide high quality, cost-effective, and accountable services to the City of Covington.

Department Overview

The Law Enforcement Department presently supports the costs associated with maintaining police services. These services are contracted through the King County Sheriff's Office, and in addition to normal public safety activities, there are also numerous support services which are available through the contract such as K9 Unit, Bomb Unit, Swat Team, etc.

Major Activities

- Enforcement of traffic laws
- Radar unit operation
- Investigation of traffic accidents
- Issuing tickets for violations
- Provide road closure, traffic control, and safety for successful Covington Days parade
- Provide reactive policing, driven by 911 calls
- Provide pro-active policing as time permits
- Support code enforcement for life-safety issues and quality of life
- Investigating criminal activities
- Detection and arrest of criminal offenders
- Provide general safety and security to City
- Continued participation with Domestic Violence Task Force and other civic groups

Significant Budget Issues

None

2009 ACCOMPLISHMENTS

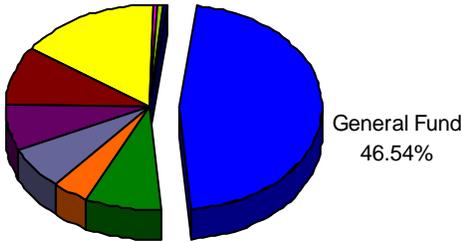
- ✓ Participated in Citywide quarterly HOA meetings with other City Departments
- ✓ Implemented emphasis patrols for detection and deterrence of tagging, graffiti and gang activity
- ✓ Partnered with City Departments and Civic groups for a successful Covington Days Festival and Parade
- ✓ Began acquiring Active Shooter equipment
- ✓ Covington Police and multiple other agencies participated with the annual Shop With a Cop program at the Covington WalMart
- ✓ Recruited and sent 5 Covington citizens to the first joint Covington/Maple Valley/King County Sheriff's Office Citizen Academy

2010 GOALS

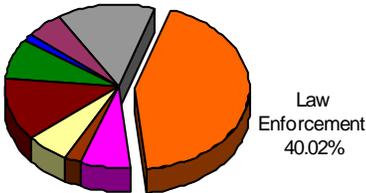
- ❖ Continue acquiring Active Shooter equipment and complete the initial training
- ❖ Continue emphasis patrols targeting current crime trends such as graffiti, tagging and evidence of any gang activity
- ❖ Develop pilot program to partner with neighborhoods, code enforcement, public works and businesses to abate graffiti and tagging
- ❖ Continue traffic safety education and enforcement activities
- ❖ Continue recruiting citizens for attendance at the joint Covington/Maple Valley/King County Sheriff's Office Citizen Academy
- ❖ Continue developing and expansion of National Night Out activities

LAW ENFORCEMENT

2010 Budget All Funds

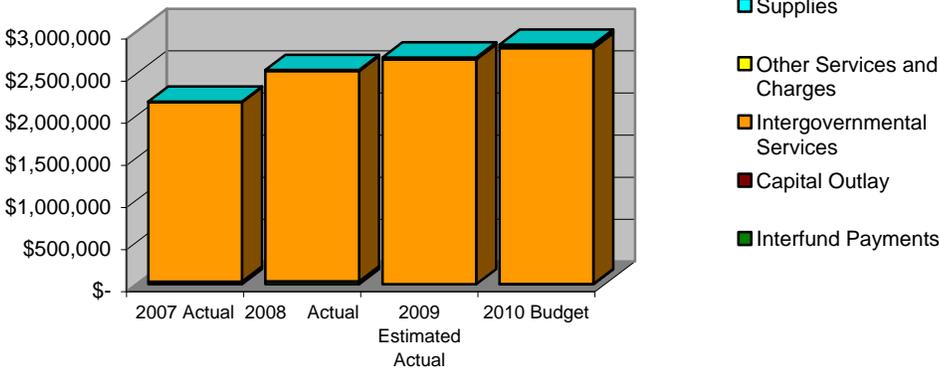


Total General Fund Budget



Uses of Funds:	2007 Actual	2008 Actual	2009 Estimated Actual	2010 Budget
Supplies	\$ 894	\$ 7,239	\$ 15,660	\$ 29,650
Other Services and Charges	5,692	6,500	7,225	12,410
Intergovernmental Services	2,129,441	2,496,831	2,668,763	2,800,839
Capital Outlay	-	-	-	-
Interfund Payments	30,968	33,116	-	1,513
Total Uses	\$ 2,166,995	\$ 2,543,686	\$ 2,691,648	\$ 2,844,412

Total Operating Expenditures by Year



LAW ENFORCEMENT

Account Number	Description	2010 Budget
001-210-521-10-31-01	Office Supplies	\$ 275
001-210-521-10-31-04	Books	150
001-210-521-10-31-05	Operating Supplies	925
001-210-521-10-35-00	Small Tools	3,025
001-210-521-10-35-06	Machinery & Equipment	<u>25,275</u>
	Supplies	<u>29,650</u>
001-210-521-10-41-10	Professional Services General	1,225
001-210-521-10-42-02	Cellular Phones	3,780
001-210-521-10-42-06	Postage	75
001-210-521-10-48-09	Copier Maintenance	800
001-210-521-10-49-01	Dues & Memberships	130
001-210-521-10-49-05	Training & Workshops	<u>6,400</u>
	Other Services and Charges	<u>12,410</u>
001-210-521-10-51-01	Police Services Contract	<u>2,800,839</u>
	Intergvmntl/Intfnd Serv & Txs	<u>2,800,839</u>
001-210-521-10-95-01	Equipment Replacement Cost	1,338
001-210-521-10-98-01	ER Fuel & Maintenance	<u>175</u>
	Interfund Payment for Serv.	<u>1,513</u>
	Grand Total	<u>\$ 2,844,412</u>





COMMUNITY DEVELOPMENT

Mission Statement

To provide long-range strategic planning and economic development services while protecting the environment and serving Covington residents, businesses, and property owners.

Division Overview

The Community Development Division provides strategic (long-range) planning services, development regulation updates, Growth Management Act compliance, code enforcement efforts, and staffs the City's Planning Commission. The Division also provides economic development services and staffs the Covington Economic Development Council (CEDC).

Major Activities

- Strategic (long-range) planning
- Economic development
- State Growth Management Act and Shoreline Management Act compliance
- Population and housing data analysis
- Code enforcement
- Annual Comprehensive Plan Amendment docket review and processing
- Development regulations updates
- Planning Commission staffing
- CEDC staffing

Significant Budget Issues

A sharp decrease in planning revenues associated with the national recession resulted in several staff reductions in 2009 and additional staff and service level reductions in 2010 including the Economic Development Manager, and a portion of the Administrative/Legal Assistant as well as reducing the Administrative Services Manager to part-time.

2009 ACCOMPLISHMENTS

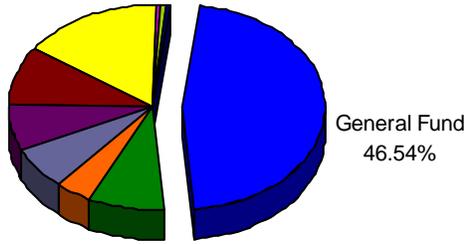
- ✓ Completed Downtown Plan and Zoning Study, hired consultant to assist with implementing recommendations
- ✓ Processed seven Comp Plan amendments through Planning Commission and Council
- ✓ Initiated economic development marketing, new economic development web pages, enterpriseSeattle membership, and NWProperty.net membership
- ✓ Planned and implemented two successful business appreciation breakfasts
- ✓ Held developers focus group to identify Downtown incentives/disincentives
- ✓ Prepared City's first Shoreline Master Program, utilizing a citizen advisory group
- ✓ Updated development regulations

2010 GOALS

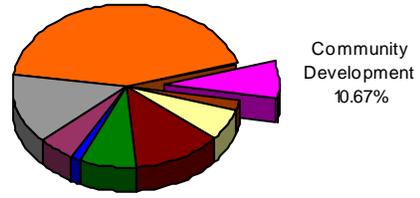
- ❖ Manage downsizing of Community Development department
- ❖ Complete Downtown zoning code amendments
- ❖ Process annual Comprehensive Plan amendment docket
- ❖ Implement new economic development web pages and launch on website
- ❖ Adopt Shoreline Master Program and develop implementing regulations
- ❖ Staff CEDC and guide the "CEDC Ten Year Tune-Up" process
- ❖ Continue to network and be involved in regional economic development groups and activities

COMMUNITY DEVELOPMENT

2010 Budget All Funds

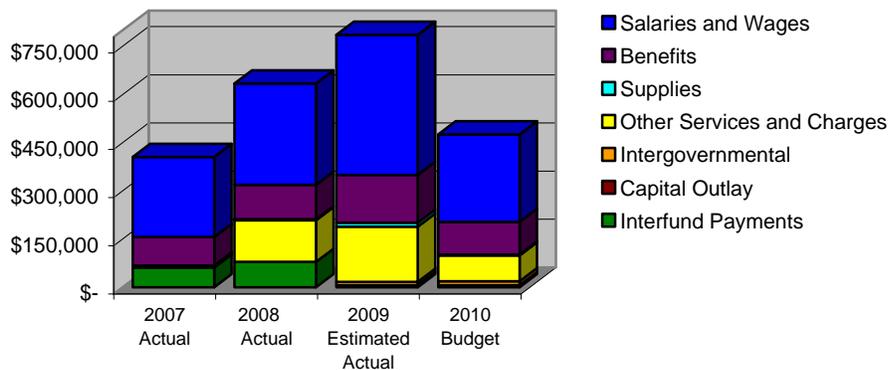


Total General Fund Budget



Uses of Funds:	2007 Actual	2008 Actual	2009	2010
			Estimated Actual	Budget
Salaries and Wages	\$ 249,253	\$ 316,043	\$ 436,464	\$ 272,673
Benefits	88,506	107,400	148,510	101,908
Supplies	1,108	3,081	12,451	2,200
Other Services and Charges	5,454	129,299	171,820	80,435
Intergovernmental	-	-	10,505	12,605
Capital Outlay	-	-	-	-
Interfund Payments	61,505	79,201	6,296	6,296
Total Uses	\$ 405,826	\$ 635,024	\$ 786,046	\$ 476,117

Total Operating Expenditures by Year



COMMUNITY DEVELOPMENT

Account Number	Description	2010 Budget
001-250-558-10-11-00	Regular Wages	\$ 272,673
	Salaries and Wages	<u>272,673</u>
001-250-558-10-21-01	Social Security Replacement	15,410
001-250-558-10-21-02	Medicare	3,991
001-250-558-10-21-03	PERS Replacement	20,450
001-250-558-10-21-04	Unemployment Compensation	3,407
001-250-558-10-21-05	Industrial Insurance	1,888
001-250-558-10-21-06	Medical/Dental/Vision	50,002
001-250-558-10-21-07	Life Insurance	492
001-250-558-10-21-08	Long Term Disability	1,666
001-250-558-10-21-09	Survivor's Life	1,712
001-250-558-10-21-10	Car Allowance	2,520
001-250-558-10-21-11	Uniform Allowance	370
	Personnel Benefits	<u>101,908</u>
001-250-558-10-31-01	Office Supplies	200
001-250-558-10-31-03	Office Forms	170
001-250-558-10-31-04	Books	250
001-250-558-10-31-11	Meeting Expenses	500
001-250-558-10-35-00	Small Tools	580
001-250-558-10-35-04	Computer Software	500
	Supplies	<u>2,200</u>
001-250-558-10-41-02	Engineering Services	500
001-250-558-10-41-10	Professional Services General	58,090
001-250-558-10-42-02	Cellular Service	360
001-250-558-10-42-04	Internet Services	500
001-250-558-10-42-06	Postage	2,900
001-250-558-10-43-01	Travel Expense	4,015
001-250-558-10-49-01	Dues & Memberships	7,390
001-250-558-10-49-02	Subscriptions & Publications	80
001-250-558-10-49-04	Printing & Binding	2,100
001-250-558-10-49-05	Training & Workshops	3,600
001-250-558-10-49-19	Commission Expense	900
	Other Services and Charges	<u>80,435</u>
001-250-558-10-51-12	Fire Investigation Services	10,100
001-250-558-10-51-13	Professional Services	2,505
	Intergvmntl/Intfnd Serv & Tx	<u>12,605</u>
001-250-558-10-95-01	Equipment Replacement Cost	3,996
001-250-558-10-98-01	ER Fuel & Maintenance	2,300
	Interfund Payment for Serv.	<u>6,296</u>
	Grand Total	<u>\$ 476,117</u>





STREET

Mission Statement

Continue to define, improve, and enhance the operational and service level environment of Covington's street infrastructure system.

Fund Overview

The Street Fund provides direction, administrative support, and long-range planning efforts for the City's streets and infrastructure. The fund is supported through the City's share of the State collected gasoline tax and cable TV franchise fees. This Fund is used to account for all public works functions except surface water management functions, which are accounted for in their Fund.

Major Activities

- Maintenance and repair of City streets
- Maintain traffic signals and signs
- Maintain traffic lanes marking
- Ensure adequate intersection sight distance
- Maintain sidewalks
- Snow and ice removal
- Street tree maintenance
- Overlay streets

Significant Budget Issues

Beginning in FY 2010, the Street Fund and Surface Water Management Fund absorbed the Capital Investment Program operating expenses. In order absorb these additional operating expenses the Street Fund had to reduce its staff and service levels. Staff reductions consisted of a portion of the City Engineer and Office Technician II positions.

2009 ACCOMPLISHMENTS

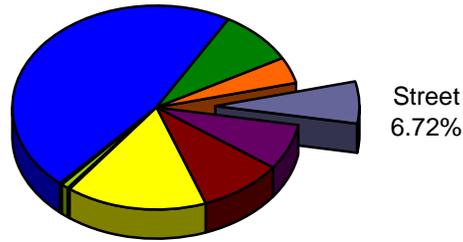
- ✓ Street overlay of Suncrest area neighborhood
- ✓ Installed school zone warning lights at two elementary schools
- ✓ Re-striping of all arterials and thoroughfares
- ✓ Snow and ice response

2010 GOALS

- ❖ Repair shoulders on Kent-Kangley Road between Jenkins Creek and 210th Avenue SE
- ❖ Enhance Downtown landscape areas by improving the aesthetics while lowering the maintenance need
- ❖ Provide vegetation and sight distance control throughout the City

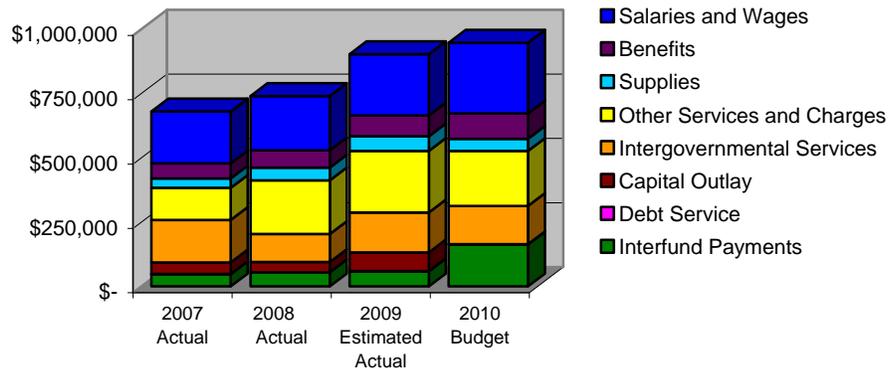
STREET

2010 Budget All Funds



Uses of Funds:	2007 Actual	2008 Actual	2009 Estimated Actual	2010 Budget
Salaries and Wages	\$ 201,548	\$ 211,063	\$ 238,115	\$ 274,625
Benefits	58,599	67,020	81,169	98,638
Supplies	36,834	49,270	56,519	47,335
Other Services and Charges	124,352	208,770	239,272	213,586
Intergovernmental Services	165,213	108,814	155,340	148,490
Capital Outlay	44,795	39,670	72,446	-
Debt Service	266	274	425	1,210
Interfund Payments	47,824	54,529	58,918	162,692
Total Operating Expenses	<u>679,431</u>	<u>739,410</u>	<u>902,204</u>	<u>946,576</u>
Operating Transfer Out	-	-	-	-
Total Uses	<u>\$ 679,431</u>	<u>\$ 739,410</u>	<u>\$ 902,204</u>	<u>\$ 946,576</u>

Total Operating Expenditures by Year



STREET

Account Number	Description	2010 Budget
101-000-543-10-11-00	Regular Wages	\$ 266,625
101-000-543-10-12-00	Overtime Wages	8,000
	Salaries and Wages	<u>274,625</u>
101-000-543-10-21-01	Social Security Replacement	15,446
101-000-543-10-21-02	Medicare	4,000
101-000-543-10-21-03	PERS Replacement	19,925
101-000-543-10-21-04	Unemployment Compensation	3,433
101-000-543-10-21-05	Industrial Insurance	6,429
101-000-543-10-21-06	Medical/Dental/Vision	41,805
101-000-543-10-21-07	Life Insurance	669
101-000-543-10-21-08	Long Term Disability	1,407
101-000-543-10-21-09	Survivor's Life	2,524
101-000-543-10-21-10	Car Allowance	1,200
101-000-543-10-21-11	Uniform Allowance	1,800
	Personnel Benefits	<u>98,638</u>
101-000-543-10-31-01	Office Supplies	600
101-000-543-10-31-03	Office Forms	200
101-000-543-10-31-04	Books	480
101-000-543-10-31-05	Operating Supplies	38,220
101-000-543-10-31-07	Bottled Water Svc & Supplies	160
101-000-543-10-31-08	Honorarium	175
101-000-543-10-31-11	Meeting Expenses	250
101-000-543-10-32-00	Fuel	250
101-000-543-10-35-00	Small Tools	3,500
101-000-543-10-35-02	Office Furniture/Equipment	500
101-000-543-10-35-06	Machinery & Equipment	3,000
	Supplies	<u>47,335</u>
101-000-542-70-48-16	Street Maintenance	54,000
101-000-543-10-41-02	Engineering Services	17,000
101-000-543-10-41-08	Custodial Services	1,340
101-000-543-10-41-10	Professional Services General	17,500
101-000-543-10-42-01	Telephone Services	800
101-000-543-10-42-02	Cellular Services	1,566
101-000-543-10-42-04	Internet Services	690
101-000-543-10-42-06	Postage	100
101-000-543-10-42-08	Dispatch Service	2,000
101-000-543-10-43-01	Travel Expense	600
101-000-543-10-44-01	Legals & Publication Notices	400
101-000-543-10-45-01	Building Lease	6,840
101-000-543-10-45-04	Equipment Rental	15,000
101-000-543-10-47-01	Electricity Services	76,000
101-000-543-10-47-03	Waste Disposal	4,940
101-000-543-10-47-04	Water Services	2,220

STREET

Account Number	Description	2010 Budget
101-000-543-10-47-05	Sewer Services	320
101-000-543-10-48-01	Repairs & Maint of Major Equip	970
101-000-543-10-48-02	Repairs & Maint of Buildings	1,200
101-000-543-10-48-04	Repairs & Maint of Vehicles	200
101-000-543-10-48-05	Computer Software Maintenance	2,100
101-000-543-10-48-09	Copier Maintenance	2,080
101-000-543-10-49-01	Dues & Memberships	840
101-000-543-10-49-02	Subscriptions & Publications	40
101-000-543-10-49-04	Printing & Binding	250
101-000-543-10-49-05	Training & Workshops	4,590
	Other Services and Charges	<u>213,586</u>
101-000-542-30-51-06	Roadway Prism	40,000
101-000-542-64-51-05	Traffic Control Devices	93,350
101-000-542-66-51-06	Snow and Ice Control	5,000
101-000-542-70-51-06	Roadside Maintenance	2,000
101-000-542-90-51-06	Maint Admin and Overhead	4,800
101-000-543-10-51-13	Professional Services	3,340
	Intergvmntl/Intfnd Serv & Tx	<u>148,490</u>
101-000-591-18-75-01	Principal Payment Copier Lease	<u>1,210</u>
	Debt Service: Principal	<u>1,210</u>
101-000-543-10-91-00	Interfund Service Payment	80,539
101-000-543-10-93-01	Cent Svcs Overhead Allocation	55,781
101-000-543-10-95-01	Equipment Replacement Cost	16,372
101-000-543-10-98-01	ER Fuel & Maintenance	10,000
	Interfund Payment for Serv.	<u>162,692</u>
	Grand Total	<u>\$ 946,576</u>



DEVELOPMENT SERVICES

Mission Statement

To assist customers in complying with the City's land use, zoning, construction codes, and regulations, and to protect the public health, safety, and welfare by assuring that new development meets all applicable code requirements, does not result in unmitigated environmental impacts, and helps to implement the City's vision, goals and objectives for growth and development.

Fund Overview

The Development Services Fund provides funding for: building plan review and building inspection; the review, approval, and inspection of new residential subdivisions; the review of proposed downtown development for compliance with adopted design standards; compliance with State and local environmental (SEPA) requirements; and administration of the Permit Center.

Major Activities

- Development review (current) planning, subdivision review and public hearings
- Land use and zoning administration
- State Environmental Policy Act compliance
- Shoreline Master Program compliance
- Permit Center administration
- Building plan review and inspections
- Customer service information
- Fire Marshall duties

Significant Budget Issues

A sharp decrease in permit revenues associated with the national recession resulted in several staff reductions in 2009 and additional reductions in staff and service level reductions in 2010 including the Construction Inspector, and a portion of the Administrative/Legal Assistant as well as reducing the Administrative Services Manager, Building Official, and Development Review Engineer to part-time.

2009 ACCOMPLISHMENTS

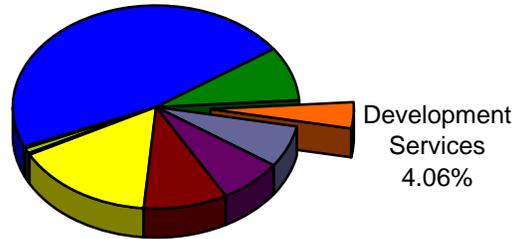
- ✓ Reviewed and improved commercial site development application process
- ✓ Improved information handouts at the permit counter and on City website
- ✓ Provided ongoing SEPA administration
- ✓ Continued permit process improvements
- ✓ Monitored development impacts in adjacent cities through SEPA
- ✓ Managed permit review and inspections with fewer staff
- ✓ Implemented new time tracking method
- ✓ Identified service reductions and implemented communications plan
- ✓ Fee update with targeted fee adjustments, including lowering some fees

2010 GOALS

- ❖ Manage downsizing of Community Development department
- ❖ Manage and monitor Development Services fund balance
- ❖ Continue staff time tracking system for future fee updates
- ❖ Provide support of Downtown zoning and development code updates
- ❖ Monitor impacts of adjacent development through SEPA process
- ❖ 2009 Building Code adoption
- ❖ Develop GIS and mapping products
- ❖ Continue to provide acceptable levels of customer service at reduced staffing levels

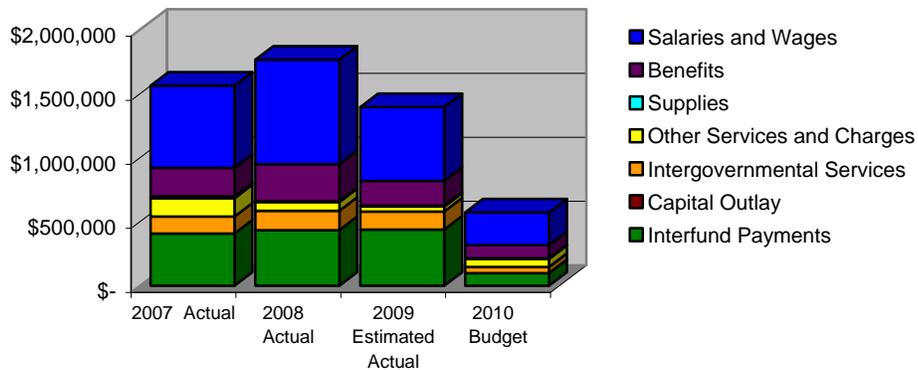
DEVELOPMENT SERVICES

2010 Budget All Funds



Uses of Funds:	2007	2008	2009	2010
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 642,881	\$ 814,705	\$ 575,781	\$ 255,439
Benefits	222,767	289,997	193,511	101,882
Supplies	13,852	6,962	7,372	5,695
Other Services and Charges	143,514	68,090	39,160	62,045
Intergovernmental Services	132,436	149,870	139,720	48,920
Capital Outlay	-	-	-	-
Interfund Payments	<u>407,102</u>	<u>434,263</u>	<u>438,844</u>	<u>98,037</u>
Total Uses	<u>\$ 1,562,552</u>	<u>\$ 1,763,887</u>	<u>\$ 1,394,388</u>	<u>\$ 572,018</u>

Total Operating Expenditures by Year



DEVELOPMENT SERVICES

Account Number	Description	2010 Budget
130-260-559-10-11-00	Regular Wages	\$ 255,439
	Salaries and Wages	<u>255,439</u>
130-260-559-10-21-01	Social Security Replacement	14,364
130-260-559-10-21-02	Medicare	3,720
130-260-559-10-21-03	PERS Replacement	19,158
130-260-559-10-21-04	Unemployment Compensation	3,193
130-260-559-10-21-05	Industrial Insurance	2,624
130-260-559-10-21-06	Medical/Dental/Vision	53,035
130-260-559-10-21-07	Life Insurance	583
130-260-559-10-21-08	Long Term Disability	1,431
130-260-559-10-21-09	Survivor's Life	2,214
130-260-559-10-21-10	Car Allowance	1,080
130-260-559-10-21-11	Uniform Allowance	<u>480</u>
	Personnel Benefits	<u>101,882</u>
130-260-559-10-31-01	Office Supplies	1,000
130-260-559-10-31-03	Office Forms	1,000
130-260-559-10-31-04	Books	2,500
130-260-559-10-31-05	Operating Supplies	150
130-260-559-10-35-00	Small Tools	700
130-260-559-10-35-04	Computer Software	<u>345</u>
	Supplies	<u>5,695</u>
130-260-559-10-41-10	Professional Services General	36,500
130-260-559-10-41-14	Hearings Examiner Services	2,640
130-260-559-10-42-02	Cellular Service	360
130-260-559-10-42-04	Internet Services	500
130-260-559-10-42-06	Postage	2,000
130-260-559-10-43-01	Travel Expense	2,270
130-260-559-10-48-05	Computer Software Maintenance	11,800
130-260-559-10-48-09	Copier Maintenance	650
130-260-559-10-49-01	Dues & Memberships	1,000
130-260-559-10-49-02	Subscriptions & Publications	200
130-260-559-10-49-05	Training & Workshops	<u>4,125</u>
	Other Services and Charges	<u>62,045</u>
130-260-559-10-51-12	Fire Services	40,000
130-260-559-10-51-13	Professional Services	8,200
130-260-559-10-51-14	Master Business License	<u>720</u>
	Intergvmtl/Intfnd Serv & Tx	<u>48,920</u>

DEVELOPMENT SERVICES

<u>Account Number</u>	<u>Description</u>	<u>2010 Budget</u>
130-260-559-10-93-01	Cent Svcs Overhead Allocation	79,899
130-260-559-10-95-01	Equipment Replacement Cost	11,988
130-260-559-10-98-01	ER Fuel & Maintenance	<u>6,150</u>
	Interfund Payment for Serv.	<u>98,037</u>
	Grand Total	<u>\$ 572,018</u>



PARKS MAINTENANCE

Mission Statement

To provide high quality maintenance and operations for safe, functional, and aesthetically pleasing parks, trails, recreation facilities, and open spaces which meet the leisure needs of residents and visitors to the community regardless of age, gender, ethnicity, or ability level.

Division Overview

The Park Maintenance Division is funded by the Parks Fund and staff are shared with the Public Works Department. The division provides the maintenance and operation of parks and recreational facilities.

Major Activities

- Operation and maintenance of City recreation facilities and park properties
- Manage the park sponsorship and adopt-a-park citizen involvement programs
- Support for special events provided by the service clubs such as Covington Days and the Tree Lighting Ceremony
- Manage City special events such as the Arbor Day celebration and Make a Difference Day
- Complete special projects such as repair, renovation and enhancement of park and recreation facilities
- Manage the Tree City USA certification and growth award programs

Significant Budget Issues

Due to the City-wide hiring freeze the Maintenance Lead position, which is currently vacant, will remain unfilled for 2010.

2009 ACCOMPLISHMENTS

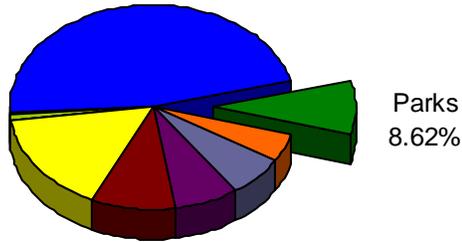
- ✓ Supported Rotary Club maintenance of the upper meadow at Jenkins Creek Park
- ✓ Implemented noise mitigation efforts at the Gerry Crick Skate Park
- ✓ Implemented graffiti removal program at the Gerry Crick Skate Park
- ✓ Received Tree City USA certification for sixth consecutive year
- ✓ Received first Tree City USA Growth Award

2010 GOALS

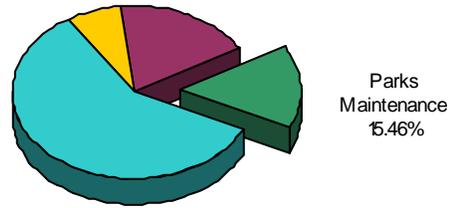
- ❖ Continue high standard of maintenance and operation of parks and recreation facilities
- ❖ Begin to implement the parks maintenance component of the Parks, Recreation and Open Space (PROS) Plan
- ❖ Open Covington Community Park for pre-development public use
- ❖ Improve irrigation program at park sites

PARKS MAINTENANCE

2010 Budget All Funds

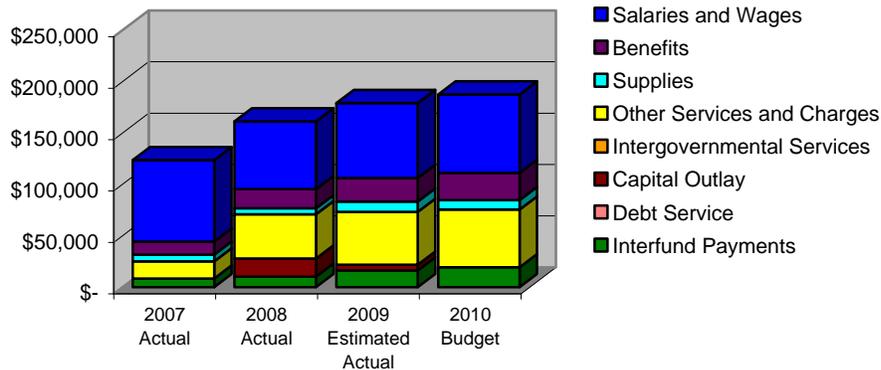


Total Parks Fund Budget



Uses of Funds:	2007	2008	2009	2010
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 79,277	\$ 66,101	\$ 72,893	\$ 76,341
Benefits	12,688	18,618	22,953	26,507
Supplies	6,471	5,859	10,130	9,230
Other Services and Charges	16,714	42,824	51,262	55,956
Intergovernmental Services	-	-	-	-
Capital Outlay	-	17,681	5,597	-
Debt Service	-	-	-	-
Interfund Payments	8,457	10,281	16,284	19,457
Total Operating Expenses	<u>123,607</u>	<u>161,364</u>	<u>179,119</u>	<u>187,491</u>
Operating Transfer Out	-	-	30,000	-
Total Uses	<u>\$ 123,607</u>	<u>\$ 161,364</u>	<u>\$ 209,119</u>	<u>\$ 187,491</u>

Total Operating Expenditures by Year



PARKS MAINTENANCE

Account Number	Description	2010 Budget
140-270-576-10-11-00	Regular Wages	\$ 74,341
140-270-576-10-12-00	Overtime Wages	2,000
	Salaries and Wages	<u>76,341</u>
140-270-576-10-21-01	Social Security Replacement	4,275
140-270-576-10-21-02	Medicare	1,108
140-270-576-10-21-03	PERS Replacement	4,970
140-270-576-10-21-04	Unemployment Compensation	953
140-270-576-10-21-05	Industrial Insurance	2,631
140-270-576-10-21-06	Medical/Dental/Vision	10,881
140-270-576-10-21-07	Life Insurance	170
140-270-576-10-21-08	Long Term Disability	341
140-270-576-10-21-09	Survivor's Life	628
140-270-576-10-21-11	Uniform Allowance	550
	Personnel Benefits	<u>26,507</u>
140-270-576-10-31-01	Office Supplies	300
140-270-576-10-31-04	Books	100
140-270-576-10-31-05	Operating Supplies	4,900
140-270-576-10-31-07	Bottled Water Srvc & Supplies	80
140-270-576-10-31-11	Meeting Expenses	250
140-270-576-10-32-00	Fuel	600
140-270-576-10-35-00	Small Tools	1,500
140-270-576-10-35-02	Office Furniture/Equipment	500
140-270-576-10-35-06	Machinery & Equipment	1,000
	Supplies	<u>9,230</u>
140-270-576-10-41-08	Custodial Services	670
140-270-576-10-41-10	Professional Services	17,700
140-270-576-10-42-01	Telephone Services	400
140-270-576-10-42-02	Cellular Service	520
140-270-576-10-42-04	Internet Services	220
140-270-576-10-43-01	Travel Expense	225
140-270-576-10-45-01	Building Lease	3,420
140-270-576-10-45-04	Equipment Rental	1,500
140-270-576-10-45-06	Facility Rentals	2,300
140-270-576-10-47-01	Electricity Services	4,500
140-270-576-10-47-03	Waste Disposal	2,320
140-270-576-10-47-04	Water Services	2,860
140-270-576-10-47-05	Sewer Services	160
140-270-576-10-48-01	Repairs & Maint Major Equip	1,385
140-270-576-10-48-02	Repairs & Maint Bldgs	3,600
140-270-576-10-48-04	Repairs & Maint of Vehicles	520

PARKS MAINTENANCE

<u>Account Number</u>	<u>Description</u>	<u>2010 Budget</u>
140-270-576-10-49-01	Dues & Memberships	296
140-270-576-10-49-05	Training & Workshops	860
140-270-576-65-48-11	Park Maintenance	<u>12,500</u>
	Other Services and Charges	<u>55,956</u>
140-270-576-10-93-01	Cent Svcs Overhead Allocation	11,200
140-270-576-10-95-01	Equipment Replacement Cost	4,457
140-270-576-10-98-01	ER Fuel & Maintenance	<u>3,800</u>
	Interfund Payment for Serv.	<u>19,457</u>
	Grand Total	<u>\$ 187,491</u>



AQUATICS

Mission Statement

To enhance the quality of life of residents and visitors by providing safe and healthy opportunities for aquatic instruction, recreation, fitness, and safety education. The Aquatics Division strives to offer innovative programming that reflects current societal trends, technology, and research findings in a safe, aesthetically pleasing, and family-friendly environment. The Aquatics Division is committed to promote water safety by being a regional leader in advanced training for Lifeguards and Water Safety Instructors.

Division Overview

The Aquatics Division is part of the Parks and Recreation Department. The division provides aquatic programming including learn to swim, water safety and fitness classes, as well as youth, adult and family recreational swim opportunities for the community.

Major Activities

- Operate and maintain the Covington Aquatic Center
- Provide diverse aquatic programs
- Provide a safe and healthy place to swim
- Provide fitness opportunities such as water exercise classes and lap swims
- Promote safety and health in our community with special events
- Maintain a clean and functional facility
- Provide American Red Cross swimming and safety courses for the community
- Recruit and train highly qualified staff

Significant Budget Issues

None

2009 ACCOMPLISHMENTS

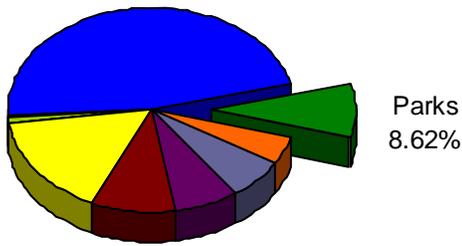
- ✓ Increased merchandise revenue by 38%
- ✓ Increased facility rental revenue by 6%
- ✓ Increased aquatic activities revenue by 1%
- ✓ Updated the appearance of the locker rooms, natatorium and rental room
- ✓ Updated chemical feed system to provide better water quality, as well as safer storage and handling of chemicals
- ✓ Completed pool tile and gutter repair project
- ✓ Completed concrete repair project
- ✓ Increased the use of volunteers by 37%
- ✓ Revitalized the dive program with the new Covington Learn-to-Dive program
- ✓ Incorporated the 2009 American Red Cross Learn-to-Swim program update into swimming lesson program

2010 GOALS

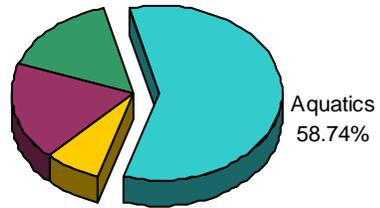
- ❖ Launch Saturday morning water exercise and swim lesson programs
- ❖ Begin to implement the aquatics component of the Parks, Recreation and Open Space (PROS) Plan
- ❖ Develop and implement a marketing plan to increase participation in activities, programs, and services
- ❖ Revise fee structure to increase participation and revenue
- ❖ Update user group contracts
- ❖ Develop and implement a comprehensive maintenance and equipment replacement plan for the purpose of preserving the aquatic center
- ❖ Comply with Virginia Graeme Baker Pool and Spa Safety Act

AQUATICS

2010 Budget All Funds

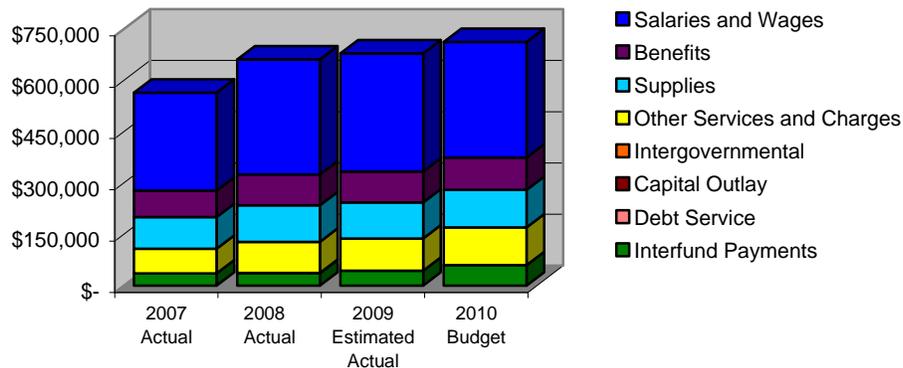


Total Parks Fund Budget



Uses of Funds:	2007 Actual	2008 Actual	2009	2010
			Estimated Actual	Budget
Salaries and Wages	\$ 286,998	\$ 336,094	\$ 345,495	\$ 337,912
Benefits	77,192	90,450	90,288	94,451
Supplies	92,379	106,585	105,087	110,150
Other Services and Charges	72,089	91,049	94,264	109,640
Intergovernmental	4	63	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Interfund Payments	35,928	37,188	43,819	60,449
Total Operating Expenses	<u>564,590</u>	<u>661,429</u>	<u>678,953</u>	<u>712,602</u>
Operating Transfer Out	-	315,361	190,837	27,484
Total Uses	<u>\$ 564,590</u>	<u>\$ 976,790</u>	<u>\$ 869,790</u>	<u>\$ 740,086</u>

Total Operating Expenditures by Year



AQUATICS

Account Number	Description	2010 Budget
140-271-597-00-00-00	Operating Transfer Out	\$ 27,484
	Expenditure	<u>27,484</u>
140-271-576-20-11-00	Regular Wages	<u>337,912</u>
	Salaries and Wages	<u>337,912</u>
140-271-576-20-21-01	Social Security Replacement	18,923
140-271-576-20-21-02	Medicare	4,900
140-271-576-20-21-03	PERS Replacement	25,344
140-271-576-20-21-04	Unemployment Compensation	4,225
140-271-576-20-21-05	Industrial Insurance	14,409
140-271-576-20-21-06	Medical/Dental/Vision	23,386
140-271-576-20-21-07	Life Insurance	359
140-271-576-20-21-08	Long-Term Disability	845
140-271-576-20-21-09	Survivor's Life	1,360
140-271-576-20-21-11	Uniform Allowance	<u>700</u>
	Personnel Benefits	<u>94,451</u>
140-271-576-20-31-01	Office Supplies	750
140-271-576-20-31-05	Operating Supplies	36,000
140-271-576-20-31-07	Bottled Water Svc & Supplies	400
140-271-576-20-31-10	Program Supplies	3,000
140-271-576-20-32-00	Fuel	58,000
140-271-576-20-34-03	Aquatic Equipment	3,000
140-271-576-20-35-00	Small Tools	2,500
140-271-576-20-35-02	Office Equipment/Machinery	1,000
140-271-576-20-35-08	Pool Equipment	<u>5,500</u>
	Supplies	<u>110,150</u>
140-271-576-20-41-01	Accounting Services	13,000
140-271-576-20-41-10	Professional Services	12,000
140-271-576-20-42-01	Telephone Services	4,000
140-271-576-20-42-02	Cellular Services	180
140-271-576-20-42-04	Internet Services	6,300
140-271-576-20-42-06	Postage	200
140-271-576-20-43-01	Travel Expense	1,500
140-271-576-20-44-04	Aquatics Program Advertising	1,000
140-271-576-20-45-04	Equipment Rental	1,000
140-271-576-20-47-01	Electricity Services	28,000
140-271-576-20-47-03	Waste Disposal/Rabanco	2,800
140-271-576-20-47-04	Water Services	7,500
140-271-576-20-47-05	Sewer Services	7,200
140-271-576-20-48-01	Repairs & Maint of Major Equip	16,800
140-271-576-20-48-02	Repairs & Maint of Building	5,000
140-271-576-20-48-03	Repairs & Maint Office Equip	300
140-271-576-20-48-09	Copier Maintenance	150

AQUATICS

<u>Account Number</u>	<u>Description</u>	<u>2010 Budget</u>
140-271-576-20-49-01	Dues & Memberships	510
140-271-576-20-49-05	Training/Workshops/Conferences	1,200
140-271-576-20-49-21	Annual Permits	<u>1,000</u>
	Other Services and Charges	<u>109,640</u>
140-271-576-20-93-01	Cent Svcs Overhead Allocation	<u>60,449</u>
	Interfund Payment for Serv.	<u>60,449</u>
	Grand Total	<u>\$ 740,086</u>



RECREATION AND SPECIAL EVENTS

Mission Statement

To provide quality cultural and recreational opportunities in the most cost effective manner for City residents and visitors to the community. Work with local businesses and service organizations to provide community events and partner for the development of the arts.

Division Overview

The Recreation and Special Events Division is part of the Parks and Recreation Department. The division strives to provide unique non-athletic recreational classes and programs along with community events, arts and cultural opportunities for City residents and visitors to the community.

Major Activities

- Determine the recreational needs of the community
- Develop and coordinate unique recreation activities and special events
- Work with local organizations in promoting healthy lifestyles in the community
- Coordinate the work plan of and provide staff support for the Arts Commission
- Act as the liaison to organizers and sponsors of special events held by others such as Covington Days and the Holiday Tree Lighting
- Develop and coordinate cultural arts activities such as music performances, art shows, and the monthly Display Artist program at City Hall

Significant Budget Issues

This division was created in 2008.

2009 ACCOMPLISHMENTS

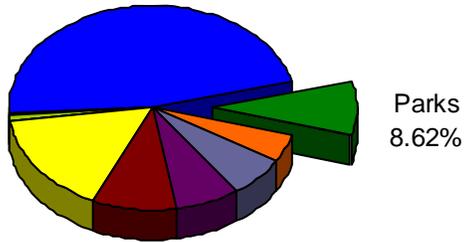
- ✓ Assumed management of the early-bird Open Gym program at Kentwood
- ✓ Increased support and participation in Covington Days
- ✓ Became the official sponsor of the Covington Days Art Show
- ✓ Coordinated and supported the illumination of the Holiday Tree by providing staff support and resources
- ✓ Administered the Cruzin' Passport program in collaboration with the Coalition for a Healthy Community
- ✓ Coordinated the annual Student Art Walk and reception
- ✓ Coordinated the Display Artist program at City Hall

2010 GOALS

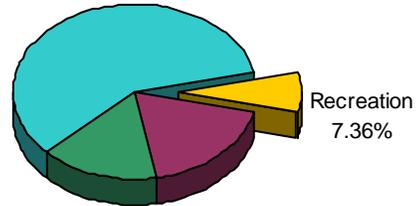
- ❖ Begin to implement the recreation component of the Parks, Recreation and Open Space (PROS) Plan
- ❖ Continue support of and participation in the Coalition for a Healthy Community and Cruzin' Covington Passport program
- ❖ Coordinate and streamline the annual Student Art Walk and reception
- ❖ Coordinate and professionalize the Covington Days Art Show
- ❖ Increase participation in SoCoCulture and 4Culture

RECREATION AND SPECIAL EVENTS

2010 Budget All Funds

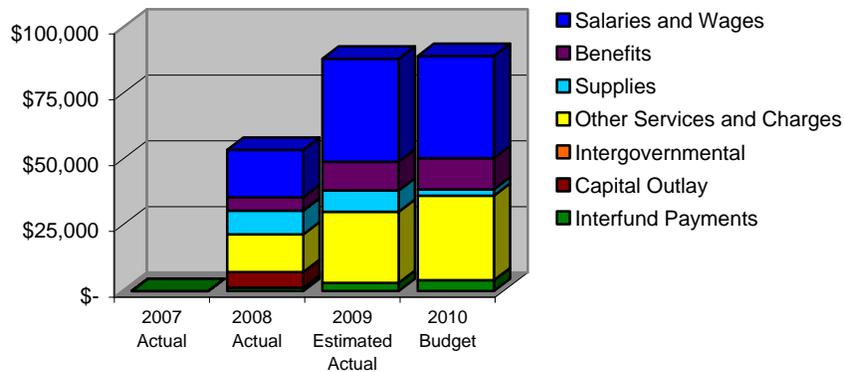


Total Parks Fund Budget



Uses of Funds:	2007	2008	2009	2010
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ -	\$ 18,020	\$ 39,124	\$ 38,769
Benefits	-	5,091	10,940	11,914
Supplies	-	8,977	8,088	2,350
Other Services and Charges	-	14,312	26,942	32,103
Intergovernmental	-	-	-	-
Capital Outlay	-	5,952	-	-
Debt Service	-	-	-	-
Interfund Payments	-	1,282	3,130	4,117
Total Uses	\$ -	\$ 53,634	\$ 88,224	\$ 89,253

Total Operating Expenditures by Year



RECREATION AND SPECIAL EVENTS

Account Number	Description	2010 Budget
140-274-574-10-11-00	Regular Wages	\$ 38,769
	Salaries and Wages	<u>38,769</u>
140-274-574-10-21-01	Social Security Replacement	2,171
140-274-574-10-21-02	Medicare	562
140-274-574-10-21-03	PERS Replacement	2,908
140-274-574-10-21-04	Unemployment Compensation	485
140-274-574-10-21-05	Industrial Insurance	967
140-274-574-10-21-06	Medical/Dental/Vision	3,999
140-274-574-10-21-07	Life Insurance	106
140-274-574-10-21-08	Long-Term Disability	217
140-274-574-10-21-09	Survivor's Life	399
140-274-574-10-21-11	Uniform Allowance	100
	Personnel Benefits	<u>11,914</u>
140-274-574-10-31-01	Office Supplies	250
140-274-574-10-31-10	Program Supplies	2,100
	Supplies	<u>2,350</u>
140-274-574-10-41-10	Professional Services	600
140-274-574-10-42-02	Cellular Services	180
140-274-574-10-42-06	Postage	200
140-274-574-10-43-01	Travel Expense	200
140-274-574-10-45-04	Equipment Rental	500
140-274-574-10-45-06	Facility Rentals	1,800
140-274-574-10-49-01	Dues & Memberships	126
140-274-574-10-49-04	Printing & Binding	300
140-274-574-10-49-05	Training/Workshops/Conferences	200
140-274-574-10-49-15	Arts Commission	200
140-274-574-10-49-18	Community Events	27,798
	Other Services and Charges	<u>32,103</u>
140-274-574-10-93-01	Cent Svcs Overhead Allocation	4,117
	Interfund Payment for Serv.	<u>4,117</u>
	Grand Total	<u>\$ 89,253</u>





PARKS

Mission Statement

To provide safe, functional, and aesthetically pleasing parks, trails, recreation facilities and open spaces along with recreation programs and cultural arts opportunities which meet the leisure needs of residents and visitors to the community regardless of age, gender, ethnicity, or ability level.

Division Overview

The Park Division provides oversight and management of all department functions. The division is also responsible for planning, acquiring land, designing and construction of parks and recreational facilities.

Major Activities

- Department administration
- Manage park and recreation planning
- Manage park and facility design and construction
- Coordinate the work plan and provide staff support for the Parks and Recreation Commission
- Acquire land

Significant Budget Issues

FY 2009 was the first full year for this division.

2009 ACCOMPLISHMENTS

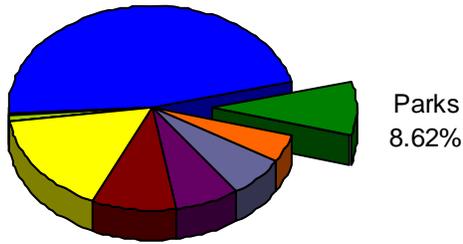
- ✓ Initiated the Parks, Recreation and Open Space (PROS) Plan process
- ✓ Substantial completion of 30% design for Covington Community Park
- ✓ Updated Firearms in Parks and Park Hours Ordinances

2010 GOALS

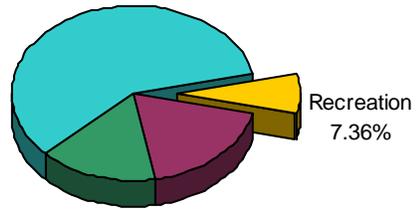
- ❖ Complete the Parks, Recreation and Open Space (PROS) Plan
- ❖ Begin to implement the Parks, Recreation and Open Space (PROS) Plan
- ❖ Complete design for the first phase of construction at Covington Community Park
- ❖ Raise funds for Covington Community Park design and development

PARKS

2010 Budget All Funds

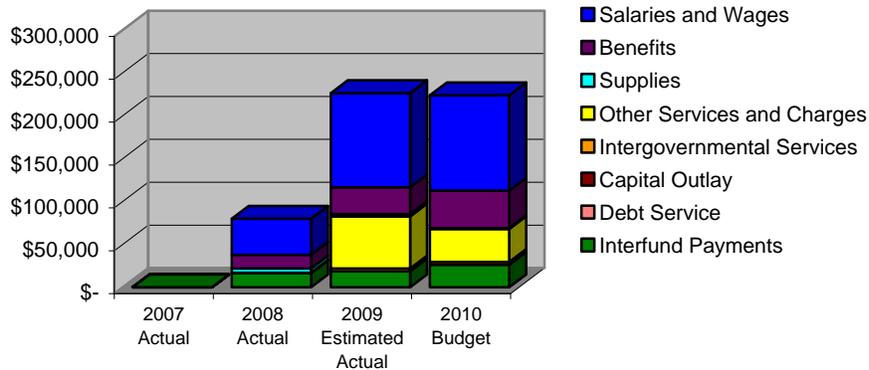


Total Parks Fund Budget



Uses of Funds:	2007	2008	2009	2010
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ -	\$ 42,037	\$ 109,846	\$ 111,199
Benefits	-	15,879	31,086	43,486
Supplies	-	5,001	2,800	1,150
Other Services and Charges	-	428	60,722	38,415
Intergovernmental Services	-	-	3,340	3,340
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Interfund Payments	-	16,558	18,536	26,196
Total Uses	\$ -	\$ 79,903	\$ 226,330	\$ 223,786

Total Operating Expenditures by Year



PARKS

Account Number	Description	2010 Budget
140-275-576-10-11-00	Regular Wages	\$ 111,199
	Salaries and Wages	<u>111,199</u>
140-275-576-10-21-01	Social Security Replacement	6,361
140-275-576-10-21-02	Medicare	1,647
140-275-576-10-21-03	PERS Replacement	8,340
140-275-576-10-21-04	Unemployment Compensation	1,390
140-275-576-10-21-05	Industrial Insurance	1,934
140-275-576-10-21-06	Medical/Dental/Vision	19,991
140-275-576-10-21-07	Life Insurance	135
140-275-576-10-21-08	Long Term Disability	623
140-275-576-10-21-09	Survivor's Life	515
140-275-576-10-21-10	Car Allowance	2,400
140-275-576-10-21-11	Uniform Allowance	150
	Personnel Benefits	<u>43,486</u>
140-275-576-10-31-01	Office Supplies	300
140-275-576-10-31-04	Books	100
140-275-576-10-31-11	Meeting Expenses	250
140-275-576-10-35-00	Small Tools	250
140-275-576-10-35-03	Computer Equipment	250
	Supplies	<u>1,150</u>
140-275-576-10-41-10	Professional Services	34,640
140-275-576-10-42-02	Cellular Service	360
140-275-576-10-42-06	Postage	250
140-275-576-10-43-01	Travel Expense	900
140-275-576-10-49-01	Dues & Memberships	675
140-275-576-10-49-05	Training & Workshops	990
140-275-576-10-49-19	Commission Expenses	600
	Other Services and Charges	<u>38,415</u>
140-275-576-10-51-13	Professional Services	<u>3,340</u>
	Intergvmntl/Intfnd Serv & Tx	<u>3,340</u>
140-275-576-10-93-01	Cent Svcs Overhead Allocation	<u>26,196</u>
	Interfund Payment for Serv.	<u>26,196</u>
	Grand Total	<u>\$ 223,786</u>





SURFACE WATER MANAGEMENT

Mission Statement

Preserve and protect surface water quality and the hydrologic flow regime in the City's streams to protect the health, safety, and welfare of the local citizenry and preserve surface water resources in the City of Covington.

Fund Overview

The Surface Water Management Fund provides direction, administrative support, and long-range planning. The Fund is supported through the City's collected surface water management fees on developed properties to maintain storm and surface water runoff in the City and to protect the environment, public and private property, and the health and welfare of its citizens and businesses.

Major Activities

- Maintenance and repair to storm water facilities
- Monitor storm water quality
- Report NPDES Phase II Permits
- Inspect all storm water facilities and gain corrective action
- Educate the community to protect groundwater

Significant Budget Issues

Beginning in FY 2010, the Street Fund and Surface Water Management Fund absorbed the Capital Investment Program operating expenses. In order absorb these additional operating expenses the Surface Water Management Fund had to reduce its staff and service levels. Staff reductions consisted of a portion of the City Engineer and Office Technician II positions.

2009 ACCOMPLISHMENTS

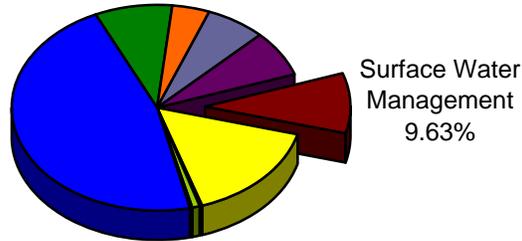
- ✓ Enhanced Pond Maintenance Program
- ✓ Completed storm water CIP list

2010 GOALS

- ❖ Fund and begin phase one of the Channing Park Pond rehabilitation
- ❖ Continue to mow ponds
- ❖ Continue NPDES compliance schedule

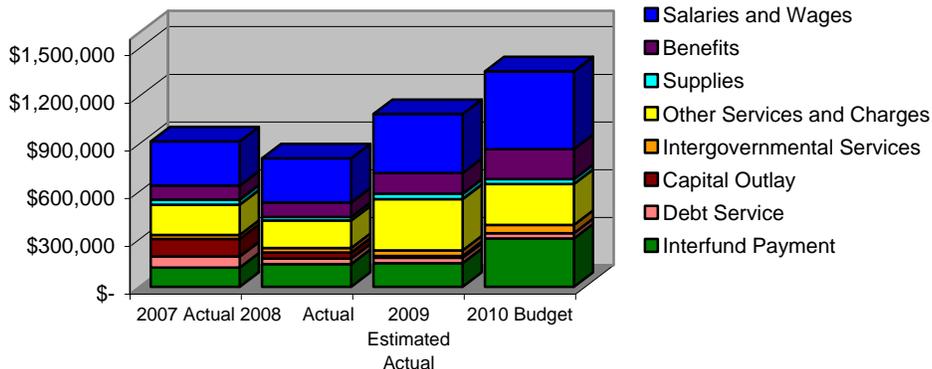
SURFACE WATER MANAGEMENT

2010 Budget All Funds



Uses of Funds:	2007 Actual	2008 Actual	2009 Estimated Actual	2010 Budget
Salaries and Wages	\$ 278,669	\$ 278,022	\$ 371,945	\$ 489,613
Benefits	87,671	92,032	129,811	189,059
Supplies	32,293	22,037	34,502	30,905
Other Services and Charges	189,514	171,945	321,173	257,331
Intergovernmental Services	24,700	28,218	35,541	50,540
Capital Outlay	110,845	38,232	11,163	-
Debt Service	69,316	34,209	33,360	33,815
Interfund Payment	121,737	143,790	149,787	304,277
Total Operating Expenses	<u>914,745</u>	<u>808,485</u>	<u>1,087,282</u>	<u>1,355,540</u>
 Transfer Out	 -	 -	 466,688	 53,500
 Total Uses	 <u>\$ 914,745</u>	 <u>\$ 808,485</u>	 <u>\$ 1,553,970</u>	 <u>\$ 1,409,040</u>

Total Operating Expenditures by Year



SURFACE WATER MANAGEMENT

Account Number	Description	2010 Budget
411-000-597-00-00-00	Operating Transfer Out	\$ 53,500
	Expenditure	<u>53,500</u>
411-000-538-30-11-00	Regular Wages	481,113
411-000-538-30-12-00	Overtime Wages	<u>8,500</u>
	Salaries and Wages	<u>489,613</u>
411-000-538-30-21-01	Social Security Replacement	27,486
411-000-538-30-21-02	Medicare	7,117
411-000-538-30-21-03	PERS Replacement	36,049
411-000-538-30-21-04	Unemployment Compensation	6,120
411-000-538-30-21-05	Industrial Insurance	12,813
411-000-538-30-21-06	Medical/Dental/Vision	86,954
411-000-538-30-21-07	Life Insurance	1,120
411-000-538-30-21-08	Long Term Disability	2,608
411-000-538-30-21-09	Survivor's Life	4,242
411-000-538-30-21-10	Car Allowance	1,200
411-000-538-30-21-11	Uniform Allowance	<u>3,350</u>
	Personnel Benefits	<u>189,059</u>
411-000-538-30-31-01	Office Supplies	1,750
411-000-538-30-31-03	Office Forms	200
411-000-538-30-31-04	Books	400
411-000-538-30-31-05	Operating Supplies	19,720
411-000-538-30-31-07	Bottled Water Svc & Supplies	160
411-000-538-30-31-08	Honorarium	175
411-000-538-30-31-11	Meeting Expenses	250
411-000-538-30-32-00	Fuel	250
411-000-538-30-35-00	Small Tools	4,000
411-000-538-30-35-02	Office Equipment/Furniture	500
411-000-538-30-35-06	Machinery & Equipment	<u>3,500</u>
	Supplies	<u>30,905</u>
411-000-538-30-41-08	Custodial Services	1,340
411-000-538-30-41-10	Professional Services	73,267
411-000-538-30-42-01	Telephone Services	800
411-000-538-30-42-02	Cellular Services	2,724
411-000-538-30-42-04	Internet Services	1,690
411-000-538-30-42-06	Postage	350
411-000-538-30-42-08	Dispatch Service	2,000
411-000-538-30-43-01	Travel Expense	600
411-000-538-30-44-01	Legals & Publication Notices	400
411-000-538-30-45-01	Building Lease	6,840
411-000-538-30-45-04	Equipment Rental	15,000
411-000-538-30-47-01	Electricity Services	1,000
411-000-538-30-47-03	Waste Disposal	4,940

SURFACE WATER MANAGEMENT

Account Number	Description	2010 Budget
411-000-538-30-47-04	Water Services	720
411-000-538-30-47-05	Sewer Services	320
411-000-538-30-48-01	Repairs & Maint. of Equipment	770
411-000-538-30-48-02	Repairs & Maint of Buildings	1,200
411-000-538-30-48-04	Repairs & Maint of Vehicles	200
411-000-538-30-48-05	Computer Software Maintenance	2,100
411-000-538-30-48-09	Copier Maintenance	2,480
411-000-538-30-49-01	Dues & Memberships	1,140
411-000-538-30-49-04	Printing & Binding	400
411-000-538-30-49-05	Training & Workshops	7,150
411-000-542-40-41-10	Storm Drainage Prof Services	65,900
411-000-542-67-48-15	SWM Maintenance	<u>64,000</u>
	Other Services and Charges	<u>257,331</u>
411-000-538-30-51-07	Intergovernmental Svc Strm Wtr	42,200
411-000-538-30-51-13	Professional Services	3,340
411-000-538-30-53-00	Soil Conservation Fee	4,000
411-000-542-67-51-06	Street Cleaning	<u>1,000</u>
	Intergvmntl/Intfnd Serv & Tx	<u>50,540</u>
411-000-591-18-75-01	Principal Payment Copier Lease	<u>1,815</u>
	Debt Service: Principal	<u>1,815</u>
411-000-592-42-83-03	SWM Debt Service Interest	<u>32,000</u>
	Debt Service: Interest	<u>32,000</u>
411-000-538-30-91-00	Interfund Service Payment	124,057
411-000-538-30-93-01	Cent Svcs Overhead Allocation	142,230
411-000-538-30-95-01	Equipment Replacement Cost	23,440
411-000-538-30-98-01	ER Fuel & Maintenance	<u>14,550</u>
	Interfund Payment for Serv.	<u>304,277</u>
	Grand Total	<u>\$ 1,409,040</u>



CAPITAL INVESTMENT PROGRAM

Mission Statement

Provide leadership in facilitating the planning, development, financing, construction, and maintenance of transportation and surface water resource systems that support the land use plan and incorporates transportation/surface water/land use linkages.

Fund Overview

The Capital Investment Program provides direction and administers the implementation of the adopted Comprehensive Plans, Capital Investment Program, and Transportation Improvement Plan through the TIP annual update, budget development for projects, project development, and management.

Major Activities

- Manage Capital Improvement Projects
- Seek funding sources
- Coordinate utilities and design engineers
- Coordinate information dispersed to public
- Bid/purchase construction services
- Acquire necessary land for projects
- Coordinate with lending/granting agencies
- Developer constructed CIP segments

Significant Budget Issues

Beginning in FY 2010, the Street Fund and Surface Water Management Fund absorbed the Capital Investment Program operating expenses.

This final budget eliminates transfers to the CIP by 2011, as all of our REET revenue and a large portion of General Fund revenue is dedicated to debt service on the 2007 transportation bonds. The City will have to rely on voter-approved bonds backed by guaranteed revenue sources; federal and state earmarks; and federal, state, and private grants if we are to build a town center, streets, and parks in the coming years

2009 ACCOMPLISHMENTS

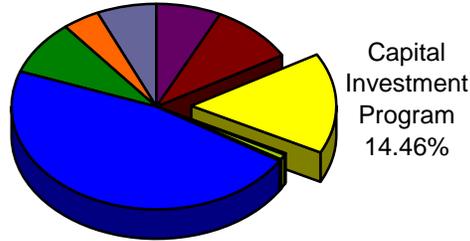
- ✓ Secured legislative funding of \$2,000,000
- ✓ Advertised and awarded CIP 1039
- ✓ Closed out CIP 1033
- ✓ Ribbon cutting of CIP 1033 and CIP 1082
- ✓ Designed and constructed WoodCreek SWM CIP Project

2010 GOALS

- ❖ Complete and closeout CIP 1082
- ❖ Complete CIP 1039
- ❖ Legislative funds transferred to CIP 1127
- ❖ Ribbon cutting CIP 1039
- ❖ Submit for project awards for CIP 1082

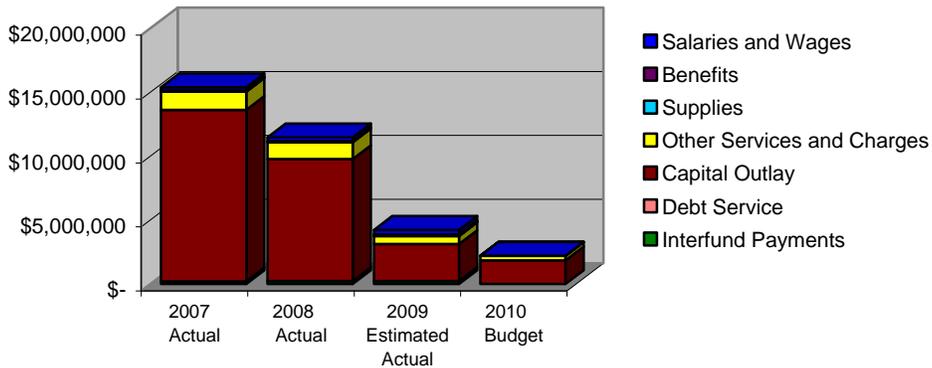
CAPITAL INVESTMENT PROGRAM

2010 Budget All Funds



Uses of Funds:	2007	Actual	2008	Actual	2009	Estimated	2010
					Actual	Budget	
Salaries and Wages	\$	246,190	\$	280,928	\$	340,772	\$ -
Benefits		84,251		101,667		125,892	-
Supplies		2,109		3,654		1,747	-
Other Services and Charges		1,438,079		1,309,422		632,866	363,723
Capital Outlay		13,408,223		9,536,831		2,894,010	1,847,500
Debt Service		797		823		800	-
Interfund Payments		206,385		227,977		228,308	-
Total Operating Expenses		<u>15,386,034</u>		<u>11,461,302</u>		<u>4,224,395</u>	<u>2,211,223</u>
 Operating Transfer Out		<u>1,014,952</u>		<u>694,811</u>		<u>-</u>	<u>50,000</u>
 Total Uses		<u>\$ 16,400,986</u>		<u>\$ 12,156,113</u>		<u>\$ 4,224,395</u>	<u>\$ 2,261,223</u>

Total Operating Expenditures by Year



City of Covington Six Year Transportation Improvement Program 2010 - 2015

On June 9, 2009 the Covington City Council approved Resolution 09-07 adopting the Six Year Transportation Improvement Program for 2010 to 2015.

The City is required by RCW 35.77.010 to annually prepare and adopt a comprehensive transportation program for the ensuing six calendar years and to forward a copy of that Six Year Transportation Improvement Program (TIP) to the Washington State Secretary of Transportation by July 31st. The TIP represents the first six years of the 20-year transportation (street) capital improvement program. The projects contained in the City of Covington Six-Year TIP 2010-2015 are consistent with the transportation projects identified in the Capital Facilities Element of the City's Comprehensive Plan adopted December 16, 2003. This Transportation Improvement Program is scheduled to be fully funded from anticipated revenues.

The Covington 2010-2015 Six-Year TIP is as follows:

Annual Safety Improvements

This new annual program provides for the ability to address minor transportation safety issues as they are identified. The scope of each improvement is anticipated to be \$10,000 to \$20,000 with a total of \$50,000 in the program. The project list and priorities will be submitted separately.

Annual Pedestrian Improvements

New pedestrian facilities are provided as an integral part of major street improvements. This new annual program will provide improvements for pedestrian facilities on an interim basis until the associated street project secures funding or to fill gaps generated by development activity. The scope of each improvement is anticipated to be \$5,000 to \$15,000 with a total of \$50,000 in the program. The project list and priorities will be submitted separately.

Major Capital Improvement Project Priorities

1. **CIP 1039 SE 272nd Street between SE Wax Road and Jenkins Creek**

This project will provide access management along this section of SE 272nd Street. The work will include widening to accommodate u-turns for both eastbound and westbound traffic between SE Wax Road and Jenkins Creek and signal modifications at SE Wax Road. The project has been designed and right-of-way has been acquired.



2. **CIP 1127 SE 272nd Street between Jenkins Creek and 185th Place SE**

This project is to widen and reconstruct a portion of SE 272nd Street between Jenkins Creek and 185th Place SE. This project will include the crossing of Jenkins Creek with a new structure for the stream, widening the street from 2-lanes to 5-lanes including curb and gutter, 8' sidewalks, access control features, landscaping and provisions for u-turns.



3. **CIP 1128 SE 272nd Street between 185th Place SE and 192nd Avenue SE**

This project is to widen and reconstruct a portion of SE 272nd Street between 185th Place SE and 192nd Avenue SE. This project will widen the street from 2-lanes to 5-lanes including curb and gutter, 8' sidewalks, access control features, landscaping and provisions for u-turns.



4. **CIP 1063 SE 272nd Street between 160th Avenue SE and 164th Avenue SE**

This project provides for design and future construction of additional turn lanes, channelization, and signal modifications. Widening SE 272nd Street will require modifications to the existing stream crossing at the intersection. Project length is 800 feet. Construct street section consistent with the existing SR 516 section including illumination, landscaping, 10' wide sidewalks with street trees in planting wells.



5. **CIP 1056 SE 256th Street between 172nd Avenue SE and 180th Avenue SE**
CIP 1149 180th Avenue SE between SE 256th Street and SE Wax Road (N)

Portions of these two larger CIP projects (see map – Attachment 1) are being combined to provide improvements adjacent to the new fire station at SE 256th Street and 180th Avenue SE and the temporary improvements to the City property at the intersection. The street widening and intersection modifications will occur after the completion of the fire station. The improvements will include widening the north side of SE 256th Street from 180th Avenue SE to 176th Avenue SE to match the section at 168th Avenue SE. The frontage along 180th Avenue SE will be widened from the intersection to Crestwood Elementary School.



CIP 1026 - ANNUAL FACILITY REHABILITATION

<u>Account Number</u>	<u>Description</u>	<u>2010 Budget</u>
804-000-595-10-41-02	ROW Engineering Services	\$ <u>6,000</u>
	Other Services and Charges	<u>6,000</u>
804-000-595-40-63-02	Storm Drainage Improvements	<u>47,500</u>
	Capital Outlay	<u>47,500</u>
	Grand Total	\$ <u><u>53,500</u></u>

CIP 1010 - COVINGTON COMMUNITY PARK

<u>Account Number</u>	<u>Description</u>	<u>2010 Budget</u>
810-000-594-76-41-02	Engineering Services	\$ 7,084
810-000-594-76-41-10	Professional Services General	<u>230,639</u>
	Other Services and Charges	<u>237,723</u>
	Grand Total	<u>\$ 237,723</u>

CIP 1039 - SR 516 SAFETY/WIDENING

<u>Account Number</u>	<u>Description</u>	<u>2010 Budget</u>
829-000-597-00-00-00	Operating Transfer Out Expenditure	\$ <u>50,000</u> <u>50,000</u>
829-000-595-90-41-02	Const Admin Engineering Svcs Other Services and Charges	<u>120,000</u> <u>120,000</u>
829-000-595-30-63-02	Roadway Improvements Capital Outlay	<u>1,800,000</u> <u>1,800,000</u>
	Grand Total	<u>\$ 1,970,000</u>

**City of Covington
Capital Investment Program
Ongoing Maintenance Costs**

CIP #1039

Project Description:

Project is widening to allow for u turns and adding landscaping, street lights as well as modifying the signal system. The estimated maintenance costs take care of sweeping, vactoring, landscaping, utilities as well as replacement in the future

Sweeping	\$	1,234
Vactoring		865
Pond Maintenance		618
Landscaping Maintenance		2,471
Citizen Response		247
Overhead Administration		1,235
Utilities (Water & Power)		1,976
Repairs		2,471
Preventative Maintenance (Cracking Sealing, etc)		2,471
Signal Maintenance		2,471
Replacement (over 20 year period)		<u>4,941</u>
Total Annual Costs	\$	<u>21,000</u>



LOCAL IMPROVEMENT DISTRICT NO. 99-01

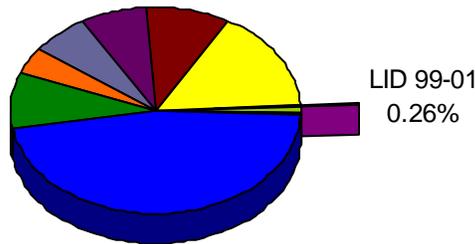
Fund Overview

This Fund was created to construct the improvements associated with Local Improvement District 99-01. These improvements are complete, the assessments have been calculated, and this fund is used to make the debt service payments associated with the bond issue that funded the work.

Significant Budget Issues

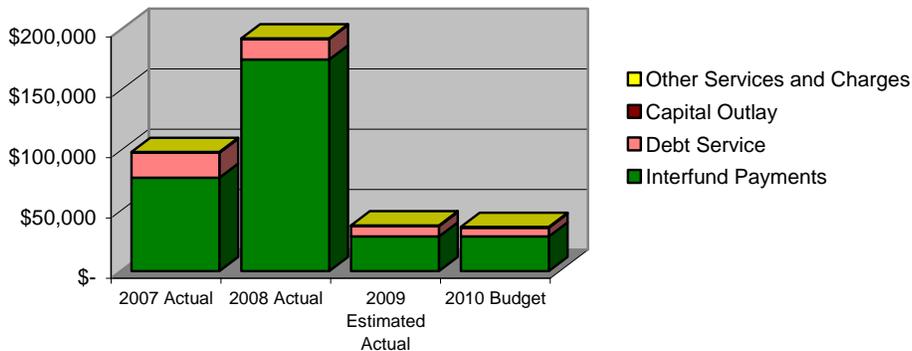
If any of the accounts associated with this bond issue default, the City has established a guaranty fund, which is 10% of the entire bond issue.

2010 Budget All Funds



Uses of Funds:	2007 Actual	2008 Actual	2009 Estimated Actual	2010 Budget
Other Services and Charges	\$ 753	\$ 673	\$ 750	\$ 750
Capital Outlay	-	-	-	-
Debt Service	20,620	16,903	8,484	7,179
Interfund Payments	77,432	175,402	28,710	28,710
Total Operating Expenses	<u>98,805</u>	<u>192,978</u>	<u>37,944</u>	<u>36,639</u>
Operating Transfer Out	-	-	-	-
Other Decreases in Fund Balance	-	-	-	-
Total Uses	<u>\$ 98,805</u>	<u>\$ 192,978</u>	<u>\$ 37,944</u>	<u>\$ 36,639</u>

Total Operating Expenditures by Year



LOCAL IMPROVEMENT DISTRICT 99-01

<u>Account Number</u>	<u>Description</u>	<u>2010 Budget</u>
330-000-595-90-41-10	Professional Services	\$ <u>750</u>
	Other Services and Charges	<u>750</u>
330-000-592-95-89-02	LID Interest Expense	<u>7,179</u>
	Debt Service: Interest	<u>7,179</u>
330-000-592-95-79-02	LID Principal Payment	<u>28,710</u>
	Interfund Payment for Serv.	<u>28,710</u>
	Grand Total	\$ <u>36,639</u>



LONG-TERM DEBT SERVICE

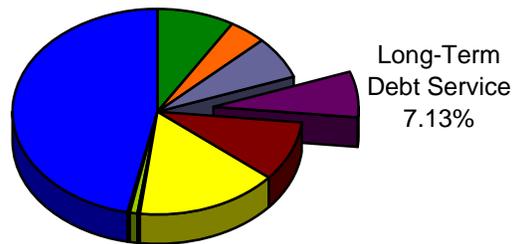
Fund Overview

This Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Significant Budget Issues

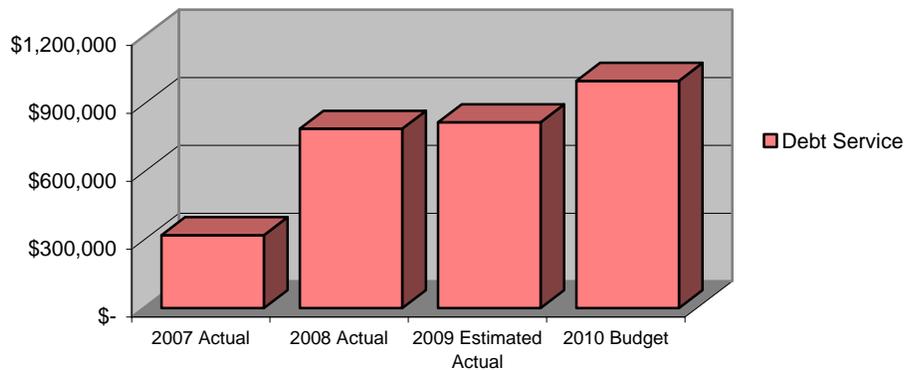
None

2010 Budget All Funds



Uses of Funds:	2007 Actual	2008 Actual	2009 Estimated Actual	2010 Budget
Debt Service	<u>\$322,252</u>	<u>\$ 792,762</u>	<u>\$ 821,313</u>	<u>\$ 1,004,451</u>
Total Uses	<u>\$322,252</u>	<u>\$ 792,762</u>	<u>\$ 821,313</u>	<u>\$ 1,004,451</u>

Total Operating Expenditures by Year



LONG-TERM DEBT SERVICE

Account Number	Description	2010 Budget
202-000-591-95-71-01	2007T GO Bond Principal	\$ 200,000
202-000-591-95-71-03	2008 GO Bond Principal	16,263
202-000-591-95-78-00	PWTF Principal	<u>214,896</u>
	Debt Service: Principal	<u>431,159</u>
202-000-592-38-83-04	PWTF Interest	16,117
202-000-592-95-83-01	2007T Interest payment	131,270
202-000-592-95-83-02	2007A Interest Payment	414,684
202-000-592-95-83-03	2008 GO Interest Payment	<u>11,221</u>
	Debt Service: Interest	<u>573,292</u>
	Grand Total	<u>\$ 1,004,451</u>



INTERNAL SERVICE UNEMPLOYMENT INSURANCE BENEFIT

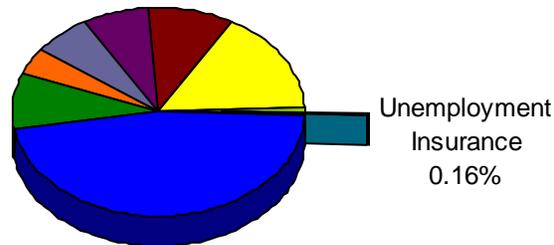
Fund Overview

This Fund is used to account for charges to other departments to accumulate sufficient resources to pay reimbursement of unemployment benefits paid by the Employment Security Department of the State and chargeable to the City. The City has elected the in-lieu contribution method for payment of unemployment compensation.

Significant Budget Issues

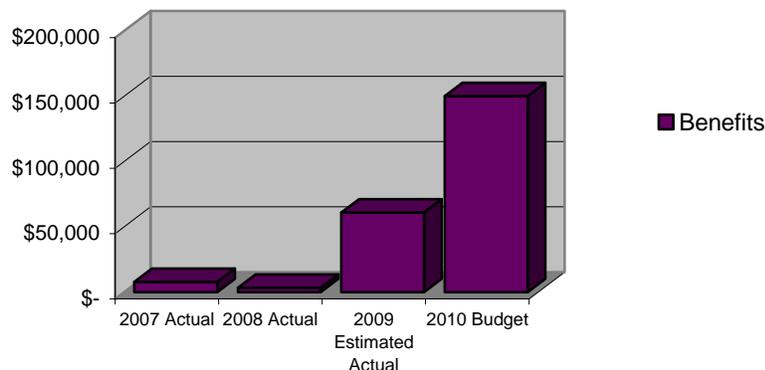
With the recent reductions in staff we anticipate our unemployment compensation payments to increase significantly.

2010 Budget All Funds



Uses of Funds:	2007	2008	2009	2010
	Actual	Actual	Estimated Actual	Budget
Benefits	\$ 7,925	\$ 3,344	\$ 61,000	\$ 150,252
Total Uses	<u>\$ 7,925</u>	<u>\$ 3,344</u>	<u>\$ 61,000</u>	<u>\$ 150,252</u>

Total Operating Expenditures by Year



**INTERNAL SERVICE
UNEMPLOYMENT INSURANCE BENEFIT**

<u>Account Number</u>	<u>Description</u>	<u>2010 Budget</u>
501-000-514-10-21-04	Unemployment Compensation	\$ <u>150,252</u>
	Personnel Benefits	<u>150,252</u>
	Grand Total	\$ <u><u>150,252</u></u>



INTERNAL SERVICE EQUIPMENT REPLACEMENT

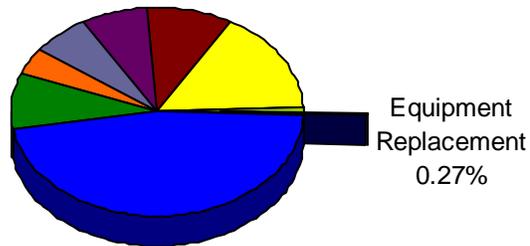
Fund Overview

The Equipment Replacement Fund provides the maintenance, repair, purchasing and records for the City vehicle and equipment fleet. This Fund is supported through internal user fees. All of the maintenance work is accomplished through contract services.

Major Activities

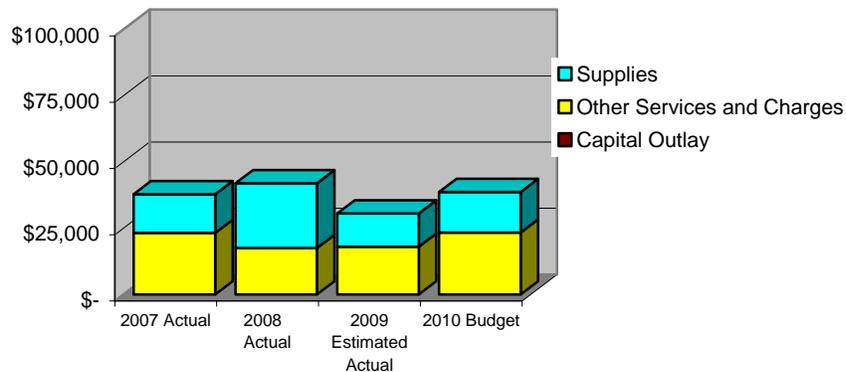
- Inspect, maintain, and repair of City fleet
- Purchase new and replacement vehicles as per schedule
- Maintain updated records for City fleet
- Complete a comprehensive Fleet Policy

2010 Budget All Funds



Uses of Funds:	2007 Actual	2008 Actual	2009 Estimated Actual	2010 Budget
Supplies	\$ 14,559	\$24,385	\$ 12,500	\$ 15,300
Other Services and Charges	23,203	17,545	18,000	23,325
Capital Outlay	-	-	-	-
Total Uses	<u>\$ 37,762</u>	<u>\$ 41,930</u>	<u>\$ 30,500</u>	<u>\$ 38,625</u>

Total Operating Expenditures by Year



**INTERNAL SERVICE
UNEMPLOYMENT INSURANCE BENEFIT**

<u>Account Number</u>	<u>Description</u>	<u>2010 Budget</u>
502-000-548-78-31-05	Operating Supplies	\$ 1,150
502-000-548-78-32-00	Vehicle Fuel	<u>14,150</u>
	Supplies	<u>15,300</u>
502-000-548-78-48-04	Repairs & Maint - Vehicles	<u>23,325</u>
	Other Services and Charges	<u>23,325</u>
	Grand Total	<u>\$ 38,625</u>

City of Covington
2010 Budget
Decision Cards

General Fund

No.	Title/Description	Fund	Initiating Dept	Amount Requested		Amount Funded		Notes/Comments
				One-Time	Ongoing	One-Time	Ongoing	
1	State and Federal Lobbyist	GF	Executive	-	20,000	-	20,000	
2	Enhanced Animal Control Services	GF	Executive	-	65,470	-	-	
3	Performance Incentive Pay Program	GF	Executive	-	109,065	-	-	
4	Proposed Base Budget Changes - Revenue Decrease Expenditure Decrease	GF	Executive	-	273,759 (202,384)	-	273,759 (202,384)	
5	Remove Sales Tax Revenue from the Cumulative Reserve Fund	GF	Executive	-	(155,000)	-	(151,250)	
6	Shoreline Master Program Final Adoption and Implementation Dept of Ecology Grant	GF	Comm Dev	7,500 (3,500)	-	-	-	Review 1st Qtr 2010 Review 1st Qtr 2010
7	Town Center Implementation - Zoning and Dev Regulations	GF	Comm Dev	44,090	-	44,090	-	
8	Gap Analysis for State Mandated Comp Plan Update	GF	Comm Dev	6,000	-	-	-	Total cost is \$7,000 to be allocated as follows: \$6,000 General Fund; \$1,000 Street Fund.
	Net Total General Fund			54,090	110,910	44,090	(59,875)	
	Summary:							
	Total Expenditures			57,590	(7,849)	44,090	(182,384)	
	Total Related Revenue			(3,500)	118,759	-	122,509	
	Total Transfers-in			-	-	-	-	
	Total Transfers-out			-	-	-	-	
	Total Interfund Loan Receipts			-	-	-	-	
	Total Interfund Loan Disbursements			-	-	-	-	
	Debt Proceeds			-	-	-	-	
	Net Total General Fund			54,090	110,910	44,090	(59,875)	

Street Fund

No.	Title/Description	Fund	Initiating Dept	Amount Requested		Amount Funded		Notes/Comments
				One-Time	Ongoing	One-Time	Ongoing	
1	School Zone Safety Program	Street	Street	27,500	-	-	-	
2	Gap Analysis for State Mandated Comp Plan Update	Street	Street	1,000	-	-	-	Total cost is \$7,000 to be allocated as follows: \$6,000 General Fund; \$1,000 Street Fund.
3	Proposed Base Budget Changes - Transfer In Increase Expenditure Decrease	Street	Street	-	(150,000) (92,948)	-	(150,000) (92,948)	
	Net Total Street Fund			28,500	(242,948)	-	(242,948)	
	Summary:							
	Total Expenditures			28,500	(92,948)	-	(92,948)	
	Total Related Revenue			-	-	-	-	
	Total Transfers-in			-	(150,000)	-	(150,000)	
	Total Transfers-out			-	-	-	-	
	Total Interfund Loan Receipts			-	-	-	-	
	Total Interfund Loan Disbursements			-	-	-	-	
	Debt Proceeds			-	-	-	-	
	Net Total Street Fund			28,500	(242,948)	-	(242,948)	

Development Services Fund

No.	Title/Description	Fund	Initiating Dept	Amount Requested		Amount Funded		Notes/Comments
				One-Time	Ongoing	One-Time	Ongoing	
1	Proposed Base Budget Changes - Decrease in Expenditures	DS	DS	-	(569,540)	-	(569,540)	
	Net Total Development Services			-	(569,540)	-	(569,540)	
	Summary:							
	Total Expenditures			-	(569,540)	-	(569,540)	
	Total Related Revenue			-	-	-	-	
	Total Transfers-in			-	-	-	-	
	Total Transfers-out			-	-	-	-	
	Total Interfund Loan Receipts			-	-	-	-	
	Total Interfund Loan Disbursements			-	-	-	-	
	Debt Proceeds			-	-	-	-	
	Net Total Development Services			-	(569,540)	-	(569,540)	

City of Covington
2010 Budget
Decision Cards

Parks Fund

No.	Title/Description	Fund	Initiating Dept	Amount Requested		Amount Funded		Notes/Comments
				One-Time	Ongoing	One-Time	Ongoing	
1	Increase Saturday Aquatics Programs	Parks	Aquatics	-	19,817	-	19,817	
	Additional Registration Revenue			-	(26,043)	-	(26,043)	
2	Performance Assurance Support Services (for HVAC)	Parks	Aquatics	-	3,900	-	3,900	
3	Parks, Recreation, and Open Space (PROS) Plan	Parks	Parks	32,640	-	32,640	-	
4	Proposed Base Budget Changes - Increase in Expenditures	Parks	Parks	-	14,613	-	14,613	
5	Eliminate Parks Transfer to Cumulative Reserve Fund	Parks	Parks	-	(53,500)	-	(53,500)	
	Net Total Parks Fund			32,640	(41,213)	32,640	(41,213)	
	Summary:							
	Total Expenditures			32,640	38,330	32,640	38,330	
	Total Related Revenue			-	(26,043)	-	(26,043)	
	Total Transfers-in			-	-	-	-	
	Total Transfers-out			-	(53,500)	-	(53,500)	
	Total Interfund Loan Receipts			-	-	-	-	
	Total Interfund Loan Disbursements			-	-	-	-	
	Debt Proceeds			-	-	-	-	
	Net Total Parks Fund			32,640	(41,213)	32,640	(41,213)	

Surface Water Management Fund

No.	Title/Description	Fund	Initiating Dept	Amount Requested		Amount Funded		Notes/Comments
				One-Time	Ongoing	One-Time	Ongoing	
1	Proposed Base Budget Changes - Decrease in Expenditures	SWM	SWM	-	(107,666)	-	(107,666)	
	Net Total Surface Water Management Fund			-	(107,666)	-	(107,666)	
	Summary:							
	Total Expenditures			-	(107,666)	-	(107,666)	
	Total Related Revenue			-	-	-	-	
	Total Transfers-in			-	-	-	-	
	Total Transfers-out			-	-	-	-	
	Total Interfund Loan Receipts			-	-	-	-	
	Total Interfund Loan Disbursements			-	-	-	-	
	Debt Proceeds			-	-	-	-	
	Net Total Surface Water Management Fund			-	(107,666)	-	(107,666)	

Capital Investment Program Fund

No.	Title/Description	Fund	Initiating Dept	Amount Requested		Amount Funded		Notes/Comments
				One-Time	Ongoing	One-Time	Ongoing	
1	Annual Transportation Safety Improvements (CIP 1029)	CIP	CIP	50,000	-	-	-	
2	Proposed Base Budget Changes - Decrease in Transfer In	CIP	CIP	-	150,000	-	150,000	
	Decrease in Expenditures			-	(150,000)	-	(150,000)	
	Net Total Capital Investment Program Fund			50,000	-	-	-	
	Summary:							
	Total Expenditures			50,000	(150,000)	-	(150,000)	
	Total Related Revenue			-	-	-	-	
	Total Transfers-in			-	150,000	-	150,000	
	Total Transfers-out			-	-	-	-	
	Total Interfund Loan Receipts			-	-	-	-	
	Total Interfund Loan Disbursements			-	-	-	-	
	Debt Proceeds			-	-	-	-	
	Net Total Capital Investment Program Fund			50,000	-	-	-	

Cumulative Reserve Fund

No.	Title/Description	Fund	Initiating Dept	Amount Requested		Amount Funded		Notes/Comments
				One-Time	Ongoing	One-Time	Ongoing	
1	Remove Sales Tax Revenue from the Cumulative Reserve Fund	CRF	CRF	-	155,000	-	151,250	
2	Eliminate Parks Transfer to Cumulative Reserve Fund	CRF	CRF	-	53,500	-	53,500	
	Net Total Cumulative Reserve Fund			-	208,500	-	204,750	
	Summary:							
	Total Expenditures			-	-	-	-	
	Total Related Revenue			-	208,500	-	204,750	
	Total Transfers-in			-	-	-	-	
	Total Transfers-out			-	-	-	-	
	Total Interfund Loan Receipts			-	-	-	-	
	Total Interfund Loan Disbursements			-	-	-	-	
	Debt Proceeds			-	-	-	-	
	Net Total Cumulative Reserve Fund			-	208,500	-	204,750	

City of Covington
2010 Budget
Decision Cards

Unemployment Fund

No.	Title/Description	Fund	Initiating Dept	Amount Requested		Amount Funded		Notes/Comments
				One-Time	Ongoing	One-Time	Ongoing	
1	Proposed Base Budget Changes - Reduction in Revenue Increase in Expenditures	Unem	Unem	-	6,225	-	6,225	
				-	126,252	-	126,252	
	Net Total Unemployment Fund			-	132,477	-	132,477	
	Summary:							
	Total Expenditures			-	126,252	-	126,252	
	Total Related Revenue			-	6,225	-	6,225	
	Total Transfers-in			-	-	-	-	
	Total Transfers-out			-	-	-	-	
	Total Interfund Loan Receipts			-	-	-	-	
	Total Interfund Loan Disbursements			-	-	-	-	
	Debt Proceeds			-	-	-	-	
	Net Total Unemployment Fund			-	132,477	-	132,477	

Net Total Decision Cards For All Funds

165,230 (509,480) 76,730 (684,015)

Summary of Decision Cards For All Funds

Total Expenditures			168,730	(763,421)	76,730	(937,956)	
Total Related Revenue			(3,500)	307,441	-	307,441	
Total Transfers-in			-	-	-	-	
Total Transfers-out			-	(53,500)	-	(53,500)	
Total Interfund Loan Receipts			-	-	-	-	
Total Interfund Loan Disbursements			-	-	-	-	
Debt Proceeds			-	-	-	-	
Net Total Decision Cards for all Funds:			165,230	(509,480)	76,730	(684,015)	

STATISTICAL

Covington's place in the State of Washington



Overview

- Incorporated 1997
- Type of Government: Council-Manager
- 46 full-time equivalent employees
- Located at the intersection of Highway 18 and State Route 516 - 30 miles Southeast of Seattle
- Services include: police, parks, streets, planning and general administration, aquatics, stormwater, and human services
- Population growth of 39% since 1997 to current 17,530
- Ranked 51 out of 281 cities in population
- Economy based on diverse mixture of retail, healthcare and residential development

Quality of Life

- A great place to live, work, shop and play
- Parks have grown from 0 in 2000 to 5 in 2009. Number of acres has increased from 12 acres in 2000 to 135 in 2009
- 1.3 million square feet of existing non-residential building use: office, retail, and other

City of Covington
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005 (Note 2)</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Function										
General Government	13	13	13	12	12	14	9	8	8	8
Community Development	10	16	16	15	15	4	15	12	7	6
Public Safety (Note 1)	-	-	-	-	-	-	-	-	-	-
Highways and Streets	13	14	14	11	11	5	5	5	4	4
Culture and Recreation	<u>10</u>	<u>9</u>	<u>9</u>	<u>8</u>	<u>8</u>	<u>13</u>	<u>4</u>	<u>4</u>	<u>1</u>	<u>-</u>
Total	<u>46</u>	<u>52</u>	<u>52</u>	<u>46</u>	<u>46</u>	<u>36</u>	<u>33</u>	<u>29</u>	<u>20</u>	<u>18</u>

Note 1: The City contracts with King County for police officers.

Note 2: In 2005, the City began operating an Aquatic Center and administering athletics programs. This increased our Culture and Recreation staff.

City of Covington
Employee Positions/Salary Range Schedule
For the Fiscal Year 2010

Position	Salary Range Annual	
City Manager	\$ 134,196	- \$ 160,237
Community Development Director	\$ 106,297	- \$ 126,925
Finance Director	\$ 106,297	- \$ 126,925
Parks & Recreation Director	\$ 106,297	- \$ 126,925
Public Works Director	\$ 106,297	- \$ 126,925
Building Official	\$ 86,649	- \$ 103,465
City Engineer	\$ 86,649	- \$ 103,465
Economic Development Manager	\$ 86,649	- \$ 103,465
Planning Manager	\$ 86,649	- \$ 103,465
Assistant City Engineer	\$ 77,118	- \$ 92,083
Development Review Engineer	\$ 77,118	- \$ 92,083
Operations & Maintenance Manager	\$ 77,118	- \$ 92,083
City Clerk/Executive Assistant	\$ 72,752	- \$ 86,868
Administrative Services Manager	\$ 70,694	- \$ 84,412
Personnel Manager	\$ 70,694	- \$ 84,412
Maintenance Supervisor	\$ 68,635	- \$ 81,953
Community Relations Coordinator	\$ 68,635	- \$ 81,953
Plans Examiner/Building Inspector	\$ 68,635	- \$ 81,953
Recreation & Aquatic Manager	\$ 68,635	- \$ 81,953
Senior Information Systems Administrator	\$ 66,692	- \$ 79,633
Senior Planner	\$ 66,692	- \$ 79,633
Accountant	\$ 64,749	- \$ 77,314
Aquatic Supervisor	\$ 64,749	- \$ 77,314
Engineering Tech III	\$ 64,749	- \$ 77,314

City of Covington
Employee Positions/Salary Range Schedule
For the Fiscal Year 2010

Position	Salary Range Annual		
Construction Inspector	\$ 61,084	-	\$ 72,938
Permit Technician IV	\$ 61,084	-	\$ 72,938
Associate Planner	\$ 59,355	-	\$ 70,873
Building Inspector	\$ 59,355	-	\$ 70,873
Senior Maintenance Worker	\$ 57,627	-	\$ 68,810
Code Enforcement Officer	\$ 57,627	-	\$ 68,810
Personnel & HS Analyst	\$ 55,996	-	\$ 66,862
Finance Specialist	\$ 54,365	-	\$ 64,915
Maintenance Worker	\$ 54,365	-	\$ 64,915
Permit Technician III	\$ 54,365	-	\$ 64,915
Administrative/Legal Assistant	\$ 52,827	-	\$ 63,078
Deputy City Clerk	\$ 52,827	-	\$ 63,078
Engineering Technician II	\$ 52,827	-	\$ 63,078
Office Supervisor/PW	\$ 52,827	-	\$ 63,078
Assistant Planner	\$ 51,289	-	\$ 61,241
Accounting Clerk	\$ 48,384	-	\$ 57,774
Permit Technician II	\$ 48,384	-	\$ 57,774
Engineering Tech I	\$ 48,384	-	\$ 57,774
Permit Technician I	\$ 43,061	-	\$ 51,419
Office Technician II - PW or EO	\$ 41,843	-	\$ 49,964
Management Assistant	\$ 37,240	-	\$ 44,466
Senior Lifeguard	\$ 41,496	-	\$ 49,548
Specialty Instructor	\$ 30,555	-	\$ 36,484

City of Covington
Employee Positions/Salary Range Schedule
For the Fiscal Year 2010

Position	Salary Range Annual			
Water Safety Instructor	\$	30,555	-	\$ 36,484
Maintenance Worker (Seasonal)	\$	25,488	-	\$ 30,434
Lifeguard	\$	24,294	-	\$ 29,008

City of Covington
Assessed Values of Real and Personal Property
Last Ten Fiscal Years

Fiscal Year	Real Property				Personal Property			Total Assessed Value	New Construction (Note 2)
	Locally Assessed Land	Locally Assessed Improvements	State Assessed Public Utility	Omitted Assessments (Note 1)	Locally Assessed	State Assessed Public Utility	Omitted Assessments (Note 1)		
2001	273,190,930	543,315,497	155,292	230,000	20,315,584	11,901,824	-	849,109,127	7,458,286
2002	338,223,230	575,527,447	157,377	-	23,305,567	14,517,265	3,440	951,734,326	39,590,705
2003	368,199,830	665,361,397	157,203	-	25,425,969	13,566,139	-	1,072,710,538	55,285,114
2004	403,884,330	750,881,697	166,158	241,000	23,938,941	12,632,980	259,666	1,192,004,772	81,783,532
2005	431,731,530	865,500,097	168,276	224,000	20,753,923	13,636,097	-	1,332,013,923	98,899,473
2006	492,723,430	959,956,197	161,743	325,000	22,262,261	14,301,377	13,174	1,489,743,182	53,849,875
2007	554,745,330	1,066,275,211	163,924	-	27,525,295	13,324,094	3,808,485	1,665,842,339	28,278,992
2008	640,650,490	1,197,306,300	159,219	-	32,183,863	15,773,682	-	1,886,073,554	36,727,701
2009	706,781,218	1,363,213,711	521,551	-	33,644,893	14,943,721	-	2,119,105,094	63,613,630
2010	655,790,432	1,109,425,992	587,076	21,000	31,776,955	25,120,957	151,556	1,822,873,968	28,133,198

Note 1: An omitted assessment is property value that should have been included on a prior's roll but will be included in the current roll. Omits are assessed and taxed at the rate in effect for the year omitted.

Note 2: New construction is already included in other values shown. This column is provided for information only.

**City of Covington
Property Tax Levy
Last Ten Fiscal Years**

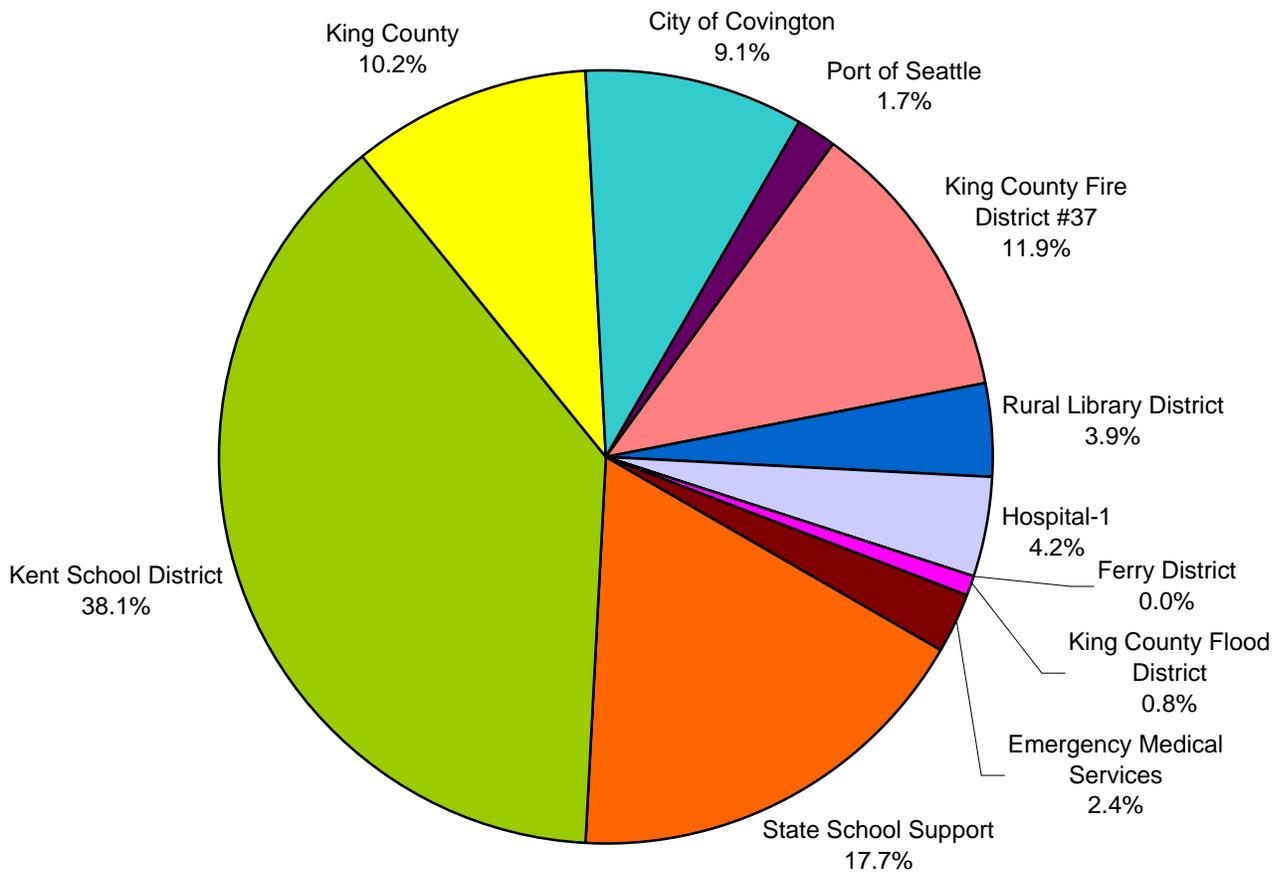
	(1)	(2)	(3)	(4) Omits	(5)	(6)	(7) Regular Levy	(8)	(9)	(10)	(11)
Fiscal Year	Total Assessed Value	Assessed Value of Exempt Property	Assessed Value	Levy Rate Per \$1,000	Levy (3x4)	Assessed Value (1-2-3)	Levy Rate Per \$1,000	Regular Levy (6x7)	Total Property Tax Levy (5+8)	Less Exempt Property (Senior Citizen)	Net Assessed Value for Excess Levy (6-10)
2001	849,109,127	3,544,193	230,000	Note 1	382	845,334,934	1.49034	1,259,836	1,260,218	6,749,699	838,585,235
2002	951,734,326	2,875,683	3,440	Note 1	5	948,855,203	1.40771	1,335,714	1,335,719	6,524,659	942,330,544
2003	1,072,710,538	3,031,967	-	Note 1	-	1,069,678,571	1.32315	1,415,345	1,415,345	6,599,619	1,063,078,952
2004	1,192,004,772	3,156,685	500,666	Note 1	714	1,188,347,421	1.28369	1,525,470	1,526,184	6,805,169	1,181,542,252
2005	1,332,013,923	3,338,328	224,000	Note 1	288	1,328,451,595	1.24664	1,656,101	1,656,389	6,929,769	1,321,521,826
2006	1,489,743,182	5,962,363	338,174	Note 1	422	1,483,442,645	1.20452	1,786,836	1,787,258	7,559,134	1,475,883,511
2007	1,665,842,339	6,040,907	3,808,485	Note 1	4,758	1,655,992,947	1.15224	1,908,101	1,912,859	7,527,754	1,648,465,193
2008	1,886,073,554	5,974,767	-	Note 1	-	1,880,098,787	1.04814	1,970,607	1,970,607	7,949,594	1,872,149,193
2009	2,119,105,094	6,396,197	-	Note 1	-	2,112,708,897	0.98104	2,072,652	2,072,652	9,527,564	2,103,181,333
2010	1,822,873,968	7,205,461	172,556	Note 1	171	1,815,495,951	1.15290	2,093,085	2,093,256	9,898,874	1,805,597,077

Note 1: The levy rate for omits varies depending on the year the omit was for.

City of Covington
Property Tax Rates Per \$1,000 of Assessed Value
For the City and all Overlapping Governments
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
State School Fund	\$ 3.14502	\$ 2.98946	\$ 2.89680	\$ 2.75678	\$ 2.68951	\$ 2.49787	\$ 2.32535	\$ 2.13233	\$ 1.96268	\$ 2.22253
Kent School District										
Special Levy	2.98698	2.85756	2.81717	2.70217	2.74299	2.65755	2.58756	2.39044	2.30024	2.80694
Bond Levy	2.09889	1.74892	1.67956	1.78690	1.83877	1.73553	1.28303	1.73225	1.52691	1.72361
Building Fund Levy	0.27889	0.25861	0.23994	0.22810	0.21633	0.20026	0.30500	0.27067	0.24237	0.27800
King County										
Regular Levies										
Current Expense	1.07656	1.03765	0.99968	0.99253	0.94845	0.89604	0.84558	0.76686	0.69697	0.80597
County River Improvement	0.01216	0.01125	0.01084	0.01064	0.01039	0.00986	0.00922	-	-	-
Inter-county River	0.00027	0.00024	0.00022	0.00021	0.00020	0.00019	0.00017	0.00015	0.00013	0.00015
Veteran's Aid	0.01029	0.00952	0.00917	0.00900	0.00879	0.00834	0.00780	0.00706	0.00643	0.00746
Mental Health	0.02286	0.02115	0.02038	0.02000	0.01954	0.01854	0.01733	0.01570	0.01430	0.01657
Transportation	-	-	-	-	-	-	-	-	-	0.06501
Councilmanic Bond Redemption	0.10239	0.06422	0.06525	0.05091	0.07210	0.07076	0.06208	0.05923	0.05661	0.06714
AFIS (voted)	0.05784	0.05348	0.04832	0.05050	0.04933	0.05000	0.05680	0.05146	0.04473	0.04571
Zoo/Open Space/Trails	-	-	-	-	-	-	-	0.05000	0.04749	0.05451
Veterans/Human Services	-	-	-	-	-	-	-	0.04232	0.03856	0.04468
Parks (voted)	-	-	-	0.04900	0.04785	0.04542	0.04244	0.05000	0.04749	0.05451
Conservation Futures	0.06246	0.06246	0.05625	0.05922	0.05791	0.05488	0.05135	0.04641	0.04246	0.04918
Bond Fund Unlimited	0.20735	0.18952	0.13937	0.18945	0.16773	0.17466	0.15007	0.11851	0.10255	0.07410
City of Covington	1.49034	1.40772	1.32315	1.28369	1.24664	1.20452	1.15224	1.04814	0.98104	1.15290
Port of Seattle										
General Fund	0.06041	0.07372	0.13170	0.09073	0.10079	0.08259	0.09552	0.10447	0.19700	0.21597
Bond Fund	0.12988	0.11584	0.12725	0.16329	0.15242	0.15071	0.13606	0.11912	-	-
King County Fire District #37	1.44370	1.37062	1.33808	1.29833	1.50000	1.42180	1.35107	1.35000	1.35001	1.35000
King County Fire District #37 Reserve	-	-	-	-	-	-	-	0.15000	0.14999	0.15000
Rural Library District	0.48270	0.45632	0.50000	0.49246	0.48288	0.45884	0.43295	0.39186	0.36118	0.42188
Rural Library District-G. O. Bond	0.07467	0.06949	0.04568	0.04407	0.04967	0.07540	0.06732	0.06150	0.05618	0.06338
Hospital-1	0.09873	0.09643	0.09254	0.09200	0.09039	0.05900	0.55652	0.50854	0.47141	0.53290
Hospital-1 -Debt Levy	-	-	-	-	-	-	-	-	-	-
Ferry District	-	-	-	-	-	-	-	0.05500	0.05018	0.00348
King County Flood District	-	-	-	-	-	-	-	0.10000	0.09123	0.10514
Emergency Medical Services	0.24624	0.25000	0.24143	0.23717	0.23182	0.21982	0.20621	0.30000	0.27404	0.30000
Total Levy Rate	\$ 14.08863	\$ 13.14418	\$ 12.78278	\$ 12.60715	\$ 12.72450	\$ 12.09258	\$ 11.74167	\$ 11.92202	\$ 11.11218	\$ 12.61172

**City of Covington
Property Tax Breakdown
for Properties Located Within the City**



**City of Covington
Schedule of Limit on Debt
(Debt Capacity)**

Total 2010 Assessed Value (A.V.) 1,822,873,968

Limit as % of A. V.	General Purpose Capacity			Special Purposes Capacity		Maximum Total Debt Capacity
	Non-Voted	Capital Lease Non-Voted	Voted/ Non-Voted	Parks and Open Space	Utility Purpose	
1.50%	\$ 27,343,110	\$ 27,343,110	\$ -	\$ -	\$ -	\$ -
2.50%	-	-	45,571,849	45,571,849	45,571,849	-
7.50%	-	-	-	-	-	136,715,548
Less Outstanding Debt	\$12,774,549	-	-	-	-	\$12,774,549
Remaining Debt Capacity	<u>\$ 14,568,561</u>	<u>\$ 27,343,110</u>	<u>\$ 45,571,849</u>	<u>\$ 45,571,849</u>	<u>\$ 45,571,849</u>	<u>\$ 123,940,999</u>

Notes:

- (1) The total indebtedness for general purposes with or without a vote cannot exceed 2.5% of the value of taxable property. General purpose indebtedness includes debt for capital leases, without a vote. The legal limit for capital lease debt is included in the 2.5% and does not constitute extra allowable debt.
- (2) The 1.5% of indebtedness available without a vote is proportionately reduced by capital lease debt or any indebtedness with a vote in excess of 1%.
- (3) Indebtedness for utility or open space and park facilities purposes, with a vote, may exceed 2.5% of the value of taxable property (up to 5%). Any excess will proportionately reduce the margin still available for general purposes.
- (4) The total indebtedness combined cannot exceed 7.5% of the value of taxable property.
- (5) Effective March 2000, capital facilities associated with economic development was an added allowable use in the debt limit category set for parks and open spaces.

**City of Covington
General Obligation Debt
as of December 31, 2009**

Series	Date of Issuance	Final Maturity	Original Par	Bonds Outstanding
2007T (Taxable)	6/5/2007	11/1/2015	\$ 2,505,000	\$2,490,000
2007A (Tax-Exempt)	6/5/2007	11/1/2027	\$ 10,000,000	\$10,000,000
2008 (Tax-Exempt)	6/10/2008	6/1/2023	\$ 308,068	\$284,549

Annual Debt Service Requirements to Maturity

Year	General Obligation		Special Assessment		Governmental Activities Other Debt		Total Annual Requirements
	Bonds Principal	Interest	Bonds Principal	Interest	Principal	Interest	
2010	\$ 216,263	\$ 557,175	\$ -	\$ 8,484	\$ 214,896	\$ 16,117	\$ 1,012,935
2011	506,920	546,118	-	8,484	214,896	15,043	1,291,461
2012	532,603	519,856	-	8,484	214,896	13,968	1,289,807
2013	563,314	492,107	-	8,484	214,896	12,894	1,291,695
2014-2018	3,248,286	2,015,051	-	44,420	1,074,479	48,352	6,430,588
2019-2023	3,992,163	1,259,331	176,758	24,746	1,074,479	21,490	6,548,967
2024-2027	3,715,000	390,638	-	-	214,894	1,074	4,321,606
Total	<u>\$ 12,774,549</u>	<u>\$ 5,780,276</u>	<u>\$ 176,758</u>	<u>\$ 103,102</u>	<u>\$ 3,223,436</u>	<u>\$ 128,938</u>	<u>\$ 22,187,059</u>

City Bond Ratings

On January 1, 2010 the City held the following bond ratings:

Bond Type	Moody's
Limited Tax General Obligation	A3

**City of Covington
Population Statistics**

Sex and Age (1)			Race(1)		
	Number	Percent		Number	Percent
Total Population	13,783	100.0%	One Race	13,297	96.5%
Male	7,004	50.8%	White	12,112	87.9%
Female	6,779	49.2%	Black or African American	336	2.5%
			American Indian and Alaska Native	140	1.0%
Under 5 Years	1,092	7.9%	Asian	430	3.1%
5 to 9 Years	1,370	9.9%	Asian Indian	22	0.2%
10 to 14 Years	1,412	10.2%	Chinese	50	0.4%
15 to 19 Years	1,150	8.3%	Filipino	146	1.1%
20 to 24 Years	603	4.4%	Japanese	50	0.4%
25 to 34 Years	2,023	14.7%	Korean	48	0.3%
35 to 44 Years	2,962	21.5%	Vietnamese	50	0.4%
45 to 54 Years	1,875	13.6%	Other Asian (2)	64	0.5%
55 to 59 Years	467	3.4%	Native Hawaiian and Other Pacific Islander	31	0.2%
60 to 64 Years	314	2.3%	Native Hawaiian	15	0.1%
65 to 74 Years	339	2.5%	Guamanian or Chamorro	1	-
75 to 84 Years	145	1.1%	Samoan	11	0.1%
85 Years and Over	32	0.2%	Other Pacific Islander (3)	4	-
			Some Other Race	248	1.8%
Median Age (Years)	32.1	(X)	Two or More Races	486	3.5%
18 Years and Over	9,122	66.2%	Race Alone or in Combination with One or		
Male	4,566	33.1%	More Other Races (4)		
Female	4,566	33.1%	White	12,547	91.0%
21 Years and Over	8,622	62.6%	Black or African American	462	3.4%
62 Years and Over	690	5.0%	American Indian and Alaska Native	302	2.2%
65 Years and Over	515	3.7%	Asian	583	4.2%
Male	233	1.7%	Native Hawaiian and Other Pacific Islander	69	0.5%
Female	282	2.0%	Some Other Race	353	2.6%

Hispanic or Latino and Race(1)

	Number	Percent
Total Population	13,783	100.0%
Hispanic or Latino (of any Race)	617	4.5%
Mexican	392	2.8%
Puerto Rican	52	0.4%
Cuban	10	0.1%
Other Hispanic of Latino	163	1.2%
Not Hispanic or Latino	13,166	95.5%
White Alone	11,841	85.9%

Note 1: Data Taken From the U.S. Census Bureau, Census 2000

Note 2: Other Asian Alone, or Two or More Asian Categories.

Note 3: Other Pacific Islander Alone, or Two or More Native Hawaiian and Other Pacific Islander Categories.

Note 4: In Combination with One or More of the Other Races Listed. The Six Numbers May Add to More than the Total Population and the Six Percentages May Add to More Than 100 Percent Because Individuals May Report More Than One Race.

- Represents Zero or Rounds to Zero

(X) Not Applicable

**City of Covington
Housing Statistics**

Building Permits		
Fiscal Year	Number	Value
1999	79	6,739,777
2000	114	12,299,864
2001	293	52,914,122
2002	282	69,289,077
2003	455	92,808,770
2004	387	77,779,906
2005	207	36,350,287
2006	135	24,913,396
2007	225	72,000,837
2008	210	49,486,446
2009	131	8,389,520

Household by Type (1)		
	Number	Percent
Total Households	4,398	100.0%
Family Household (families)	3,692	83.9%
With Own Children Under 18 Years	2,295	52.2%
Married Couple Family	3,081	70.1%
With Own Children Under 18 Years	1,865	42.4%
Female Householder, No Husband Present	428	9.7%
With Own Children Under 18 Years	306	7.0%
Nonfamily Households	706	16.1%
Householder Living Alone	502	11.4%
Householder 65 Years and Over	73	1.7%
Households With Individuals Under 18 Years	2,439	55.5%
Household With Individuals 65 Years and Over	379	8.6%
Average Household Size	3.13	(X)
Average Family Size	3.37	(X)

Relationship (1)		
	Number	Percent
Total Population	13,783	100.0%
In Households	13,783	100.0%
Householder	4,398	31.9%
Spouse	3,081	22.4%
Child	5,181	37.6%
Own Child Under 18 Years	4,341	31.5%
Other Relatives	506	3.7%
Under 18 Years	225	1.6%
Nonrelatives	617	4.5%
Unmarried Partner	229	1.7%
In Group Quarters	-	-
Institutionalized Population	-	-
Noninstitutionalized Population	-	-

Housing Occupancy (1)		
	Number	Percent
Total Housing Units	4,473	100.0%
Occupied Housing Units	4,398	98.3%
Vacant Housing Units	75	1.7%
For Seasonal, Recreational or Occasional Use	7	0.2%
Homeowner Vacancy Rate (percent)	0.8	(X)
Rental Vacancy Rate (percent)	3.3	(X)

Housing Tenure (1)		
	Number	Percent
Occupied Housing Units	4,398	100.0%
Owner Occupied Housing Units	3,954	89.9%
Renter-Occupies Housing Units	444	10.1%
Average Household Size of Owner-Occupied Units	3.11	(X)
Average House Size of Renter-Occupied Units	3.39	(X)

Note 1: Data Taken From the U.S. Census Bureau, Census 2000

- Represents Zero or Rounds to Zero

(X) Not Applicable.

City of Covington
Workload Indicators by Function
Last Ten Fiscal Years

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Function										
City Manager ^(Note 1)										
Citizen Action Requests	281	268	347	401	N/A	N/A	N/A	N/A	N/A	N/A
Community Room Rentals	295	283	230	232	N/A	N/A	N/A	N/A	N/A	N/A
Contacts by Citizens (Phone and Walk-in)	13,088	15,116	12,984	12,014	N/A	N/A	N/A	N/A	N/A	N/A
Finance ^(Note 1)										
AP Checks Processed	1,758	1,758	1,600	1,829	1,689	1,513	1,397	N/A	N/A	N/A
AP Invoices Processed	2,994	2,994	2,638	2,982	2,339	2,290	2,171	N/A	N/A	N/A
AP \$ (in Millions)	20	20	17	10	6	8	8	N/A	N/A	N/A
AR Invoices/Statements Processed	751	751	902	1,020	826	624	493	N/A	N/A	N/A
Payroll Checks Processed	2,201	2,201	1,950	1,900	1,787	1,211	1,012	N/A	N/A	N/A
City Clerk ^(Note 1)										
Public Disclosure Requests	97	255	288	255	205	N/A	N/A	N/A	N/A	N/A
Covington Connection E-mails Received	178	186	243	219	194	N/A	N/A	N/A	N/A	N/A
Press Releases	40	71	62	47	59	N/A	N/A	N/A	N/A	N/A
Contracts/Agreements	63	66	35	93	64	N/A	N/A	N/A	N/A	N/A
Ordinances/Resolutions Passed	38	49	65	130	113	N/A	N/A	N/A	N/A	N/A
Community Development										
No. of Permits Issued	131	209	225	135	207	387	455	282	293	114
Estimated Value (in Millions)	8	49	89	25	36	78	93	69	53	12
Public Safety ^(Note 2)										
No. of Calls for Service	4,135	4,026	3,837	4,098	3,982	3,720	3,429	3,429	3,398	3,375
Reported Crimes	1,311	1,631	1,591	1,385	1,338	1,292	1,246	1,137	1,184	1,201
Traffic Citations	1,470	1,451	1,795	1,956	1,776	970	1,252	1,158	1,558	1,841
No. of Arrests										
Adults	585	403	418	368	356	289	376	300	385	239
Juveniles	148	117	86	122	141	145	139	108	118	133
Culture and Recreation ^(Note 3)										
Number of Parks	5	5	5	5	4	4	2	-	-	-
Park Acreage	135	135	135	135	135	135	109	39	22	12
Aquatics Public Swim Participants	13,543	15,232	10,796	25,704	26,064	-	-	-	-	-
Aquatics Lap Swim Participants	5,406	6,694	4,555	7,980	6,774	-	-	-	-	-
Aquatics Water Exercise Participants	5,084	5,419	3,931	5,294	3,884	-	-	-	-	-
Aquatics Lessons Participants ^(Note 4)										
Group Lesson Participants	33,139	31,680	18,615	3,973	3,518	-	-	-	-	-
Private Lesson Participants ^(Note 1)	654	488	N/A	N/A	N/A	-	-	-	-	-
Advanced Class Participants ^(Note 1)	157	152	N/A	N/A	N/A	-	-	-	-	-
Aquatic Center Rental Hours ^(Note 1)										
Private Rental Hours	213	190	125	269	273	-	-	-	-	-
School Rental Hours ^(Note 1)	336	367	N/A	N/A	N/A	-	-	-	-	-
Lane Rental Hours ^(Note 1)	2,810	2,462	N/A	N/A	N/A	-	-	-	-	-
Public Works ^(Note 1)										
Catch Basins Cleaned	2,265	2,265	2,100	1,841	N/A	N/A	N/A	N/A	N/A	N/A
Slope Mowing Miles	210	96	48	71	N/A	N/A	N/A	N/A	N/A	N/A
Landscape Mowing Miles	71	65	86	22	N/A	N/A	N/A	N/A	N/A	N/A
Miles of Streets Swept	2,054	2,290	1,192	1,754	N/A	N/A	N/A	N/A	N/A	N/A
Tons of Asphalt Used	95	100	94	155	N/A	N/A	N/A	N/A	N/A	N/A
Tons of Spoils, Litter & Debris Removed	245	50	718	438	N/A	N/A	N/A	N/A	N/A	N/A
Work Orders Completed	1,461	1,368	1,267	656	N/A	N/A	N/A	N/A	N/A	N/A

Note 1: In previous years, some of these workload indicators were not tracked. These are shown as "N/A" (not available).

Note 2: The City contracts with King County for these services. Some statistics were unavailable. These are shown as "N/A".

Note 3: The City began operating the Covington Aquatic Center January 1, 2005, therefore no prior data is available.

Note 4: Prior to 2007, Aquatics Lessons participants were tracked by total number of *class registrations*. Beginning in 2007, it is being tracked by the attendance logs for each class session.

**City of Covington
Principal Sales Tax Payers**

Taxpayer	Type of Business	Rank
Costco Wholesale Corp.	Retail	1
Wal-Mart Stores, Inc.	Retail	2
Fred Meyer Stores, Inc.	Retail	3
Home Depot USA, Inc.	Retail	4
Kohl's Department Stores, Inc.	Retail	5
Bowen Scarff Ford Sales, Inc.	Car Dealership	6
Safeway, Inc.	Retail	7
Les Schwab Tire Centers of Wahsington	Retail	8
Petco Animal Supplies Stores, Inc.	Retail	9
The Office Club, Inc.	Retail	10

City of Covington
Employer Statistics (Note 1)

<u>Employer</u>	<u>Type of Business</u>	<u>Rank</u>	<u>No. of Employees</u>
Kent School District #415	Education	1	613
Multicare Health Systems	Health Care	2	300
Wal-Mart Stores, Inc.	Retail Warehouse	3	290
Fred Meyer	Retail/Specialty	4	240
Costco	Retail Warehouse	5	200
Home Depot	Retail	6	125
Safeway	Retail/Grocery	7	90
Applebee's	Restaurant	8	70
King County Library System	Public Library	9	66
Lakeridge Paving Co.	Retail	10	63

Note 1: Information current through December 31, 2008

City of Covington
Principal Property Tax Payers
2009 (Note 1)

Taxpayer	Type of Business/Property	2009 Assessed Value	Rank	Percentage of Total Assessed Value
Multicare Health Systems	Healthcare	\$ 26,505,200	1	1.28%
GMS Realty, Inc.	Shopping Center	23,014,700	2	1.11%
Covington Apartments, LLC	Apartments	21,700,000	3	1.05%
Covington Legacy - BSP	Shopping Center	20,348,100	4	0.98%
Fred Meyer Inc.	Department Store	20,161,600	5	0.97%
Wal-Mart Stores, Inc.	Department Store	15,732,000	6	0.76%
Covington Commercial II, LLC	Shopping Center	14,365,700	7	0.69%
Covington Retail Assoc, LLC	Shopping Center	13,494,100	8	0.65%
E&M Covington, LLC	Shopping Center	10,117,600	9	0.49%
Covington Shopping Center	Commercial	<u>9,739,600</u>	10	<u>0.47%</u>
Total Assessed Value of 10 Largest Taxpayers		<u>\$ 175,178,600</u>		<u>8.46%</u>

Note 1: The assessed value does not include personal property.

**City of Covington
Miscellaneous Statistics**

Date of Incorporation - August 31, 1997		City Facilities and Services:	
Form of Government - Council/Manager		Miles of Paved Streets:	Approx. 60
7 Member Elected City Councilmembers Mayor Appointed From Within the Council		Fire Protection: Annexed Into Fire District #37	
Number of Employees	46	Police Protection: Contracted Through King County	
Population (1)	17,530	Number of Police Personnel and Officers	13
Area in Square Miles (1)	6.43	Gas & Electric System: Provided by Puget Sound Energy	
<u>Elections</u>		Water System Provided by: Covington Water District Water District #111	
Registered Voters	9,210	Sewer System: Provided by Soos Creek Sewer District	
Number of Votes Cast Last City Election	4,017		
Percentage Voting Last City Election November 2009	44%		

Note 1: Data Taken From the Office of Financial Management, 2009



APPENDIX



City of Covington Vision & Mission Statements

Vision:

- Covington: Unmatched quality of life

Mission:

- Covington is a place where community, business, and civic leaders work together with citizens to preserve and foster a strong sense of community.



City of Covington City Council Goals

Economic Development: Encourage and support a business community that is committed to Covington for the long-term and offers diverse products and services, family wage jobs, and a healthy tax base to support public services.

Downtown: Establish Downtown Covington as a vibrant residential, commercial, social, and cultural gathering place that is safe, pedestrian-friendly, well-designed, and well-maintained.

Youth and Families: Provide city services, programs and facilities such as parks and recreation and human services that emphasize and meet the needs of Covington's youth and families.

Neighborhoods: Establish and maintain neighborhoods that offer a variety of housing options that are diverse, safe, accessible, and well-designed.

Municipal Services: Plan, develop, implement, and maintain high quality capital infrastructure and services that reflect the needs of a growing community.

Customer Service: Recruit, support, and retain a professional team of employees, volunteers, and stakeholders who offer outstanding customer service, ensure stewardship of the public's money, and promote the City.



City of Covington Financial Management Policies

Purpose

Good stewardship of public funds and assets is the hallmark of sound financial policies. The following policies provide the guidelines necessary to stay in legal compliance and meet the needs of the community both now and in the future.

A. GENERAL BUDGET POLICIES

- A-1 Department directors have primary responsibility for formulating budget proposals in line with City Council and City Manager priority direction, and for implementing, monitoring, and reporting them once they are approved.
- A-2 The Finance Department is responsible for coordinating the overall preparation and administration of the City's budget and Capital Investment Program Plan. This function is fulfilled in compliance with applicable State of Washington statutes governing local government budgeting practices.
- A-3 The Finance Department assists department staff in identifying budget problems, formulating solutions and alternatives, and implementing any necessary corrective actions.
- A-4 The City Council shall adopt the budget by ordinance at the fund level.
- A-5 Interfund charges will be based on recovery of the direct costs associated with providing those services.
- A-6 Regular employee positions will normally be budgeted only in the City's operating funds.
- A-7 Quarterly financial reports, including a review of budgeted expenditures and revenues, will be prepared and reported to the Council at regular meetings. Included will be provisions for amending the budget during the year in order to address unanticipated needs, emergencies, or compliance with State of Washington budgetary statutes. Budget adjustments requiring City Council approval will occur through a process coordinated by the Finance Department and will occur prior to fiscal year end.
- A-8 The Finance Department will review agenda items with potential fiscal impact submitted for City Council action. The objective of these reviews will be to ensure compliance with the budget and disclosure of all fiscal issues to the Council. This information will be presented in the fiscal impact section of each agenda bill.
- A-9 Revenues derived from fees associated with development will be designated for the support of the development activities in the Development Services Fund.
- A-10 The City's budget presentation will be directed at displaying the City's services plan in a Council/constituent-friendly format.
- A-11 Fund Balances
 - a. It is essential that the City maintain adequate levels of unreserved fund balance to mitigate current and future risks and to ensure stable tax rates. As such, unreserved ending fund balances, excluding contingency and cumulative reserve funds, for the operating funds (General, Parks, Street, and Surface Water Management) will be required to have a minimum of 10% of

operating expenditures in unreserved ending fund balance. All other funds, such as Development Services and Capital Investment, will be required to have a 15% minimum unreserved ending fund balance of expenditures.

- b. It is the City's policy to maintain a Contingency Fund in accordance with RCW 35A.33.145. The reserve will be available for unforeseen, urgent, or emergency needs. The contingency reserve is intended to provide for unanticipated expenditures or revenue shortfalls of a non-recurring nature. The maximum allowable in the contingency reserve is 37.5 cents per thousand dollars of assessed valuation.
 - c. It is the City's policy to maintain a Cumulative Reserve Fund in accordance with RCW 35.21.070.
- A-12 The City will maintain equipment replacement funds that will receive annually budgeted contributions from the operating expenses of departments owning the capital equipment in an amount necessary to replace the equipment at the end of its useful life. Life cycle assumptions and required contributions will be reviewed annually as part of the budget process. Monies collected from the sale of assets carried on the equipment replacement schedules will be receipted to equipment replacement funds.
- A-13 Interfund loans will be permissible if practical. Interest rates will be computed based on a rolling 12-month average of the State Investment Pool earnings rate.
- A-14 Distinguished Budget Presentation: The City will seek to obtain the Government Finance Officers Association Distinguished Budget Presentation Award for each annual budget. The Budget will be presented in a way that clearly communicates the budget to members of the public.

B. REVENUE POLICIES

The City shall be sensitive to the balance between the need for services and the City's ability to raise fees, charges, and taxes to support those services.

- B-1 The City should strive to maintain a diversified mix of revenues in order to maintain needed services during periods of declining economic activity.
- a. A base of property taxes and other stable revenues should be developed and maintained to provide a reliable base of revenues during periods of economic downturn.
 - b. The City's overall revenue structure should be designed to recapture for the City some of the financial benefits resulting from City economic and community development investments.
- B-2 The following factors will be considered when the City's taxes are increased, extended, changed, or reduced:
- a. Stability of the tax source over its expected life.
 - b. Suitability for a pledge against future debt, if that is part of the City Council's long-range intent for the new tax.
 - c. Spread the tax burden throughout the City's tax base by utilizing a broad array of the tax sources available and by investigating mitigation of inequities and hardships where appropriate (e.g., property tax rebates for low-income elderly). Legislative remedies for harmful tax impacts should be sought where appropriate.
 - d. Apply the tax impact information for both residential and business taxpayers against a future vision of what the tax policy decision is intended to foster, in addition to the raising of revenues.
- B-3 As much as is reasonably possible, City services that provide private benefit should be supported by fees and charges in order to provide maximum flexibility in use of general City taxes to meet the cost of services of broader public benefit. Charges for services that benefit specific users should be fully recovered, including all direct and indirect costs including but not limited to, capital costs, department

overhead, and Citywide overhead. Departments that impose fees or service charges should prepare and periodically update cost-of-service studies for such service. When consistent with legal requirements, other City interests such as remaining competitive within the region or meeting other City objectives, may dictate a subsidy of a portion of the costs of such services.

- B-4 Sales tax revenues are designed to support general government operations. As such, they will be allocated between the General Fund and the Parks Fund at a level to be determined during each budget cycle.
- B-5 All regular property tax revenues will be allocated to support General Fund services unless there is a ballot measure approved by the voters that directs a certain amount of the property tax capacity be used for other City services.
- B-6 Revenue estimates should be prepared on a conservative basis to minimize the economic fluctuations that could imperil ongoing service programs during the upcoming budget cycle. Revenue increases greater than inflation will require additional documentation. Major revenue sources will require explanation.
- B-7 The Surface Water Management Fund will be reviewed annually and it must have a rate structure adequate to meet its operations and maintenance and long-term capital requirements.
- B-8 Rate increases should be small and applied frequently to avoid an overly burdensome future increase.

C. OPERATING POLICIES

- C-1 Ongoing resources should be equal to or exceed ongoing expenditures. Each City fund budget shall identify ongoing resources that at least match expected ongoing annual requirements. One-time cash transfers and non-recurring ending fund balances will be applied to reserves or to fund one-time expenditures; they will not be used to fund ongoing programs.
- C-2 Unless otherwise stated explicitly by the City Council, the City will not earmark unrestricted revenues for specific purposes in the General Fund. This will preserve the ability of the Council to determine the best use of available revenues to meet changing service requirements.
- C-3 The City will seek to optimize the efficiency and effectiveness of its services to reduce costs and improve service quality.
- C-4 Accurate inventories of all physical assets, their condition, life span, and cost will be maintained. (refer to section K. Fixed Assets)
- C-5 The Finance Department will develop, maintain, and constantly seek to improve cash management systems which ensure the accurate and timely accounting, investment, and security of all cash assets. All cash received by City departments will be deposited the same business day. The Finance Director has oversight and final authority over cash handling policies and procedures.

D. PURCHASING AND EXPENDITURE CONTROL

- D-1 It is the general policy of the City that all expenditures be rationally related to some public purpose and is reasonable in the amount and nature.
- D-2 Primary responsibility and authority for the expenditure of monies according to the adopted budget will be vested by the City Manager in the department heads.
- D-3 In addition to the primary responsibilities in Policy A-1, the Finance Director will exercise a secondary oversight responsibility for ALL budget expenditures. This includes responsibility for both technical errors and errors of judgment, which should be brought immediately to the attention of the responsible department head and the City Manager. However, unilateral changes may be made in

line item expenditures by the Finance Director if deemed necessary in order to expedite the accounts payable process.

- D-4 All purchase orders and/or invoices will be signed by the responsible department head or his/her designee (or City Manager), and reviewed by the appropriate personnel in Finance for budget authority and proper coding.
- D-5 Invoices for the costs of public utilities, telephone, postage, copy machine expenses, and others shared by more than one department will be reviewed and approved by the Finance Director or his/her designee.
- D-6 All expenditures/expenses shall be pre-audited and certified by the Finance Director or his/her designee prior to submitting them to the City Council.
- D-7 The accounts payable process will occur every other week opposite payroll. City Council approval will occur at the following Council meeting. The execution of checks in advance of City Council approval will occur under the following condition:

Members of the City Council's Finance Committee will review and approve the supporting documentation of such disbursement before the next regularly scheduled meeting.

If the City Council at the subsequent Council meeting (after review), disapproves any such checks, the disapproved claims will be recognized as a receivable of the City and collections of said receivable will be diligently pursued until the amounts disapproved are collected or until the Council is satisfied and approves the claims.
- D-8 All significant purchases should be made only after an effort to compare prices and alternatives from more than one vendor (see [Resolution 06-36](#)).
- D-9 Credit cards may be issued to the City Manager, Department Heads, and employees for travel and other business related expenses. (see Ordinance 03-06)
- D-10 Non-employees such as volunteers are required to get prior authorization from staff before making purchases.

E. CONTRACT MANAGEMENT

- E-1 When a project is presented to the Council for consideration, a preliminary budget estimate will be included. This estimate will show separate costs for the various phases of the project, including preliminary design, construction, and administration costs. Preliminary budget estimates may also provide for additional contract cost contingencies with the amount dependent upon the type of project and degree of uncertainties. When the Council approves a project they are also authorizing the budget in each contract category including the contingencies budget.
- E-2 Prior to formal bidding for construction services, an engineer's estimate will be approved by the Council. Once the bids are opened, a revised budget may be brought back to the Council for approval, with the request to award the bid. When the Council awards the bid, it will also approve a revised budget or confirm the original budget as it finds to be in the best interest of the City.
- E-3 When awarding professional service contracts the Council will authorize the City Manager to enter into a contract for a written scope-of-work on a cost plus basis with a stated "not-to-exceed" contract total cost. The dollar total will be broken down by major tasks, including a contingency budget if necessary.
- E-4 The City will comply with RCW 39.80.010 when negotiating contracts for architectural and engineering services.

- E-5 Professional service contracts may be authorized with a single consultant for several phases of work on the same project. The contract may be approved by Council, and subsequent phases may be authorized by the Council in the form of contract amendments.
- E-6 The Public Works Director will have the authority to authorize payments up to the total contract only. If the scope-of-work does not change and the total cost is not violated, different amounts may be spent among the tasks within project budget categories. Changes in either the scope-of-work or the authorized budget shall be approved by the City Council as an amendment to the original contract.
- E-7 After the award of contract only the City Manager or his/her designee will have the authority to approve change orders per the [purchasing policy](#). The process for handling change orders will be spelled out in the construction contract.
- E-8 The City Manager will report all change orders to the City Council including the dollar amount.
- E-9 Any proposed change orders that exceed the budget amount will be submitted to Council for approval.
- E-10 All contract and lease agreements will be reviewed by the Finance Director and City Attorney prior to final approval.

F. GENERAL LEDGER ACCOUNTS

- F-1 A Petty Cash Fund is hereby authorized from the General Fund in the amount of \$500 for minor disbursements. It will be periodically restored by a check drawn and charged to applicable accounts. The amount of the check should equal the aggregate of the disbursements.

Petty Cash purchases are limited to expenditures of \$50 or less, and shall be approved by the appropriate Department Head or his/her designee, using a Petty Cash Request Form, prior to receipt of cash.

Individuals receiving Petty Cash shall immediately return to the Finance Department the receipt, any change due, and sign a verifying receipt of cash.

The Finance Director will delegate the custodian of the Petty Cash, and this individual will be independent of cashiering and check signing duties.

The Petty Cash Fund will be periodically audited by a person other than the custodian, usually the Finance Director or his/her designee

- F-2 New revenue and expenditure accounts can only be authorized by the Finance Director or his/her designee and will only be set up if it's in the best interest of the accounting system. Finance will limit the number of new accounts.

G. DEBT POLICY

Background

The City of Covington (City) maintains conservative financial policies to assure strong financial health both in the short- and long-term. The City is an infrequent issuer of debt with debt primarily used as a tool to finance large capital investments.

Achieving and maintaining a solid bond rating is an important objective of the City's financial policies. To this end, the City is constantly working to improve its financial policies, budgets, forecasts, and financial health.

Purpose

This policy sets forth the criteria for issuance and repayment of debt. The primary objective of the Debt Policy is to establish criteria that will protect the City's financial integrity while providing a funding mechanism to meet

the City's capital needs. All debt issued will be in compliance with this policy, Chapter 35A.40 Revised Code of Washington (RCW) - Fiscal Provisions Applicable to Code Cities and Chapter 43.80 RCW - Fiscal Agencies along with all other City, State, and Federal laws, rules, and regulations.

Scope

This Policy provides general guidance for the issuance and management of all City debt.

Responsibility

Authority to issue and manage debt is derived from titles 35 and 35A RCW (including without limitation RCW 35A.40.080-.090, chapter 35.37 RCW and chapter 35.41 RCW). This section gives the Finance Director authority to act in the capacity of City Treasurer, which includes the duties of debt management.

The Finance Director is responsible for assuring that the activities related to the issuance and payment of bonds or other obligations not jeopardize the bond rating.

G-1 Budgeting and Capital Planning

The City shall develop and maintain a capital planning process such as the annual Capital Investment Program for consideration and adoption by the City Council as part of the City's budget process. The Finance Department is responsible for coordinating and analyzing the debt requirements. This will include timing of debt, calculation of outstanding debt, debt limitation calculations and compliance, impact on future debt burdens, and current revenue requirements.

Prior to issuance of debt, the City will prepare revenue projections, such as the annual budget or the Financial Forecast, to ensure that there is adequate revenue to make principal and interest payments.

G-2 Types of Long-Term Debt

The following is a description of the types of long-term debt the City may issue:

1. General Obligation

This debt is backed by the full faith and credit of the City. State law limits this debt to 2.5% of the value of taxable property within the City for each of three purposes:

- a. General Purposes
Debt issued in this category can be used for any purpose allowed by law.

Non-Voted

The City Council may authorize the issuance of general obligation debt up to 1.5% of the City's assessed value without a vote of the public as long as there is an available source of funding to pay the debt service. This funding source can be the diversion of an existing revenue source or a new revenue coming from the enactment of a new tax or other revenue source. The debt can take the form of bonds, lease-purchase agreements, conditional sales contracts, certificates of participation, or other forms of installment debt.

Voted

The City Council may place any general obligation debt issue before the electorate. According to State law, if a debt issue is placed before the City's electorate, it must receive a 60% or greater yes vote and have a turnout of at least 40% of those voting at the previous general election. Voted issues are limited to capital purposes only.

- b. Open Space and Parks
Debt issued in this category must be used for park and open space and/or recreation facilities. All debt in this category must be approved by the voters, and if so approved, the City is provided with an additional amount of debt capacity up to 2.5% of the value of taxable property within the City.

- c. Local Option Capital Asset Lending (LOCAL) Program Debt
The City Council may authorize a financing contract with the Office of the State Treasurer under chapter 39.94 RCW. LOCAL borrowings count against the City's non-voted debt limit.

2. Revenue Debt

Revenue bonds are generally payable from a designated source of revenue generated by the project which was financed. No taxing power or general fund pledge is provided as security. Unlike general obligation bonds, revenue bonds are not subject to constitutional or statutory debt limitations nor is voter approval required.

3. Local Improvement District (LID) Debt

LID bonds are payable solely from assessments of property owners within the local improvement district. Similar to revenue debt, no taxing power or general fund pledge is provided as security, and LID bonds are not subject to statutory debt limitations.

The debt is backed by the value of the property within the district and an LID Guaranty Fund. The LID Guaranty Fund is required by State law.

Assessment Debt (LID) is preferred to General Debt to fund improvements that specially benefit specific properties

G-3 Short-Term Debt and Interim Financing

The City may utilize short-term borrowing in anticipation of long-term bond issuance or to fund cash flow needs in anticipation of tax or other revenue sources.

The Finance Director is authorized to make loans from one City fund to another City fund for periods not exceeding three months. The Finance Director or designee is required to assure that the lending fund will have adequate cash balances to continue to meet current expenses after the loan is made and until repayment from the receiving fund.

Interim Financing of Major Capital Projects

Interim financing of major capital projects may be arranged by Bond Anticipation Notes (BANS), interfund loans, or lines of credit with a major financial institution.

a. General Guidelines:

1. To the extent possible the City will utilize interfund loans for interim financing of capital projects, either in whole or in part. Interfund loans provide the lowest borrowing cost to the City as the interest expense to the borrowing fund is offset by interest income to the lending fund. Available funds consist of cash, State Investment Pool balances or other relatively liquid investments. The decision to sell long-term investments to provide funds for interfund loans will be made by the City Council based on applicable policies.
2. The decision to use the City's line of credit or the issuance of BANS should employ a cost/cash flow analysis comparing the two financing options. The administrative costs for bond counsel, underwriter and other fees will be taken into account for the costs of BANS. Other factors impacting the decision, such as the capacity of the line of credit, the timing of issuing permanent financing for paying down the line of credit prior to its maturity date, anticipated interest rate changes and arbitrage regulations will also be considered.

- b. Line of Credit: If a line of credit is used the following policies will apply:
1. The line of credit is restricted to use for interim financing of capital projects for which long term-bonds are expected to be issued within two years of adoption of the ordinance or for which reimbursable grant monies are expected.
 2. Upon sale of bonds for permanent financing of a project or receipt of grant funds, such funds will be used to immediately pay off the amount of the line of credit utilized by each project, including interest charged for use of the line of credit.
 3. Each authorization of the line of credit will identify the particular project eligible and contain a specific not-to-exceed amount for each project.
 4. Use of the line of credit for normal operating expenditures is prohibited.
 5. The outstanding general obligation line of credit amount in conjunction with the City's other general obligations may not at anytime exceed the City's statutory debt limit.
- c. Bond Anticipation Notes (Bond Anticipation Notes). If BANs are used the following policies will apply:
1. The BANs will have a maximum maturity of two years from their issue date.
 2. BANs can only be issued after a formally adopted bond ordinance by City Council.
 3. The bond ordinance for the BANs will set a specific principal amount and identify the specific project(s) for which the proceeds are to be used.
 4. Bond counsel charges, underwriter fees and other issuance costs may be included and paid from the BAN proceeds.
 5. BANs will be subordinate to any outstanding bonds of the City.
- d. Tax Anticipation Notes (TANs). If TANs are used the following policies will apply:
1. TANs will be used only where there is a significant misalignment between the timing of City tax receipts and City cash needs.
 2. TANs will be structured to conform to federal tax requirements, i.e. no longer than 13 month maturities and state law where they must mature within six months after the end of the fiscal year in which the TANs are issued.
- e. Grant Anticipation Notes (GANs) If GANs are used the following policies will apply:
1. GANs will be used only to assist with City cash flow needs on projects and programs where federal and/or state grants have been committed, but where there is a lag between City expenditures and reimbursement but the granting agency.
 2. GANs will be structured to conform to federal tax requirements.
- f. If an interfund loan is used the following policies will apply.
1. Interfund loans may only be made upon formal adoption of a resolution by the City Council.
 2. The resolution for the interfund loan will set forth the term and amount of the loan, a schedule of repayment including interest; and set a current market rate of interest for loans of similar maturity and amount.

3. Interfund loans for interim financing of major capital projects made in anticipation of the issuance of long term bonds shall be repaid in full (including accrued interest) upon receipt of the bond proceeds.

The loaning fund shall have adequate funds to make the loan and to meet its anticipated operating needs over the life of the loan.

G-4 Limitation of Indebtedness

In addition to the limitations required by the RCW, the City's indebtedness is further limited by this policy to assure strong financial health. The limitations are applied to the assessed value of the City to arrive at a dollar value of indebtedness. For example, the 2005 assessed valuation used to determine the 2006 property tax levy was \$1.5 billion, and the statutory limitation for general obligation debt is 2.5%. Therefore, the City's statutory debt limitation is \$37.5 million. The following matrix shows the general limitation by type of debt. These limitations may be modified by the City Council up to the statutory limitation at the Council's discretion.

Type of Debt	Statutory Limitations	Policy Limitations	2006 Covington Actual
General Obligation:	2.5%	2.5%	0.0%
General Purpose			
Non-Voted	1.5%	1.5%	0.0%
Voted	1.0%	1.00%	0.0%
Parks, Open Space and Economic Development	2.5%	1.75%	0.0%
Utilities	2.5%	1.75%	0.0%
Revenue	no limit	no limit *	NA
Local Improvement District	no limit	no-limit *	NA

* Revenue and LID debt is not limited because no taxing power or general fund pledge is provided as security.

G-5 Structure and Term of Debt

1. Debt Repayment

The City shall pay all interest and repay all debt in accordance with the terms of the bond ordinance. The maturity of bonds issued should be the same or less than the expected life of the applicable project for which the bonds were issued. To the extent possible, the City will seek level or declining debt repayment schedules.

2. Variable-Rate Securities

When appropriate, the City may choose to issue securities that pay a rate of interest that varies according to a pre-determined formula or results from a periodic remarketing of the securities. However, other than for short-term lines of credit and BANS, the City will avoid over use of variable-rate debt due to the potential volatility of such instruments

G-6 Professional Services

The City's Finance Department shall be responsible for the solicitation and selection of professional services that are required to administer the City's debt program.

1. Bond Counsel

All debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the proposed debt. The opinion shall include confirmation that the City has met all city and state constitutional and statutory requirements necessary for issuance, a determination of the proposed debt's federal income tax status and any other components necessary for the proposed debt. The City's Finance Department shall be responsible for the solicitation and selection of professional services that are required to administer the City's debt program

2. Financial Advisor

A Financial Advisor(s) will be used to assist in the issuance of the City's debt. The Financial Advisor will provide the City with objective advice and analysis on debt issuance. This includes, but is not limited to, monitoring market opportunities, structuring and pricing debt, and preparing official statements of disclosure.

3. Underwriters

An Underwriter(s) will be used for all debt issued in a negotiated or private placement sale method. The Underwriter is responsible for purchasing negotiated or private placement debt and reselling the debt to investors.

4. Fiscal Agent

A Fiscal Agent will be used to provide accurate and timely securities processing and timely payment to bondholders. In accordance with Chapter 43.80 RCW, the City will use the Fiscal Agent that is appointed by the State.

G-7 Method of Sale

Presumption of Competitive Sale — The City will generally issue its debt through a competitive process but may use a negotiated process under the following conditions:

- The bond issue is, or contains, a refinancing that is dependent on market/interest rate timing.
- At the time of issuance, the interest rate environment or economic factors that affect the bond issue are volatile.
- The nature of the debt is unique and requires particular skills from the underwriter(s) involved.
- The debt issued is bound by a compressed time line due to extenuating circumstances such that time is of the essence and a competitive process cannot be accomplished.

Competitive Bid Method — any competitive sale of the City of Covington debt will require approval of the City Council. City of Covington debt issued on a competitive bid basis will be sold to the bidder proposing the lowest true interest cost (TIC) to the City. Such bid may take the form of hand-delivered or electronically transmitted offers to purchase the bonds.

Negotiated Bid Method — when deemed appropriate to minimize the costs and risks of the City of Covington's debt issue, the Finance Director will submit to the City Council a request to sell the debt issue on a negotiated basis. If debt is sold on a negotiated basis, the negotiations of terms and conditions shall include, but not be limited to, prices, interest rates, underwriting or remarking fees and commissions.

The City of Covington, with assistance of its Financial Advisor, shall evaluate the terms offered by the underwriting team. Evaluations of prices, interest rates, fees and commissions shall include prevailing terms and conditions in the marketplace for comparable issuers.

The City of Covington shall, with assistance of its Financial Advisor, oversee the bond allocation process. The bond allocation process shall be managed by the lead underwriter, with the following requirements:

- ✓ The bonds are allocated fairly among members of the underwriting team, consistent with the previously negotiated terms and conditions;
- ✓ The allocation process complies with all Municipal Securities Rulemaking Board regulations governing order priorities and allocations; and
- ✓ The lead underwriter shall submit to the Finance Director a complete and timely account of all orders, allocations, and underwriting activities.

The Finance Director shall require a post-sale analysis and reporting for each negotiated bond sale. The independent Financial Advisor shall perform such analysis and provide a final pricing book by the day of the closing. A post-sale analysis will include, but not be limited to:

- ✓ Summary of the pricing, including copies of the actual pricing wires;
- ✓ Results of comparable bond sales in the market at the time of the City's pricing;
- ✓ Detailed information on a) orders and allocation of bonds, by underwriting firm, b) detailed information on final designations earned by each underwriter, and c) a summary of total compensation received by each underwriter; and
- ✓ Historic comparisons to Municipal Market Data indexes — day of sale basis.

No debt issue will be sold on a negotiated basis without an independent Financial Advisor.

G-8 Credit Ratings

The City will maintain good communication with bond rating agencies about its financial condition. This effort will include providing periodic updates on the City's general financial condition, coordinating meetings, and presentations in conjunction with a new issuance. The City will continually strive to maintain its bond rating by improving financial policies, budgets, forecasts and the financial health of the City.

Credit enhancements may be used to improve or establish a credit rating on a City debt obligation. Credit enhancements should only be used if cost effective.

G-9 Refunding Debt

A debt refunding is a refinance of debt typically done to take advantage of lower interest rates. Unless otherwise justified, such as a desire to remove or change a bond covenant, a debt refunding will require a present value savings of three percent of the principal amount of the refunding debt being issued.

G-10 Arbitrage Rebate Monitoring and Reporting

The City will, unless otherwise justified, use bond proceeds within the established time frame pursuant to the bond ordinance, contract, or other documents to avoid arbitrage. Arbitrage is the interest earned on the investment of the bond proceeds above the interest paid on the debt. If arbitrage occurs, the City will pay the amount of the arbitrage to the Federal Government as required by Internal Revenue Service Regulation 1.148-11.

The Finance Director shall, when deemed necessary or when required, procure the services of an arbitrage rebate calculation firm. The purpose of the arbitrage rebate calculation firm is to provide arbitrage rebate compliance services in accordance with the Internal Revenue Code of 1986, as amended ("Code").

The City will maintain a system of recordkeeping and reporting to meet the arbitrage rebate compliance requirement of the IRS regulation. For each bond issue not used within the established time frame, the recordkeeping shall include tracking investment earnings on bond proceeds,

calculating rebate payments, and remitting any rebatable earnings to the federal government in a timely manner in order to preserve the tax-exempt status of the outstanding debt.

G-11 Covenant Compliance

The City will comply with all covenants stated in the bond ordinance, contract, etc.

G-12 Ongoing Disclosure

The Finance Director shall be responsible for providing annual disclosure information to established national information repositories and for maintaining compliance with disclosure statements as required by state and national regulatory bodies. Disclosure required by the Securities & Exchange Commission shall occur by the date designated in the bond ordinance, which is currently July 31 of each year. Disclosure shall take the form of the Comprehensive Annual Financial Report (CAFR) unless information is required by a particular bond issue that is not reasonably contained within the CAFR.

G-13 Structural Elements

Maturity — The City of Covington shall issue debt with an average life less than or equal to the average life of the assets being financed. Unless otherwise stated in law, the final maturity of the debt shall be no longer than 40 years (RCW 39.46.110).

Debt Service Structure — unless otherwise justified and deemed necessary, debt service should be structured on a level basis. Refunding bonds should be structured to produce equal savings by fiscal year. Unless otherwise justified and deemed necessary, debt shall not have capitalized interest. If appropriate, debt service reserve funds may be used for revenue bonds.

Maturity Structure — the City of Covington's long-term debt may include serial and term bonds. Unless otherwise justified, term bonds should be sold with mandatory sinking fund requirements.

Price Structure — the City of Covington's long-term debt may include par, discount, and premium bonds. Discount and premium bonds must be demonstrated to be advantageous relative to par bond structures, given applicable market conditions,

Coupon Type— unless otherwise justified and deemed necessary, long-term debt will be sold using current interest coupons. If justified and deemed necessary, capital appreciation bonds (zero coupon bonds) may be issued.

Redemption Features — for each transaction, the City of Covington shall evaluate the costs and benefits of call provisions.

Bond Insurance — for each transaction, the City of Covington shall evaluate the costs and benefits of bond insurance or other credit enhancements. Any credit enhancement purchases by the City of Covington shall be competitively procured.

Tax-exemption - Unless otherwise justified and deemed necessary, the City of Covington shall issue its debt on a tax-exempt basis.

G-14 **Pledge of revenues** — The City of Covington's pledge of revenues shall be determined for each debt issue depending upon the debt instrument:

- ✓ **Unlimited Tax General Obligation Bonds:** Unlimited Tax General Obligation Bonds of the City of Covington shall be repaid from voter- approved excess property taxes on property within the jurisdiction of the City of Covington.
- ✓ **Limited Tax General Obligation Bonds:** Limited Tax General Obligation Bonds of the City of Covington shall be repaid from regular property taxes on property within the jurisdiction of the City of Covington, together with other legally available sources such as sales tax, real estate excise tax, or reserve funds.
- ✓ **Revenue Bonds:** Revenue Bonds of the City of Covington shall be repaid from specified

- revenues, as defined in the authorizing ordinance.
- ✓ **Special Assessment Bonds:** Special Assessment Bonds of the City of Covington shall be repaid from assessments collected from within a special assessment district formed by the City of Covington pursuant to applicable law.
- ✓ **Local Option Capital Asset Lending (LOCAL) Program Debt:** (LOCAL) Program Debt of the City of Covington shall be repaid from property taxes on property within the jurisdiction of the City of Covington, together with other legally available sources.
- ✓ **Other Debt Instruments [if applicable]:** Other Debt Instruments of the City of Covington shall be repaid from revenues, as defined in the authorizing ordinance

G-15 Rating Agencies

The Finance Department shall manage relationships with the rating analysts assigned to the City of Covington's credit, using both informal and formal methods to disseminate information. Communication with the rating agencies shall include:

- ✓ Full disclosure, on an annual basis, of the financial condition of the City of Covington;
- ✓ A formal presentation, on a regular basis, to the rating agencies, covering economic, financial, operational and other issues that impact the City of Covington's credit;
- ✓ Timely disclosure of any financial events that may impact the City of Covington's credit;
- ✓ Timely dissemination of the Annual Financial Report, following its completion; and
- ✓ Complete and timely distribution of any documents pertaining to the sale of bonds.

Credit Objective - The City of Covington shall seek to maintain and improve its credit rating.

Bond Insurers

The Finance Director shall manage relationships with the analysts at the bond insurers assigned to the City of Covington's credit, using both informal and formal methods to disseminate information.

G-16 Investment of Proceeds

General — The City of Covington shall comply with all applicable Federal, State, and contractual restrictions regarding the investment of bond proceeds, including City of Covington's Investment Policy. This includes compliance with restrictions on the types of investment securities allowed, restrictions on the allowable yield of some invested funds as well as restrictions on the Time period over which some bond proceeds may be invested.

Refunding Escrow – Unless otherwise justified and deemed necessary City of Covington shall utilize State and Local Government Series (SLGS) for the refunding escrow. SLGS are special series of U.S. Treasury securities.

If open markets securities are deemed appropriate the City of Covington shall in consultation with bond counsel comply with each of the following:

- a. Make a bona fide solicitation for securities and, of the bids received, at least three are bona fide bids from sellers that have no involvement in the pricing of the issue; and
- b. Purchase securities from the bidder which made the highest yielding bid and such securities have a yield at least as high as such bid.

G-17 Bond Users Clearinghouse

The City of Covington shall ensure that the Bond Users Clearinghouse receives municipal bond information for all debt sold as provided by Chapters 39.44.200 through 39.44.240 RCW and Chapter 365-130 WAG. The information requested by RCW 39.44.210 includes but is not limited to:

- ✓ the par value of the bond issue;
- ✓ the effective interest rates;
- ✓ a schedule of maturities;

- ✓ the purposes of the bond issue;
- ✓ cost of issuance information; and
- ✓ the type of bonds that are issued.

G-18 Legal Covenants

The City of Covington shall comply with all covenants and conditions contained in governing law and any legal documents entered into at the time of a bond offering.

G-19 Refunding Savings Thresholds

Refundings will be conducted in accordance with the Refunding Bond Act, chapter 3953 RCW. Unless otherwise justified, City of Covington will refinance debt to achieve true savings as market opportunities arise.

Unless otherwise justified, an “advance refunding” transaction will require a present value savings of five percent of the principal amount of the refunding debt being issued.

Unless otherwise justified, a “current refunding” transaction will require graduated present value savings as follows:

Years Between Call and Final Redemption	Present Value Standard
1-2 years	1%
3-4 years	2%
5-6 years	3%
7-8 years	4%
9+ years	5%

Selection of maturities to be refunded — unless otherwise justified, all callable maturities of an issue will be included in a refunding.

G-20 Derivative Products

No derivative products will be utilized unless permitted by law, and not without prior City Council approval. No derivative products shall be utilized without an analysis by an independent financial advisor. No derivative products shall be used for the purpose of interest rate speculation.

G-21 Alternative Financings Schemes

The City of Covington shall not utilize alternative financing schemes to avoid restrictions imposed by law or to utilize tax loop-holes.

G-22 Evaluating Capital Improvement Program Spending

The City of Covington shall integrate its debt issuance with its Capital Improvement Program spending.

G-23 Modeling the Impact of Capital Program Needs

The City of Covington shall develop and maintain a capital finance model to evaluate the impact of capital program spending, operations and maintenance costs, and debt service on its financial condition. To that end, the Finance Department shall oversee the ongoing maintenance of quantitative modeling that includes, but is not limited to, the following:

- ✓ Historic and projected cash flows for capital and operating expenditures;
- ✓ Historic and projected fund balances;

- ✓ Historic and projected debt service coverage; and
- ✓ Projected revenue requirements.

G-24 Debt Database Management

The City of Covington shall maintain complete information on its outstanding debt portfolio, in a database format. The information in the database shall include, but not be limited to, the following:

- ✓ Issue Name
- ✓ Initial Par Amount of the Issue
- ✓ Dated Date and Sale Date of the Issue
- ✓ Purpose of the Issue
- ✓ Security Type (Fixed or Variable) of the Issue
- ✓ Issue Type (New Money or Refunding) of the Issue
- ✓ Sale type (Competitive or Negotiated) of the Issue
- ✓ TIC, Arbitrage Yield, Avg. Life, and Underwriters Discount of the Issue
- ✓ Underwriter(s) of the Issue
- ✓ Principal Amounts by Maturity
- ✓ Principal Amounts Outstanding by Maturity
- ✓ Coupon Rate and Coupon Type (Current Interest or Zeros) by Maturity
- ✓ Original Yield and Original Price by Maturity
- ✓ Interest Payment Frequency by Maturity
- ✓ First Interest Payment Date by Maturity
- ✓ Call Provisions by Maturity
- ✓ Sinking Provisions by Maturity
- ✓ Credit Enhancement, if any, by Maturity

The City of Covington shall use the debt database for the following purposes:

- ✓ Generate reports;
- ✓ Refunding Analyses; and
- ✓ Output to Fund Accounting System.

G-25 Accounting for the Issuance of Debt

The City of Covington shall account for the issuance of debt using general accepted accounting principals (“GAAP”) as established by the Governmental Accounting Standards Board (“GASB”). Cost of issuance shall be reported as an expenditure rather than netted against proceeds.

G-26 Debt Policy Review

The City of Covington shall review and update its debt policy every four years.

H. INVESTMENT

H-1 The City's primary objective is to manage its total cash and cash equivalent assets in a manner that conforms completely to the constraints of this policy while maximizing the interest earnings of the portfolio. This will be done in a manner that supports the government's primary purpose of providing services to its citizens.

The primary purpose in determining a strategy for the City of Covington's investment activities is as follows:

Legality: The City's investments will be in compliance with all statutes governing the investment of public funds. This includes the Revised Code of Washington, the BARS manual, this investment policy and corresponding administrative procedures.

Safety: Safety of principal is of primary importance to the City. Investments of the City will be undertaken in a manner that seeks to guard the preservation of capital in the overall portfolio. To

attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from other investments.

Liquidity: The City's investments will remain sufficiently liquid to facilitate the City's need to meet all operating and debt requirements which might be reasonably anticipated.

Yield: The City's investments will be established with the objective of achieving a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and cash flow characteristics of the portfolio.

H-2 The City has also determined to limit investment purchases to the following investment types, which the City has determined best meet their overall investment strategy. This authorization applies to all City funds.

- a. Investment deposits, including certificates of deposit, with qualified public depositories as defined in Chapter 39.58 RCW.
- b. Certificates, notes, or bonds of the United States, or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States (such as the Government National Mortgage Association). However, this authorization will specifically exclude Collateralized Mortgage Obligations (CMOs), Real Estate Mortgage Investment Conduits (REMICs), and other Principal Only (POs) and Interest Only (IOs) obligations that are secured with mortgages issued by any federal agency, instrumentality or private firm.
- c. Obligations of government-sponsored corporations which are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System. (These include but are not limited to Federal Home Loan Bank notes and bonds, Federal Farm Credit Bank consolidated notes and bonds, Federal National Mortgage Association notes, debentures, and guaranteed certificates of participation.)
- d. Washington State Local Government Investment Pool.
- e. Bonds of the State of Washington and any local government in the State provided they carry a current debt rating in the top three categories of a nationally recognized rating agency at the time of investment.
- f. Prime Banker's Acceptances purchased on the secondary market with ratings of A1/P1 by a nationally recognized rating agency.
- g. Repurchase agreements for securities listed above, provided that the transaction is structured so that the City of Covington obtains control over the underlying securities and a Master Repurchase Agreement has been signed with the bank or dealer. Collateralization will be required on all repurchase agreements at a level of 102% of the market value of principal and accrued interest. This is to anticipate any market changes and to provide an adequate level of security for all funds. Collateral is limited to the types of investments detailed in this section.

H-3 The Finance Director will consider all investments as common investments whose ownership is derived from each participating fund. Interest earned by the common investment portfolio will be applied in its entirety to each participating fund on the basis of its available cash balance. Unless specified by the Finance Director, all cash and cash equivalent assets of every fund will be considered available for investment. The only exception to the common investment portfolio will be investments made from the proceeds of bond sales and only to the extent necessary to provide a separate accounting of investment activity.

H-4 Funds set aside to satisfy City debt in conjunction with an advance refunding agreement will be invested in accordance with appropriate bond documents and not necessarily in compliance with this policy. If bond covenants are more restrictive than this policy, funds will be invested in full compliance with those additional restrictions.

- H-5 All investments of the City of Covington shall be made in compliance with Federal and State law and in accordance with those legal interpretations that apply. The investment of any tax-exempt borrowing proceeds and of any debt service funds shall comply with the 1986 Tax Reform Act if that Act applies to the debt issued.
- H-6 The Finance Director is the investment officer of the City. The Finance Director will develop written procedures for the operation of the investment program consistent with this investment policy and approved by the City Manager. These procedures will include a detailed delegation of authority to persons responsible for investment transactions. The Finance Director will be responsible for all transactions undertaken and will establish a system of controls to regulate the activities of subordinate employees. The Finance Director will ensure a periodic independent annual review of investment activities and internal controls are preformed by the external-auditing agency.
- H-7 The City Manager will provide investment oversight to the Finance Director. The Finance Director will report investment activity monthly to the City Manager and semi-annually to the City Council. The City Council will amend the Investment Policy, as needed, by Resolution.
- H-8 Investments will be made with judgment and care, in consideration of the circumstances then prevailing, which person(s) of prudence, discretion and intelligence would exercise in the management of their own affairs for investment purposes, not for speculation, taking into account the probable safety of their capital as well as the probable income expected to be derived.
- H-9 Officers and employees involved in the investment process will refrain from personal business activity that could conflict with the proper execution of the investment program or impair their ability to make impartial investment decisions. Employees and investment officials will disclose to the City Council any substantive financial interest in financial institutions that conduct business within this jurisdiction. They will also disclose any material personal financial or investment positions that could be related to the performance of the City's portfolio. Employees and Officers will subordinate their personal investment transactions to those of the City of Covington, particularly in regard to the timing of purchases and sales.
- H-10 The Finance Director will conduct investment transactions with several competing, reputable investment securities broker/dealers. A list will be maintained of approved security broker/dealers selected for their credit worthiness, industry reputation, knowledge of public sector investment practices, and who maintain an office in the State of Washington. The Finance Director has the authority to remove any broker/dealer from the list, with or without cause by written notice. Broker/dealers may appeal the Finance Director's action by written appeal to the City Manager.
- H-11 The Finance Director will maintain a list of financial institutions as required by the Public Deposit Commission (PDC), authorized to provide investment services as outlined in R.C.W. 39.58.080.
- H-12 All investment securities bought by the City, including collateral being held on repurchase agreements, will be held by the City or in safekeeping for the City by the City's custodian bank. A third party bank trust department may be appointed as agent for the City under the terms of a custody or trustee agreement signed by both the bank and the City. The primary agent of the custodian bank will provide a safekeeping receipt to the City listing the specific instrument, its rate and maturity, and any other pertinent information. All security transactions, including collateral for repurchase agreements, entered into by the City of Covington will be conducted on a delivery-versus-payment (DVP) basis.
- H-13 Repurchase Agreements may be entered into on a safekeeping basis only if a master agreement with the bank or trust department providing the safekeeping service is first obtained. This agreement shall very clearly establish that the bank/trust is acting as a third party agent for the Finance Director, not the broker/dealer arranging the repurchase agreements. Such third party safekeeping arrangements will be documented with a signed agreement between the Finance Director and the bank/trust involved assuring that the Finance Director has absolute control over the securities once they are delivered to safekeeping and that the dealer does not have access to them under any circumstances.
- H-14 Investment officials will be bonded to provide protection to the City against loss due to possible embezzlement or malfeasance.

- H-15 The City will assure that no single institution or security is invested to such an extent that a delay of liquidation at maturity is likely to cause a current cash flow emergency. With the exception of U.S. Treasury securities and the State Investment Pool, the City will invest no more than twenty-five percent (25%) of its total investment portfolio in a single security type or with a single financial institution.
- H-16 To the degree possible, the City will attempt to match its investments with anticipated cash flow requirements. Liquidity should be ensured through practices that include covering the next vendor disbursement and payroll dates through maturing investments. Unless specifically matched to a certain cash flow, or estimated to meet cash flow needs, the City will not directly invest in securities maturing more than three (3) years from the date of purchase.
- H-17 The City of Covington's investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the City's investment risk constraints and cash flow needs. The City will report investment yield benchmarked to the yield of the six-month Treasury Bill and/or the Average Fed Funds rate and/or the return provided by the State Investment Pool.
- H-18 The Finance Director will actively manage daily cash to the extent that transaction costs do not overcome interest earnings. The goal is to have ninety percent of the city's entire cash and cash equivalent assets invested.

I. INTERGOVERNMENTAL REVENUES AND RELATIONS POLICIES

Many service costs of the City are influenced by other governments, either because of service overlap or service mandates imposed by the county, state, or federal government. The City shall take advantage of opportunities to enhance service delivery through intergovernmental cooperation, shared revenues, and grants while aggressively opposing mandates that distort local service priorities.

- I-1 The City will refrain from using grants to meet ongoing service delivery needs. In the City's financial planning, grants will be treated in the same manner as all other temporary and uncertain resources and will not be used to fund ongoing, basic service needs.
- I-2 All grant agreements will be reviewed to ensure compliance with state, federal, and City regulations.
- I-3 The City will budget expenditures for grant-funded programs only after a grant award or letter of commitment, and only for the amount of grant award. City overhead or indirect costs for grant-funded programs will be included in all grant proposals, where permitted.
- I-4 The City will aggressively oppose state or federal actions that mandate expenditures which the City Council considers unnecessary. The City will pursue intergovernmental funding to support the incremental cost of those mandates.
- I-5 The City will work with other governments to identify the jurisdiction most capable and appropriate to provide specific public services. All intergovernmental agreements and contracts for service delivery will be brought forward to the City Council for approval.
- I-6 Capital grants with local matching requirements can only be accepted for with the express approval of the City Council regardless if indicated in the Capital Investment Program.

J. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING POLICIES

The City shall maintain a system of financial monitoring, control, and reporting for all operations and funds in order to provide effective means of ensuring that overall City goals and objectives will be met and to assure the City's partners and investors that the City is well managed and fiscally sound.

- J-1 The City will maintain its accounting records in accordance with state and federal law and regulations. Budgetary reporting will be in accordance with the state's budget laws and regulations. The City will

report its financial condition and results of operations in accordance with state regulations and generally accepted accounting principles applicable to governments.

- J-2 The State Auditor will annually perform a financial and compliance audit of the City's financial statements. Their opinions will be contained in the City's Comprehensive Annual Financial Report (CAFR) and the Report on Compliance with the Single Audit Act of 1984 (if required).
- J-3 The City will minimize the number of funds. The funds will be categorized in accordance with generally accepted accounting principles (GAAP) for reporting purposes.
- J-4 Excellence in Financial Reporting: As an additional independent confirmation of the quality of the City's financial reporting, the City will annually seek to obtain the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. The CAFR will be presented in a way designed to communicate with citizens about the financial affairs of the City.

K. FIXED ASSETS

- K-1 Fixed assets are defined as land, buildings, equipment, and improvements to existing assets costing more than \$5,000 and having a useful life in excess of one year. Assets with a value or cost under \$5,000 are to be expensed in the year of acquisition.
- K-2 Costs associated with remodeling or changes to the City's buildings will not be capitalized unless the useful life of the structure is extended.
- K-3 Enhancements or additions to equipment will be capitalized only if the cost or value is \$1,000 or more and the useful life is extended.
- K-4 Additions to City acquired vehicles will be capitalized only if the item is to remain with the vehicle upon disposal.
- K-5 Each department director is responsible for notifying Finance in writing of all assets sold, traded, transferred, and surplus or lost at the time of the occurrence.
- K-6 All assets that can be labeled will have a numbered City of Covington tag attached in a prominent, convenient location. Assets of a lesser value than the capitalization standard of \$5,000, may be tagged where there is a need for property control and accountability. Finance will supply the tags which will be attached by the department receiving the assets.
- K-7 All assets, regardless of value or capitalization, are the department director's responsibility with regard to tracking, inventory, and safekeeping. Finance is responsible for keeping and updating the fixed asset database.
- K-8 The Finance Director may administratively surplus office equipment, computer equipment, small tools, computer software, minor equipment and police weapons with a value of less than or equal to \$5,000. Titled vehicles, real property, and any City property with a value of greater than \$5,000 will be surplus by City Council resolution.
- K-9 All property with an expected value greater than the cost to surplus will be offered through a competitive process, in which at least three interested parties are notified. Property where the expected value is less than the cost to surplus may be destroyed or donated to another governmental agency or local community non-profit. The City may elect to partner with another City's annual auction to save on costs and resources.
- K-10 The Finance Director will have oversight for the accounting of all surplus property transactions. In cases of administrative surpluses, the Finance Director will record property description, estimated value, number of bidders, and the lowest-highest bid range for accounting and auditing purposes.
- K-11 The Public Works Director shall manage the GASB-34 infrastructure inventory providing the Finance Department with annual reports as required.

M. FINANCIAL PLANNING POLICIES

The City shall develop and maintain a six-year Financial Forecast that estimates resource and expenditure behavior for five years beyond the current budget period. This Forecast will provide the City's decision-makers with an indication of the long-term fiscal impact of current policies and budget decisions. This planning tool must recognize the effects of economic cycles on the demand for services and the City's resources. To this end, the Forecast should differentiate between revenue associated with one-time economic activities and revenues derived as a result of base economic growth. City financial planning should ensure the delivery of needed services (many of which become more critical during economic downturns) by assuring adequate reliance on ongoing resources in order to support continued City services during economic downturns.

M-1 Operational and Capital Funds:

- a. The Finance Department will prepare and maintain a Financial Forecast for Operational and Capital Funds based on current service levels and current funding sources. This forecast will include the upcoming year as well as five years beyond the current period (a total of six forecast years). This future-oriented look will provide insight into whether the current mix and level of resources are likely to continue to be sufficient to cover current service levels. The forecast also allows staff and City Council to test various "what-if" scenarios and examine the fiscal impact on future budget cycles.
- b. The City will periodically test both its planning methodology and use of planning tools in order to provide information that is timely, accurate, and widely disseminated to users throughout the City.
- c. Departments will forecast and monitor their respective revenues and expenditures with assistance from the Finance Department. The Finance Department will assist departments in developing appropriate systems for such monitoring and will retain overall fiscal oversight responsibility for the General Fund.

M-2 Expenditure estimates should anticipate contingencies that are reasonably predictable and also differentiate between ongoing expenditures and those that are one-time activities.



Glossary

Account – A record of additions, deletions, and balances of individual assets, liabilities, equity, revenues, and expenses.

Accrual Basis – A method of accounting in which revenue is recorded in the period in which it is earned (whether or not it is collected in that period), and expenses are reported in the period when they are incurred (no matter when the disbursements are made). This method differs from the cash basis of accounting, in which income is considered earned when received and expenses are recorded when paid. All funds except the governmental funds are accounted on the accrual basis, and the governmental funds are accounted on a modified accrual basis.

Administrative Services Departments – Refers to organizational units or departments that primarily provide services to other departments or divisions. These include:

- Legislative—City Council and its functions;
- Financial Services—the accounting, financial reporting, customer service, and treasury functions;
- Personnel Services—provides centralized personnel services to all city operations; and
- Administrative Services—provides supervision of financial services and personnel services, as well as budget, fiscal planning, tax and license, data processing, risk management, and other general administrative services.

Appropriation – The legal spending level authorized by an ordinance of the city council. Spending should not exceed this level without prior approval of the council.

Assessed Valuation – The value assigned to properties within the city that is used in computing the property taxes to be paid by property owners.

BARS – The Budgeting, Accounting, and Reporting System for accounting systems prescribed by the Washington State Auditor's Office.

Benefits – City-provided employee benefits, such as social security insurance, retirement, worker's compensation, life insurance, medical insurance, vision insurance, and dental insurance.

Balanced Budget – Ongoing resources should be equal to or exceed ongoing expenditures. Each City fund budget shall identify ongoing resources that at least match expected ongoing annual requirements.

Base budget items – are items that are needed to maintain the current level of service.

Budget – A financial plan of operations for the city. It is a plan, not a list of accounts and amounts.

Budgetary Basis – This refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms: Generally Accepted Accounting Principles (GAAP), cash, or modified accrual.

CAFR – The acronym “CAFR” stands for Comprehensive Annual Financial Report, which is the City’s annual financial statement prepared by the Finance Department.

Capital Asset – Property that has an initial useful life longer than one year and costing more than \$5,000. The useful life of most capital assets extends well beyond one year. Includes land, infrastructure, buildings, renovations to buildings that increase their value, equipment, vehicles, and other tangible and intangible assets. Assets with a value or cost under \$5,000 are to be expensed in the year of acquisition.

Capital Expenditure – An outlay that results in or contributes to the acquisition or construction of a capital asset.

CIP – The acronym “CIP” stand for the City’s Capital Investment Program. The Capital Investment Program provides direction and administers the implementation of the adopted Comprehensive Plans, Capital Investment Program, and Transportation Improvement Plan (TIP) through the TIP annual update, budget development for projects, project development, and management.

Current Expense Fund – See “General Fund”

Debt Service – Interest and principle payments on debt.

Decision card items – represent items that would extend or increase existing service levels (base budgets), add new programs, or improve efficiency. Items could also include significant repair/replacement items.

Fund – A self-balancing group of accounts that includes revenues and expenditures.

Fund Balance – The difference between resources and expenditures.

FY – The acronym “FY” stand for Fiscal Year.

GAAP – Generally Accepted Accounting Principles. Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules and procedures that define accepted accounting principles.

GASB – “Governmental Accounting Standards Board,” which determines the underlying principles to be used in accounting for Governmental activities.

General Fund – The fund of the city that accounts for all activity not specifically accounted for in other funds. Includes such operations as Police, fire, engineering, planning, parks, museums and administration.

General Obligation Bonds – This type of bond is backed by the full faith, credit, and taxing power of the government.

Governmental Fund Types - Funds that provide general government services. These include the general fund, special revenue funds, capital projects funds, and debt service funds.

GFOA – The acronym “GFOA” stands for the Government Finance Officer’s Association.

HOA – The acronym “HOA” stands for Home Owner’s Association.

Infrastructure – The physical assets of a government (e.g., streets, water, sewer, public buildings, and parks.)

Internal Controls – A system of controls established by the city that are designed to safeguard the assets of the city and provide reasonable assurances as to the accuracy of financial data.

Internal Service Funds - A type of proprietary fund that accounts for the goods and services provided to other units of the city. Payment by the benefiting unit is intended to fund the costs of providing such services.

Levy Rate – The property tax percentage rate used in computing the property tax amount to be paid.

Licenses and Permits – A revenue category of the city derived from business licenses and building or development permits.

LID – The acronym “LID” stands for Local Improvement District.

Modified Accrual Basis – The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (e.g., bond issue proceeds) are recognized when they become susceptible to accrual, that is when they become both "measurable" and "available to finance expenditures of the current period." "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized when the fund liability is incurred except for (1) inventories of materials and supplies that may be considered expenditures either when purchased or when used, and (2) prepaid insurance and similar items that may be considered expenditures either when paid for or when consumed. All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting.

NPDES – National Pollutant Discharge Elimination System, a permit system administered by the United States Environmental Protection Agency.

Operating Budget – The annual appropriation to maintain the provision of city services to the public.

Performance Measure – An indicator which measures the degree of accomplishment of an activity. The three types used in the City of Covington are: Effectiveness - the degree to which performance objectives are being achieved; Efficiency - the relationship between work performed and the resources required to perform it and is typically presented as unit costs; and Workload - a quantity of work performed.

Policy – A policy is a guiding principle which defines the underlying rules which will direct subsequent decision-making processes.

Preliminary Budget – That budget which is proposed by staff to the council and has not yet been adopted by the council.

Public Hearing – A public hearing is a specifically designated time, place, and opportunity for citizens, community groups, businesses, and other stakeholders to address the City Council on a particular issue. It allows interested parties to express their opinions and the City Council and/or staff to hear their concerns and advice.

Public Safety – A term used to define the budget of the police department.

PWTF – The acronym “PWTF” stands for the State of Washington’s Public Works Trust Fund Loan program.

RCW – The acronym “RCW” stands for Revised Code of Washington which is Washington State Law.

REET – The acronym “REET” stands for Real Estate Excise Tax.

Reserve – An account used either to set aside budgeted resources that are not required for expenditure in the current budget or to earmark resources for a specific future purpose.

Special Revenue Funds – General government funds for which the source of monies is dedicated to a specific purpose.

SWM – The acronym “SWM” stand for Surface Water Management Fund.

TBD – The acronym “TBD” stands for Transportation Benefit District.

Taxes – Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

Undesignated Fund Balance – The portion of a fund’s balance that is not restricted for a specific purpose and is available for general appropriation.