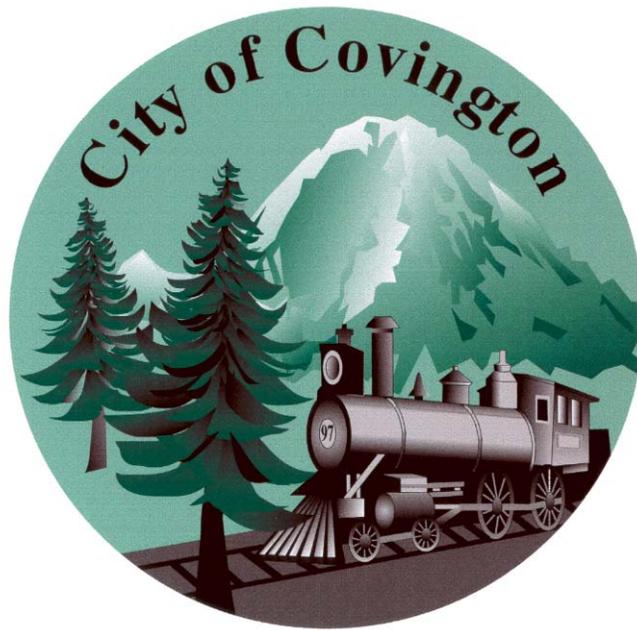


*The City of*  
**COVINGTON**  
WASHINGTON



# 2012 Budget

**CITY OF COVINGTON  
2012 BUDGET  
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# INTRODUCTORY



## City of Covington

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February 29, 2012

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

It is my pleasure to present the 2012 Final Operating and Capital Budget. This budget encompasses and implements Council policies and conforms to state law.

In my budget message last year, I spoke of the struggling economy and its impact on the City's resources. Well, the economy hasn't gotten any better. In fact, economic growth has slowed significantly this year. Despite the economy, and despite the chaos at higher levels of government, we've made progress and we're on the lookout for new opportunities. The City Council and staff have placed a heavy emphasis on strengthening existing and forging new partnerships.

One of the most important partnerships that cannot be overlooked is with our residents and businesses. Already in the planning stages, the City is developing a public engagement process that will center on an advisory committee consisting of residents, businesses, and youth. The goal of the public engagement process is to identify the City's capital and operating budget priorities and decide whether to approach voters about funding the highest unmet priorities.

One noteworthy event occurred during the budget process which is significant moving into 2012. On November 22, the City Council approved adding an additional 0.5% utility tax dedicated to the Covington Community Park. This is a significant commitment to a major park that will become a defining symbol of the quality of life in Covington.

A number of cost-saving measures were implemented in 2011 and we continue to look for additional cost savings that allow us to provide quality services and help us do more with less.

### **Major Themes**

Looking ahead there are four main themes that define the 2012 budget:

- Bold cuts early in the recession have served the City well and allowed us to continue to provide quality services to the community. However, growing expenditures are catching up with flat revenues.
- Careful spending of this year's budget helps to keep deficits down into next year. Continued diligence may help the City if the economy begins to turn around.
- However, a double dip recession could necessitate a mid-year adjustment in 2012.
- The public engagement process increases in magnitude and importance.

### **Economic Outlook**

On a national level, the recovery seems to be stalling after a strong start at the beginning of 2011. This can be attributed to a number of factors – the Japanese earthquake and tsunami (which slowed US auto production), rising gas prices, bad winter weather, a decrease in defense spending, and the political environment in Washington.

Again as in 2010, the Washington recovery has lost momentum during the summer after showing signs of growth during the spring. On the positive side, employment showed some real strength with an increase of 1.5% over the past year which is nearly twice the national level. The 2012 outlook for employment

growth is relatively flat at 1.6%. The expectation is that overall employment will reach its pre-recession peak in the fourth quarter of 2014<sup>1</sup>.

Taxable retail sales are another bright spot in the forecast. In the Puget Sound region, taxable retail sales were up 1.5% in the first quarter of 2011 from a year earlier. This reflects the third straight quarter of positive growth. Taxable retail sales could see continued growth due to an increase in personal income which is fueled by a cut in the payroll tax, a slow decline in the unemployment rate, and a modest improvement in housing starts.

The Seattle consumer price index showed an increase for the first time in several years. It appears that inflation should be about 2.6% in 2011 and decreasing slightly over the next two years to 2.1% in 2013.

For Covington, real estate excise tax receipts are higher than the last two years heading into September while retail sales tax receipts are on target through the third quarter. While this is good news we remain wary of how this will play out for the remainder of the year. Utility taxes are down for 2011. This revenue source continues to defy good forecasting methodology. On the plus side, utility tax has provided a safety net for the debt service over the last few years as real estate excise tax sharply declined.

### **Budget Process**

The 2012 budget process began by giving the City Council an early look at the long-range revenue and expenditure forecast in May. At that time, the economy appeared to be getting stronger. Given some of the new metrics that were released this summer, the forecast has been revised. At the initial budget meeting, departments were directed to submit decision cards to reflect needs that up to this point had been unfunded. After those decision cards had been submitted, the economy began to change. After reviewing the decision cards and the forecast, I added criteria to make the decision process more equitable – no ongoing staff, no ongoing expenses, fund temporary staff to assist with permit processing, optimize the use of technology to provide efficiencies where there are limited resources, and maximize grant funds where applicable. Directors submitted their expected year-end expenditures and decision cards to Finance for processing. The Finance Director and I met to discuss which decision cards would move forward after the updated forecast was presented to the Management Team. The Management Team was apprised of those decisions shortly thereafter.

### **Ongoing Budget Strategies**

The following budget strategies are retained from the 2010 budget:

- Redirect the General Fund's transfer of \$150,000 per year from the Capital Investment Program Fund's street overlay program to Street Fund operations.
- Discontinue the General Fund's transfer of utility tax revenue to Parks CIP.
- Discontinue the General Fund's transfer of sales tax revenue to the Cumulative Reserve Fund.
- Discontinue the Parks Fund's annual transfer of fund balance to the Cumulative Reserve Fund.
- Modify the merit award program by replacing monetary compensation with additional floating holidays.
- Maintain the following position at half time: Code Enforcement Officer.
- Forego the biennial budget process until the economy stabilizes.
- Restore partially the Development Service Fund's interfund payment.
- Continue the ratio of sales tax distribution to the General and Parks Funds by 84%/16%.

### **2012 Budget Strategies**

- In 2009 and 2010 the CPI was negative and no cost of living adjustments were made. The reductions for 2009 and 2010 are being carried forward and combined with the 2011 cost of living adjustment for a net cost of living adjustment of 2.9%.

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<sup>1</sup> As a comparison, economists stated in 2010 that employment would reach pre-recession levels in the second quarter of 2013.

- Use fund balance to cover deficits in most funds in 2012. Most funds will have a surplus to roll into fund balance at the end of 2011.

## **Funds Overview**

### **General Fund**

The General Fund is the largest City fund and provides for the day-to-day operations of City government. The three major revenue sources – property tax, sales tax, and utility tax – will be under budget for 2011. Total sales tax collections for 2011 are estimated to be \$2.82 million, with the General Fund receiving 84% (\$2.37 million) and the Parks Fund 16% (\$451,000).

In 2012, we are forecasting a 0.2% total increase in revenues for the entire fund.

- Property tax for 2011 is estimated to be \$2.34 million. This includes a one percent increase plus new construction.
- Sales tax revenue for 2011 is expected to increase by one percent. Construction revenue has been slowly increasing while retail sales have been holding steady.
- Utility tax for 2011 is estimated at \$1.84 million. For 2012, the forecast was revised upward to \$2.01 million due to the City Council adding an additional 0.5% utility tax dedicated to the Covington Community Park.
- Other sources of revenue total \$1.5 million with \$654,000 being paid to the General Fund in the form of overhead and interfund payments from other funds.

On the operating expenditure side, the 2012 General Fund budget is 11.2%, or \$740,000, higher than estimated actuals for 2011. This is due to an increase in medical benefits and the police services contract and the Costco traffic mitigation fee exemption payment. The debt service transfer is estimated to increase by \$325,000.

My initial recommendation which Council approved was for four decision cards totaling \$19,000. The first is an upgrade to our existing accounting software, the second for mobile technology and is allocated over all funds, the third is a network switch replacement, and the fourth is for Windows 7 migration. All are one-time costs except for mobile technology and maintenance for the Springbrook upgrade, which will incur small ongoing costs.

Two items were added during the budget process. At the budget workshop Council discussed and agreed on the importance of a citizen survey and asked for a prudent way to fund it. At the December 13, 2011 Council meeting Council agreed by consensus to grant \$2,000 to Covington Economic Development Council for the Covington Business Breakfast. Both items have been included in the budget.

### **Street Fund**

Revenue is showing an increase of 2.5% due primarily to a slight increase in the fuel tax. The franchise fee is forecasted to be flat. Base expenditures before decision cards are \$906,000 which is a decrease from expected actual expenditures in 2011.

I recommended and Council approved the mobile technology decision card for a \$730 one-time cost and \$1,145 ongoing costs.

### **Development Services Fund**

For 2012, revenue is estimated to be \$1.38 million while expenditures are \$882,000. While revenues exceed expenditures by a fair amount, this extra cushion is needed to offset additional work that spans more than one year. As development declines, that additional fund balance will be used to complete tasks started in prior years.

I recommended and Council approved four decision cards – mobile technology, additional hours for building administration and inspection for the Black Diamond ILA which has corresponding revenue, the planning consultant, and the replacement for the Accela permit tracking system. Replacement of this system will reduce current expenditures while providing a more updated and user friendly system.

### **Parks Fund**

Revenues in the Parks Fund for 2012 are expected to increase slightly in all categories. Expenditures show an increase from the previous year primarily to account for new revenue generating programs that were added last year after the budget was adopted.

I recommended and Council approved the mobile technology decision card.

### **Surface Water Management Fund**

Revenues for SWM show an increase over 2011 due to the addition of billing adjustments found in last year's audit. No ongoing rate increases are forecasted.

Budgeted expenditures are higher than 2011 due to carrying full contracts for the ILA with Maple Valley. Maple Valley will reimburse the City for their share of the contracts.

I recommended and Council approved two decision cards – mobile technology and the NPDES implementation grant which is offset by corresponding revenue.

### **Capital Investment Program Fund**

For 2012, three projects are budgeted: Annual Facility Rehabilitation for SWM for \$214,960, Covington Community Park for \$1,765,484, and SR 516 from Jenkins Creek to 185<sup>th</sup> for \$1,286,447.

### **Ballot Initiatives**

#### **INITIATIVE 1183**

Backed by Costco and other grocers and restaurants, this measure would close state liquor stores and require the sale of their assets including the liquor distribution center. The state would license private parties to distribute spirits and to sell spirits in retail stores meeting certain criteria, subject to specified training and compliance requirements. The measure establishes licensing fees for sale and distribution of spirits based on the licensee's sales revenues. It would change some wine distribution laws and allow non-uniform wholesale pricing for wine and spirits.

Covington receives two types of revenue from liquor sales: liquor profits and liquor taxes.

- Liquor board profits are revenues from permits, licenses, and liquor store sales. The state first pays for the activities of the Liquor Control Board (administration, sales staff, leases, etc.). The remaining profits are shared: 50% to the state, 40% to cities, and 10% to counties. (Border areas receive an additional distribution.)
- Liquor excise taxes come from a state tax to consumers and restaurant licensees. The tax rates include a basic rate plus surcharges. Revenues from the basic rates of 15% for consumers and 10% for restaurants are shared: 65% to the state, 28% to cities, and 7% to counties. The state retains all surcharge revenue.

The initiative specifies that local governments are to continue to receive, in the aggregate, no less liquor revenue than comparable periods plus an additional \$10 million per year for public safety. In general, liquor taxes would remain. The current liquor markup – the primary source of revenue for liquor profits – would end. However, the initiative provides a new annual license fee for liquor retailers (17% of its liquor sales) and distributors (10% of its liquor sales for the first two years; 5% of its liquor sales after that) which would be distributed as the markup currently is. During the first year, distributors must collectively pay \$150 million in license fees.

The 2012 budget remains neutral regarding the impact passage of the initiative would have on current revenue although the Office of Financial Management has demonstrated that local governments may receive additional funding based on the financing model in the initiative. Any additional revenue is speculative at this time and will not be added to the forecast.

Here is the latest update: Initiative 1183 passed in the November election. However, two lawsuits have been filed. So now it is unclear whether the privatization process will continue or be suspended.

### **Revenue Options**

In my preliminary budget letter I mentioned the following revenue options available to the Council for 2012 and beyond in terms of practicality and revenue generation:

- There is 0.5% or approximately \$180,000 available in utility tax authority for the existing utilities. While cities now have the authority to tax water and sewer districts via interlocal agreement, the two districts that serve most Covington residents are either lukewarm or opposed to the concept.
- The City, acting as a transportation benefit district (TBD), 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. Our Finance Department estimates revenues between \$180,000 and \$280,000 per year at the \$20 fee level.

During the budget process the Council acted on the utility tax option. At their November 22, 2011 City Council meeting, the City Council authorized the remaining 0.5% utility tax to be collected raising the rate to 6.0% with one-twelfth of the revenues dedicated to Covington Community Park. Beginning on February 1 the city will begin collecting 6.0% from existing utilities.

In addition to the revenue feature noted above for the TBD an additional revenue feature is a sales tax increase of 0.2% which could potentially raise approximately \$670,000. This option requires voter approval.

### **Summary**

With the economy still struggling, revenues still lagging and expenditures still increasing, the effort to continue to provide a balanced budget becomes more and more difficult. Staff continues to do an excellent job of managing expenditures which provides funds that can be rolled over into the following year. However, staff can only do so much and at some point that margin will not be available and services will begin to erode unless the economy turns around or other resources are found.

So how do we continue down the path of sustainability? We'll continue to do what we've been doing.

- We'll pursue new development through this fall's Destination Covington event, which will bring together property managers, developers, real estate agents, and industry leaders to learn about why Covington is the place to be.
- We'll proceed with design of the SR 516 Jenkins Creek to 185<sup>th</sup> project.
- We'll proceed with Covington Community Park as funding allows.
- We'll pursue grant funding wherever possible.
- We'll make technology upgrades to increase the City's efficiency.
- We'll roll out the public engagement process I mentioned earlier to solidify our budget priorities.

Covington, as a city, is young. We don't have an extensive history to look back on. We don't have a lot of benchmarks to compare our progress with. We are creating our history *now* and as we move forward.

We plan to seize opportunities that make sense. We plan to keep our neighborhoods safe, our streets repaired, and our grounds maintained. And, we plan to survive this economy. With continued and increased community support we plan to keep that promise.

I want to thank the Finance staff for their ongoing work with departments and management to provide the direction and information needed to complete the budget. The Department Directors also deserve special

recognition for working within their budgets to provide the services needed to keep the City running smoothly and efficiently.

As always, I thank you, the City Council for staying true to your convictions and for giving staff and me your support and confidence to move forward and implement your vision of the City.

I look forward to your deliberations.

Sincerely,  
  
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 2012 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 2012 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 2011 year end fund balances, as well as FY 2012 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 2012 budget for each Department within each Fund. Each Department includes a mission statement, department overview, major activities, significant budget issues, 2011 accomplishments, and 2012 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 2012 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 1<sup>st</sup> ¼% Fund, the Real Estate Excise Tax Fund 2<sup>nd</sup> 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  $\frac{1}{4}\%$  for a total of  $\frac{1}{2}\%$ . Each  $\frac{1}{4}\%$  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.

## 2012 Budget Calendar (subject to change)

June						
S	M	T	W	T	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		
July						
S	M	T	W	T	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						
August						
S	M	T	W	T	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			
September						
S	M	T	W	T	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	
October						
S	M	T	W	T	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					
November						
S	M	T	W	T	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			
December						
S	M	T	W	T	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

Due Date	Responsibility	Action
6/14	CM/Finance	Formal budget call after Mgmt Team meeting.
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. <b>Final due date is Jul 31<sup>st</sup>. NO EXCEPTIONS.</b>
7/12	All Depts	Decision card list to the City Manager and Finance Director.
8/31	Finance/All Depts	Complete 2012-2017 revenue forecast including Dev Svcs.
7/1 – 8/31	Fin/HR	Develop Personnel Budget.
9/13	CM/Finance/Directors	Department Budget Review Development Meetings. One half-day meeting with Mgmt Team.
9/14 – 10/7	Finance	Prepare 2012 preliminary budget document. Preliminary budget message to the CM the week of 9/19 for review.
10/3 *	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.
10/11*	CM/Fin	Preliminary budget presented to City Council and copies made available to the public. CM presents budget message.
10/18	City Council/CM	Study Session to begin department presentations and budget discussions. <i>GF departments (excl police) and Public Works.</i>
10/25 *	CM/Council/Departments	First public hearing on revenue sources including consideration of possible increases in the property tax (prior to setting property tax levy).
11/1	CM/Council/Departments	Continue department presentations and budget discussions. <i>Community Development, Dev. Svcs.</i>
11-8/11 – 22 *	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.
11/15	City Council	Complete department presentations. Budget discussions continue. <i>Parks &amp; Rec, CIP, Police</i>
11/22 *	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.
12/6	City Council	Budget deliberations continue (if needed).
12/13 *	City Council	Final budget deliberations. Budget Adoption.

\* 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 PARKER**

**ACCOUNTANT**

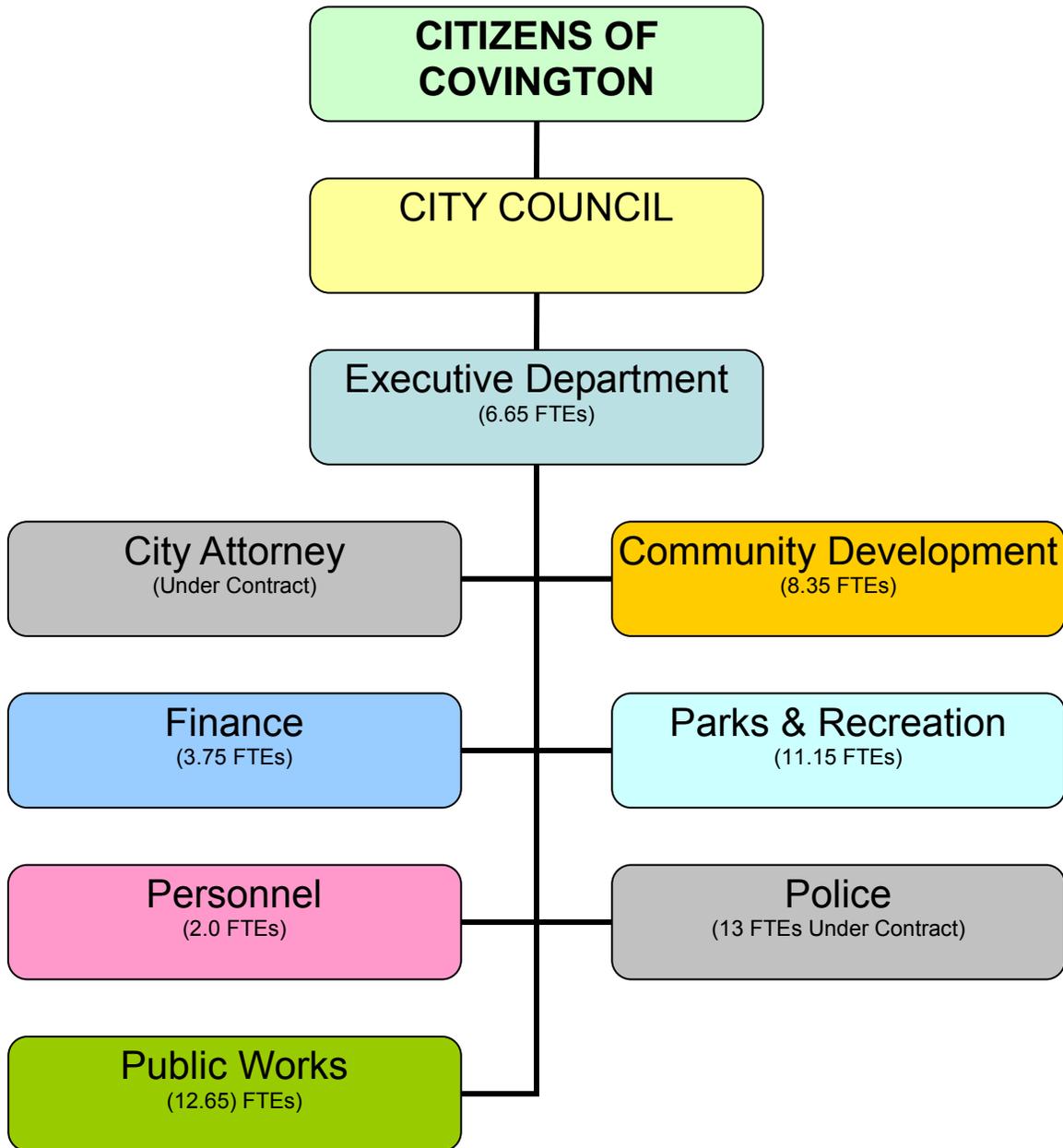
**LINDSAY HAGEN**

**FINANCE SPECIALIST**

**STACI CLES**

**ACCOUNTING CLERK**

~ **CITY OF COVINGTON** ~  
**ORGANIZATION CHART by FUNCTION**  
January 2012





## ARTS COMMISSION 2012

Position	Name	Term Exp Date
1	Sandra Bisordi	05/31/2013
2	Brieanne Berg	05/31/2013
3	Jonathon Combs	05/31/2014
4	Katrina Alegado	05/31/2014
5	Ed White	05/31/2012
6	Virginia (Gina) Cook	05/31/2012
7	Ruth (Rudi) Sullivan	05/31/2012

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

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

Staff Contact: Pat Patterson 425-413-7665 x 303  
[ppatterson@covingtonwa.gov](mailto:ppatterson@covingtonwa.gov)



## COVINGTON ECONOMIC DEVELOPMENT COUNCIL 2012

Position	Name	Term Exp Date
1	Doug Mergenthaler	07/31/2012
2	Edwin Cook	07/31/2013
3	Jennifer Gilbert-Smith	07/31/2013
4	Paul Bernal	07/31/2012
5	Rick Oliveira	07/31/2012
6	James Hutchinson	07/31/2012
7	Jeff Wagner	07/31/2012
8	Steven Pand	07/31/2013
9	Kevin Holland	07/31/2013
10	Hugh Kodama	07/31/2013

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

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

Staff Contact: Richard Hart 253-638-1110 x 2226  
[rhart@covingtonwa.gov](mailto:rhart@covingtonwa.gov)

Chamber Contact: Rick Oliveira 253-631-6117  
[info@covingtonchamber.org](mailto:info@covingtonchamber.org)



## **PARKS AND RECREATION COMMISSION 2012**

<b>Position</b>	<b>Name</b>	<b>Term Exp Date</b>
1	William Pand	01/31/2013
2	Conni Elliot	01/31/2014
3	Elizabeth Fast	01/31/2015
4	David Aldous	01/31/2015
5	Bryan Higgins	01/31/2013
6	Steven Pand	01/31/2013
7	Kollin Higgins	01/31/2013

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

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

Staff Contact: Scott Thomas 253-638-1110 x 3279  
[sthomas@covingtonwa.gov](mailto:sthomas@covingtonwa.gov)



## **PLANNING COMMISSION 2012**

<b>Name</b>	<b>Term Exp Date</b>
Edward Holmes	08/31/2015
Sonia Foss	08/31/2015
Daniel Key	08/31/2013
Bill Judd	08/31/2013
Sean Smith	08/31/2013
Paul Max	08/31/2015
Alex White	08/31/2013

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

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

Staff Contact: Kelly Thompson 253-638-1110 x 2269  
[kthompson@covingtonwa.gov](mailto:kthompson@covingtonwa.gov)



## **HUMAN SERVICES COMMISSION 2012**

<b>Position</b>	<b>Name</b>	<b>Term Exp Date</b>
1	Fran McGregor-Hollums (Vice Chair)	03/31/2014
2	Leslie Hamada	05/31/2014
3	Sue Ray	05/31/2013
4	Saqib Ahmad	03/31/2012
5	Aunna Moriarty	05/31/2012
6	Colleen Holmes	03/31/2013
7	Haris Ahmad (Chair)	03/31/2013

Terms for the Human Services Commission are three (3) years for adult members and one (1) year for student members

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

Staff Contact: Victoria Throm 253-638-1110 x 2237  
[vthrom@covingtonwa.gov](mailto:vthrom@covingtonwa.gov)

# BUDGET SUMMARY AND FORECAST

**ORDINANCE NO. 20-11**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COVINGTON, WASHINGTON, ADOPTING THE CY2012 OPERATING AND CAPITAL BUDGET AND IMPLEMENTING THE CY2012 COST OF LIVING ADJUSTMENT FOR CITY EMPLOYEES.**

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

WHEREAS, a preliminary budget for the year 2012 was prepared and filed with the City Clerk; and

WHEREAS, public hearings were scheduled and properly noticed for October 25, 2011, at 7:00 pm and November 22, 2011, at 7:00 pm for the purpose of making and adopting the final budget for the year 2012; 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 2012 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 2012 is hereby adopted at the fund level in its final form and content as set forth in the document entitled "City of Covington 2012 Budget" dated December 13, 2011, 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 for the year 2012, and aggregate totals for all such funds combined are set forth in summary form below and are hereby appropriated for expenditure at the fund level during the year 2012 as set forth below:

<u>FUND</u>	<u>AMOUNT</u>
General Fund	11,044,312
Street Fund	1,153,138
Development Services Fund	2,683,580
Parks and Recreation Fund	1,478,188
Surface Water Management Fund	3,453,753
Capital Investment Program	3,603,870
Cumulative Reserve Fund	1,351,199
Contingency Fund	420,562
Real Estate Excise Tax Fund 1 <sup>st</sup> Qtr	162,800
Real Estate Excise Tax Fund 2 <sup>nd</sup> Qtr	162,800
Local Improvement District	39,678
LID Guaranty Fund	52,368
Long-Term Debt Service Fund	1,281,323
Unemployment Reserve Fund	162,440
Equipment Replacement Fund	<u>611,254</u>
<b>Total All Funds</b>	<b><u>27,661,265</u></b>

Section 3. The 2012 budget provides funding for and it is hereby authorized that a 2.9348% Cost of Living Adjustment (COLA) for all regular (non-contract) city employees is to take effect on January 1, 2012.

Section 4. The 2012 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.

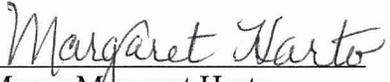
Section 5. The 2012 Salary Schedule for authorized positions is attached hereto as Exhibit "B".

Section 6. 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 7. 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 8. This ordinance shall be in force and take effect five (5) days after its publication according to law.

Adopted by the Council on this 13<sup>th</sup> day of December, 2011.

  
\_\_\_\_\_  
Mayor Margaret Harto

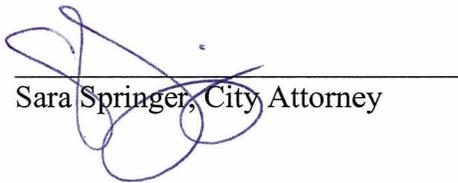
ATTESTED:

  
\_\_\_\_\_  
Sharon Scott, City Clerk

PUBLISHED: December 16, 2011

EFFECTIVE: December 21, 2011

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Sara Springer, City Attorney

# 2011

**City of Covington**  
Estimated Actuals - By Fund  
For the Fiscal Year 2011

	<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 (Actuals), January 1, 2011	\$ 2,351,590	\$ 592,237	\$ 801,274	\$ 233,348	\$ 1,296,787	\$ 1,072,287	\$ 1,413,039
Projected Revenues:	8,101,744	557,300	1,318,587	992,798	1,721,928	379,517	19,560
Projected Expenditures:	<u>(6,588,853)</u>	<u>(932,507)</u>	<u>(812,589)</u>	<u>(1,140,160)</u>	<u>(1,413,689)</u>	<u>(490,685)</u>	<u>-</u>
2011 Decision Packages Expenditures:	-	-	-	-	-	-	-
Fund Transfers In:	-	370,229	-	211,147	-	-	-
Fund Transfers (Out):	(1,059,073)	(251,012)	-	(27,484)	-	(36,000)	(90,000)
Excess (Deficiency) of Revenues Over Expenditures	<u>453,818</u>	<u>(255,990)</u>	<u>505,998</u>	<u>36,301</u>	<u>308,239</u>	<u>(147,168)</u>	<u>(70,440)</u>
Assigned Ending Fund Balance	2,146,523	-	-	41,521	-	140,000	-
Projected Adjusted Ending Fund Balances, December 31, 2011	<u>\$ 658,885</u>	<u>\$ 336,247</u>	<u>\$ 1,307,272</u>	<u>\$ 228,128</u>	<u>\$ 1,605,026</u>	<u>\$ 785,119</u>	<u>\$ 1,342,599</u>

# 2011

City of Covington  
Estimated Actuals - By Fund  
For the Fiscal Year 2011

Contingency Fund	Real Estate Excise Tax Fund 1st Qtr%	Real Estate Excise Tax Fund 2nd Qtr%	L.I.D. 99-01 Fund	L.I.D. Guaranty Fund	Long-Term Debt Service Fund	Unemployment Insurance Reserve Fund	Equipment Replacement Fund
\$ 419,578	\$ 70,092	\$ 70,092	\$ 17,913	\$ 52,168	\$ -	\$ 136,812	\$ 520,309
984	130,300	130,300	39,669	100	-	37,295	109,819
-	-	-	(57,573)	-	(1,282,977)	(50,000)	(126,995)
-	-	-	-	-	-	-	-
-	125,506 (325,898)	125,506 (325,898)	-	-	1,282,977	-	-
984	(70,092)	(70,092)	(17,904)	100	-	(12,705)	(17,176)
-	-	-	-	-	-	-	-
\$ 420,562	\$ -	\$ -	\$ 9	\$ 52,268	\$ -	\$ 124,107	\$ 503,133

2012  
City of Covington  
Budget Summary - All Funds  
For the Fiscal Year 2012

	General Fund	Street Fund	Development Services Fund	Parks Fund	Surface Water Management Fund	Capital Investment Program Fund	Other Funds
<b>RESOURCES</b>							
<b>Beginning Fund Balance</b>	\$ 2,805,408	\$ 336,247	\$ 1,307,272	\$ 269,649	\$ 1,605,026	\$ 925,119	\$ 2,442,678
<b>Operating Revenues</b>							
Taxes	7,100,475	-	-	456,000	-	-	325,000
Licenses and Permits	-	199,000	638,995	-	-	-	-
Intergovernmental	309,488	371,700	46,360	-	55,900	2,436,751	-
Charges for Goods and Services	668,641	-	664,933	419,310	1,704,052	-	-
Fines and Forfeitures	132,000	-	-	-	-	-	-
Miscellaneous	28,300	300	-	121,650	-	-	195,423
<b>Total Operating Revenues</b>	<u>8,238,904</u>	<u>571,000</u>	<u>1,350,288</u>	<u>996,960</u>	<u>1,759,952</u>	<u>2,436,751</u>	<u>520,423</u>
<b>Transfers</b>							
Fund Transfer In	-	245,891	-	211,579	-	242,000	1,281,323
<b>Decision Cards</b>							
Related Revenues	-	-	26,020	-	88,775	-	-
Fund Transfer In	-	-	-	-	-	-	-
Debt Proceeds	-	-	-	-	-	-	-
<b>Total Decision Card Revenues</b>	<u>-</u>	<u>-</u>	<u>26,020</u>	<u>-</u>	<u>88,775</u>	<u>-</u>	<u>-</u>
<b>TOTAL RESOURCES</b>	<u>\$ 11,044,312</u>	<u>\$ 1,153,138</u>	<u>\$ 2,683,580</u>	<u>\$ 1,478,188</u>	<u>\$ 3,453,753</u>	<u>\$ 3,603,870</u>	<u>\$ 4,244,424</u>
<b>USES</b>							
<b>General Fund</b>							
City Council	\$ 347,809	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency	50,000	-	-	-	-	-	-
Municipal Court	662,300	-	-	-	-	-	-
Executive	924,692	-	-	-	-	-	-
Finance	514,941	-	-	-	-	-	-
Legal	80,000	-	-	-	-	-	-
Personnel	333,285	-	-	-	-	-	-
Central Services	905,139	-	-	-	-	-	-
Police	3,082,527	-	-	-	-	-	-
Community Development	390,084	-	-	-	-	-	-
Street	-	906,217	-	-	-	-	-
Development Services Fund	-	-	803,398	-	-	-	-
Parks Fund	-	-	-	1,218,589	-	-	-
Surface Water Management Fund	-	-	-	-	1,541,911	-	-
Capital Investment Program Fund	-	-	-	-	-	3,266,891	-
L.I.D. 99.01 Fund	-	-	-	-	-	-	39,678
Long-Term Debt Service Fund	-	-	-	-	-	-	1,281,323
Unemployment Insurance Reserve Fund	-	-	-	-	-	-	50,000
Equipment Replacement Fund	-	-	-	-	-	-	101,065
<b>Total Operating Expenses</b>	<u>7,290,777</u>	<u>906,217</u>	<u>803,398</u>	<u>1,218,589</u>	<u>1,541,911</u>	<u>3,266,891</u>	<u>1,472,066</u>
<b>Transfers</b>							
Fund Transfer Out	1,520,710	-	-	27,483	107,000	-	325,600
<b>Decision Cards</b>							
Decision Packages Expenditures	38,500	1,875	78,530	425	93,215	-	-
Fund Transfer Out	-	-	-	-	-	-	-
<b>Total Decision Card Expenditures</b>	<u>38,500</u>	<u>1,875</u>	<u>78,530</u>	<u>425</u>	<u>93,215</u>	<u>-</u>	<u>-</u>
<b>Assigned Fund Balance</b>	<u>1,490,515</u>	<u>-</u>	<u>-</u>	<u>41,521</u>	<u>-</u>	<u>73,432</u>	<u>-</u>
<b>Adjusted Ending Fund Balance</b>	<u>703,810</u>	<u>245,046</u>	<u>1,801,652</u>	<u>190,170</u>	<u>1,711,627</u>	<u>263,547</u>	<u>2,446,758</u>
<b>TOTAL USES</b>	<u>\$ 11,044,312</u>	<u>\$ 1,153,138</u>	<u>\$ 2,683,580</u>	<u>\$ 1,478,188</u>	<u>\$ 3,453,753</u>	<u>\$ 3,603,870</u>	<u>\$ 4,244,424</u>

# 2012

**City of Covington**  
 Adopted Budget - By Fund  
 For the Fiscal Year 2012

	<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, 2012	\$ 2,805,408	\$ 336,247	\$ 1,307,272	\$ 269,649	\$ 1,605,026	\$ 925,119	\$ 1,342,599
Projected Revenues:	8,238,904	571,000	1,350,288	996,960	1,759,952	2,436,751	8,600
Projected Expenditures:	<u>(7,290,777)</u>	<u>(906,217)</u>	<u>(803,398)</u>	<u>(1,218,589)</u>	<u>(1,541,911)</u>	<u>(3,266,891)</u>	<u>-</u>
Fund Transfers In:	-	245,891	-	211,579	-	242,000	-
Fund Transfers (Out):	(1,520,710)	-	-	(27,483)	(107,000)	-	-
Excess (Deficiency) of Revenues Over Expenditures	<u>(572,583)</u>	<u>(89,326)</u>	<u>546,890</u>	<u>(37,533)</u>	<u>111,041</u>	<u>(588,140)</u>	<u>8,600</u>
Base Budget Projected Ending Fund Balances, December 31, 2012	<u>\$ 2,232,825</u>	<u>\$ 246,921</u>	<u>\$ 1,854,162</u>	<u>\$ 232,116</u>	<u>\$ 1,716,067</u>	<u>\$ 336,979</u>	<u>\$ 1,351,199</u>
<b>Decision Packages:</b>							
Decision Packages Expenditures:	(38,500)	(1,875)	(78,530)	(425)	(93,215)	-	-
Related Revenues	-	-	26,020	-	88,775	-	-
Fund Transfers In:	-	-	-	-	-	-	-
Fund Transfers (Out):	-	-	-	-	-	-	-
Debt Proceeds:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Decision Packages	<u>(38,500)</u>	<u>(1,875)</u>	<u>(52,510)</u>	<u>(425)</u>	<u>(4,440)</u>	<u>-</u>	<u>-</u>
Assigned Ending Fund Balance	1,490,515	-	-	41,521	-	73,432	-
Adjusted Ending Fund Balances, December 31, 2012	<u>\$ 703,810</u>	<u>\$ 245,046</u>	<u>\$ 1,801,652</u>	<u>\$ 190,170</u>	<u>\$ 1,711,627</u>	<u>\$ 263,547</u>	<u>\$ 1,351,199</u>

# 2012

**City of Covington**  
 Adopted Budget - By Fund  
 For the Fiscal Year 2012

Contingency Fund	Real Estate Excise Tax Fund 1st Qtr%	Real Estate Excise Tax Fund 2nd Qtr%	L.I.D. 99-01 Fund	L.I.D. Guaranty Fund	Long-Term Debt Service Fund	Unemployment Insurance Reserve Fund	Equipment Replacement Fund	Total
\$ 420,562	\$ -	\$ -	\$ 9	\$ 52,268	\$ -	\$ 124,107	\$ 503,133	\$ 9,691,399
-	162,800	162,800	39,669	100	-	38,333	108,121	15,874,278
-	-	-	(39,678)	-	(1,281,323)	(50,000)	(101,065)	(16,499,849)
-	-	-	-	-	1,281,323	-	-	1,980,793
-	(162,800)	(162,800)	-	-	-	-	-	(1,980,793)
-	-	-	(9)	100	-	(11,667)	7,056	(625,571)
\$ 420,562	\$ -	\$ -	\$ -	\$ 52,368	\$ -	\$ 112,440	\$ 510,189	\$ 9,065,828
-	-	-	-	-	-	-	-	(212,545)
-	-	-	-	-	-	-	-	114,795
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(97,750)
-	-	-	-	-	-	-	-	1,605,468
\$ 420,562	\$ -	\$ -	\$ -	\$ 52,368	\$ -	\$ 112,440	\$ 510,189	\$ 7,362,610



## DESCRIPTION OF 2012 REVENUE SOURCES

This summary describes each of the major revenue sources that appear in the 2012 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

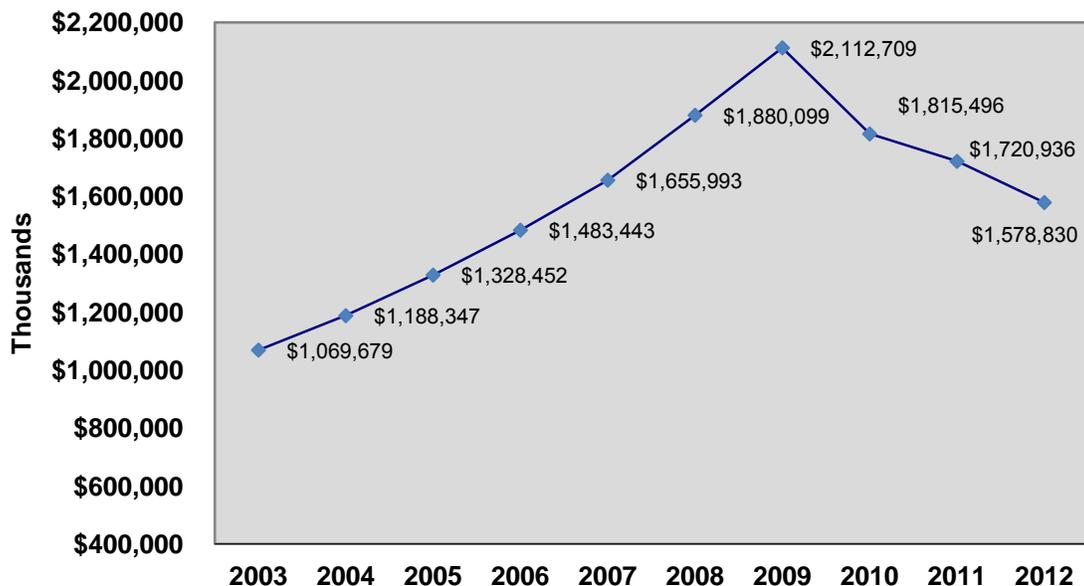
### Property Taxes

### General Fund

Property taxes are one of the largest and most stable 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 final levy for 2012 is \$2,338,089. The final taxable assessed valuation (AV) is \$1,578,829,650, which includes \$12,531,950 in new construction. The final levy rate is \$1.48090/\$1,000 AV.

The City saw a 25% decrease in assessed value from 2009 to 2012.

**Total Taxable Assessed Values  
Real and Personal Property  
For the Fiscal Years 2003 Through 2012**



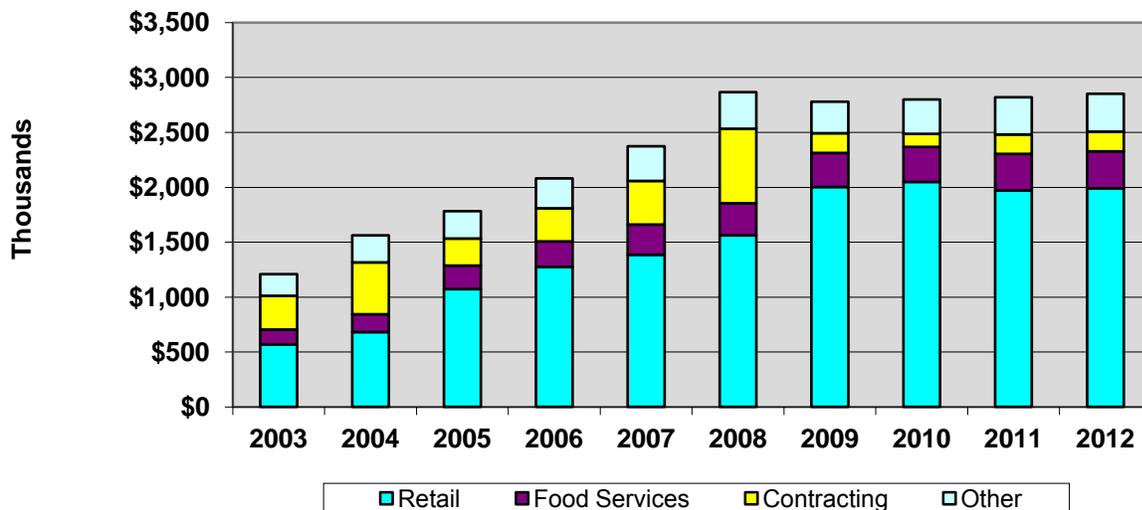
**Sales Taxes**

**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 2012 are estimated at \$2,850,000. Sales tax is currently divided between the General Fund and Parks Fund 84% and 16% 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%
<b>City of Covington</b>	<b>0.85%</b>
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	0.10%
<b>Total Sales Tax Rate</b>	<b><u>8.60%</u></b>

**Sales Tax by Classifications  
For the Fiscal Years 2003 Through 2012**



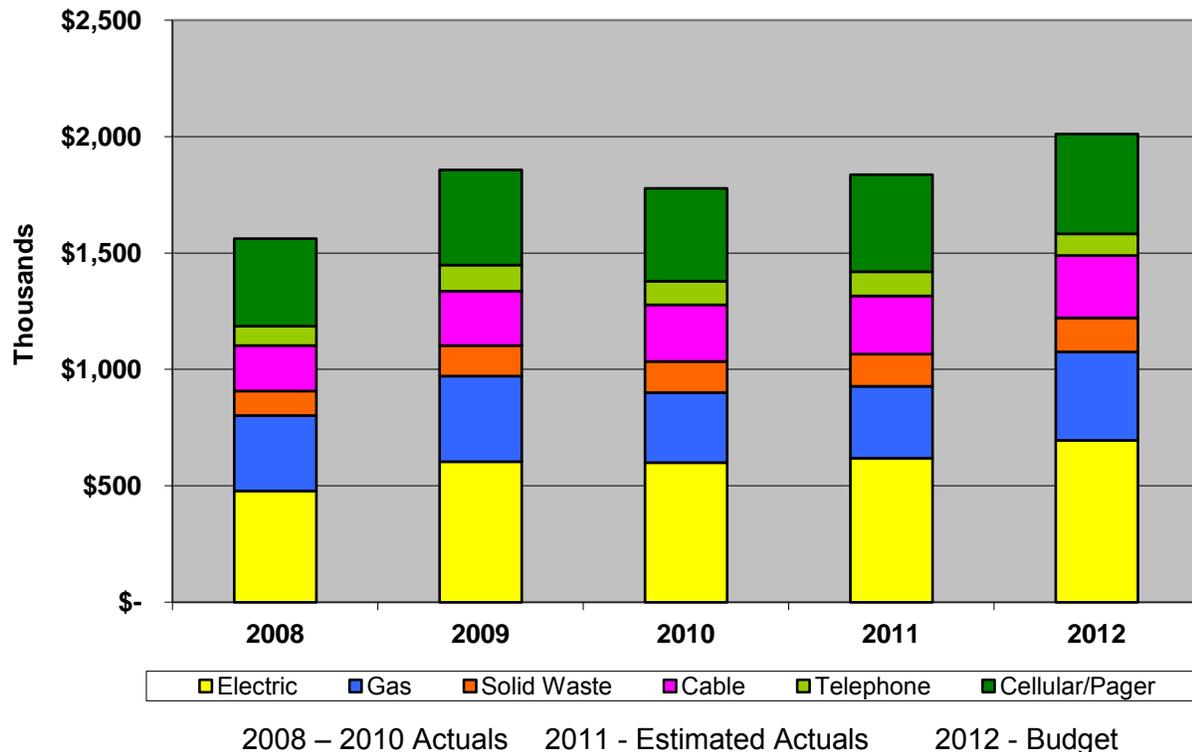
2003 - 2010 - Actuals    2011 - Estimated Actuals    2012 - Budget

### Utility Taxes

### General Fund/Parks Fund/Street 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 2012 are estimated at \$2,012,475. Utility tax revenues are allocated between the General Fund, Parks Fund, and Street Fund.

**Utility Tax by Classification  
For the Fiscal Years 2008 Through 2012**



### 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 2012 estimate of \$354,000 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. The 2012 estimates are based on estimated changes in real estate prices, new residential development increases, and new non-residential development increases. Distribution occurs on the 10<sup>th</sup> of each month to cities in King County. The 2012 revenue estimate is \$325,000.

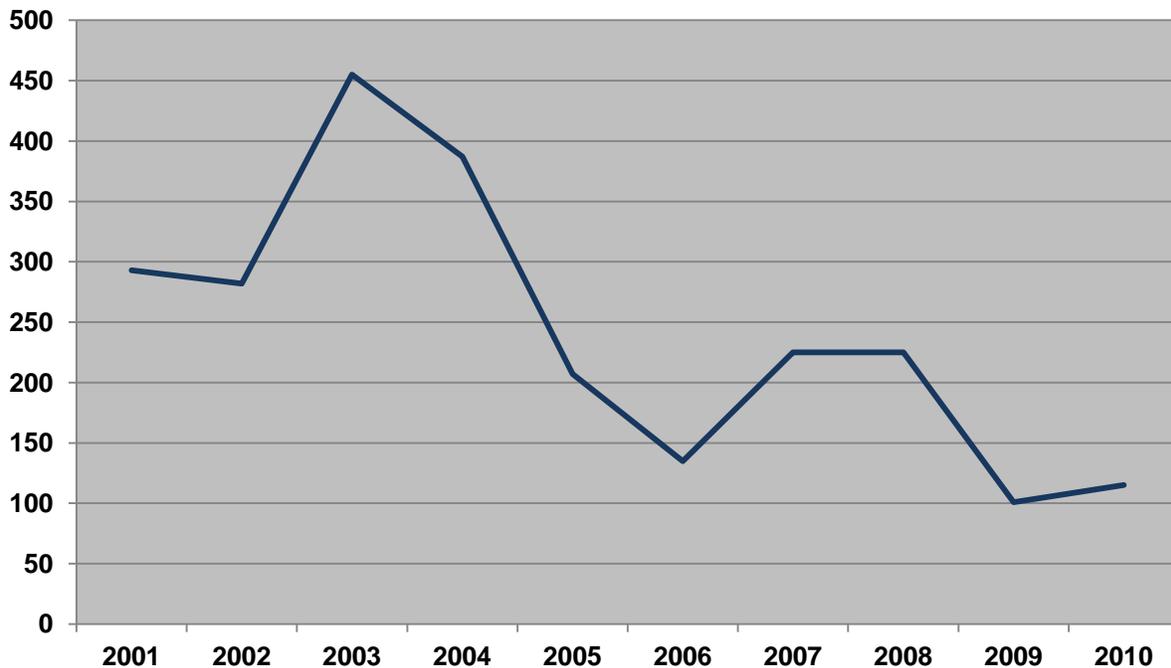
## LICENSES AND PERMITS

### 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 2012 the estimated fees are \$199,000. Building permit revenues are based on staff estimates and are applied to the Development Services Fund. In 2012, \$261,704 is estimated based on 47 new single family permits. Commercial fees are tracked separately from residential fees. They include building permits and land use revenues. For 2012 we estimate \$321,131. 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 2012 revenue estimate for this license fee is \$47,000. For 2012, all other permits and licenses such as sign permits and peddler's permits are estimated at \$9,160.

**Number of Building Permits Issued  
For Fiscal Years 2001 Through 2010**



## 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 2012 estimate of \$86,300 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 2012 estimate of \$108,790 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 20<sup>th</sup> of each month (or the last working day prior to the 20<sup>th</sup>). For 2012, we are estimating \$371,700.

**Criminal Justice Shared Revenues**

**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 2012, we are estimating \$48,850.

**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 2012 we estimate being awarded \$56,500.

**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 2012 budget is estimated to be \$391,841.

The interfund service payment is for each fund’s share of the assistance they receive from the City Manager, Finance, Legal, and Personnel offices. The 2012 budget is estimated at \$262,000.

**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 2012 budget for these fees is estimated at \$664,933.

**Parks Fees**

**Parks Fund**

These fees are collected for services related to the Aquatic Center and Recreation programs. The 2012 revenues are estimated at \$419,310.

**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 2012 budget is estimated at \$1,704,052.

## **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 \$132,000 in revenue for 2012. In 2012 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.

## **MISCELLANEOUS**

### **Technology Surcharge**

### **General Fund**

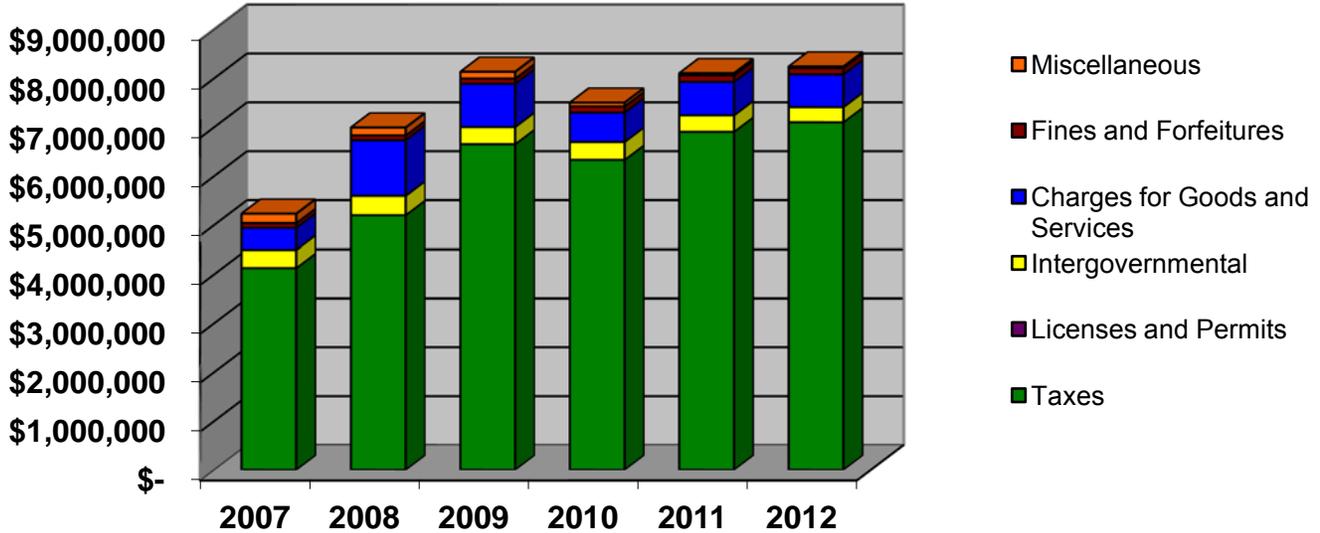
These fees are collected for services related to the issuance of permits for both residential and commercial aspects of construction. The estimate for 2012 is \$18,000.

### **Interest Income**

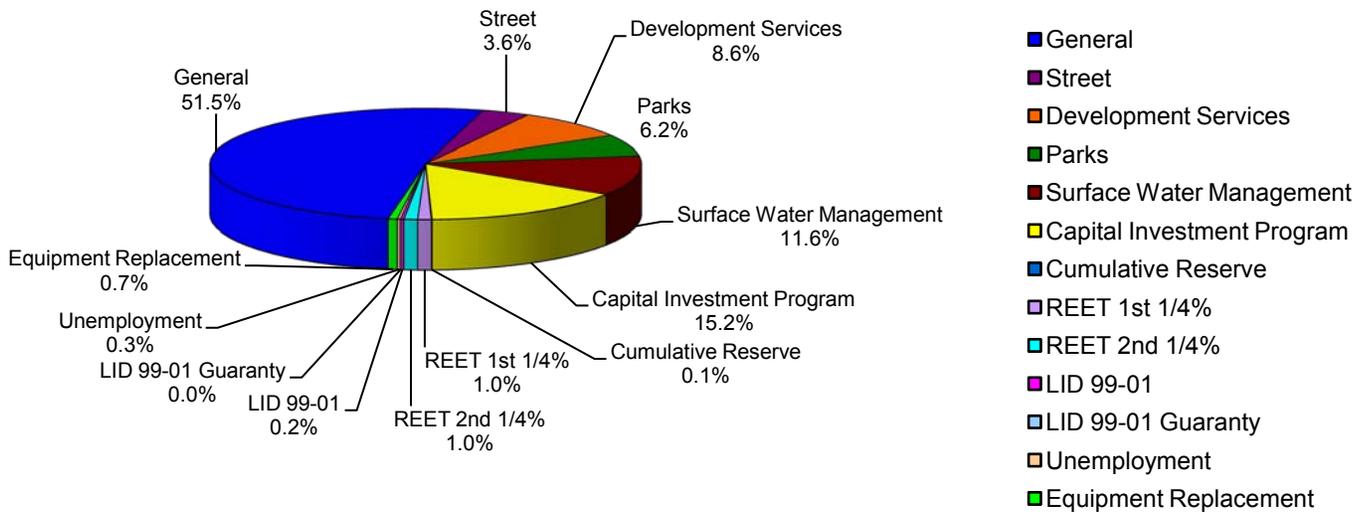
### **All Funds**

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 2012 estimate of \$16,720 is based on annualized 2011 data, economic outlook, and the assumption that fund balances available for investing will be at 2011 levels.

## General Fund Revenues



## 2012 Revenues All Funds



City of Covington  
 Summary of Revenues - All Funds (Note 1)  
 For the Fiscal Years 2010 through 2012

	2010	2011		2012		
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<b><u>General Fund</u></b>						
Taxes	\$ 6,329,869	\$ 7,163,779	\$ 6,904,489	\$ 7,100,475	\$ -	\$ 7,100,475
Intergovernmental	366,830	338,497	336,980	309,488	-	309,488
Charges for Goods and Services	600,351	682,040	684,822	668,641	-	668,641
Fines and Forfeitures	127,662	123,100	132,745	132,000	-	132,000
Miscellaneous	75,360	40,300	42,669	28,300	-	28,300
Other Financing Sources	15	-	39	-	-	-
<b>Total General Fund</b>	<b>\$ 7,500,087</b>	<b>\$ 8,347,716</b>	<b>\$ 8,101,744</b>	<b>\$ 8,238,904</b>	<b>\$ -</b>	<b>\$ 8,238,904</b>
<b><u>Street Fund</u></b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	197,813	199,000	197,000	199,000	-	199,000
Intergovernmental	378,263	378,202	360,000	371,700	-	371,700
Charges for Goods and Services	-	-	-	-	-	-
Miscellaneous	13,377	1,000	300	300	-	300
Other Financing Sources	-	-	-	-	-	-
<b>Total Street Fund</b>	<b>\$ 589,453</b>	<b>\$ 578,202</b>	<b>\$ 557,300</b>	<b>\$ 571,000</b>	<b>\$ -</b>	<b>\$ 571,000</b>
<b><u>Development Services Fund</u></b>						
Licenses and Permits	\$ 448,684	\$ 403,266	\$ 687,579	\$ 638,995	\$ -	\$ 638,995
Intergovernmental	3,354	2,100	27,969	46,360	26,020	72,380
Charges for Goods and Services	688,318	271,329	602,111	664,933	-	664,933
Fines and Forfeitures	552	-	328	-	-	-
Miscellaneous	2,149	600	600	-	-	-
<b>Total Development Services Fund</b>	<b>\$ 1,143,057</b>	<b>\$ 677,295</b>	<b>\$ 1,318,587</b>	<b>\$ 1,350,288</b>	<b>\$ 26,020</b>	<b>\$ 1,376,308</b>
<b><u>Parks Fund</u></b>						
Taxes	\$ 559,375	\$ 465,000	\$ 451,200	\$ 456,000	-	\$ 456,000
Intergovernmental	5,987	2,000	2,000	-	-	-
Charges for Goods and Services	372,473	403,760	416,600	419,310	-	419,310
Fines and Forfeitures	-	-	-	-	-	-
Miscellaneous	129,368	132,450	120,117	121,650	-	121,650
Other Financing Sources	557	-	2,881	-	-	-
<b>Total Parks Fund</b>	<b>\$ 1,067,760</b>	<b>\$ 1,003,210</b>	<b>\$ 992,798</b>	<b>\$ 996,960</b>	<b>\$ -</b>	<b>\$ 996,960</b>
<b><u>Surface Water Management Fund</u></b>						
Intergovernmental	\$ 64,107	\$ 78,295	\$ 76,776	\$ 55,900	\$ 88,775	\$ 144,675
Charges for Goods and Services	1,443,633	1,542,260	1,645,152	1,704,052	-	1,704,052
Miscellaneous	3,199	2,300	-	-	-	-
<b>Total Surface Water Management Fund</b>	<b>\$ 1,510,939</b>	<b>\$ 1,622,855</b>	<b>\$ 1,721,928</b>	<b>\$ 1,759,952</b>	<b>\$ 88,775</b>	<b>\$ 1,848,727</b>

City of Covington  
 Summary of Revenues - All Funds (Note 1)  
 For the Fiscal Years 2010 through 2012

	2010	2011		2012		
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<b><u>Capital Investment Program Fund</u></b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,246,734	378,406	378,517	2,436,751	-	2,436,751
Charges for Goods and Services	480,616	-	-	-	-	-
Miscellaneous	2,490	2,000	1,000	-	-	-
<b>Total Capital Investment Program Fund</b>	<b>\$ 2,729,840</b>	<b>\$ 380,406</b>	<b>\$ 379,517</b>	<b>\$ 2,436,751</b>	<b>\$ -</b>	<b>\$ 2,436,751</b>
<b><u>Cumulative Reserve Fund</u></b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	13,420	13,775	19,560	8,600	-	8,600
<b>Total Cumulative Reserve Fund</b>	<b>\$ 13,420</b>	<b>\$ 13,775</b>	<b>\$ 19,560</b>	<b>\$ 8,600</b>	<b>\$ -</b>	<b>\$ 8,600</b>
<b><u>Contingency Fund</u></b>						
Miscellaneous	\$ 666	\$ -	\$ 984	\$ -	\$ -	\$ -
<b>Total Contingency Fund</b>	<b>\$ 666</b>	<b>\$ -</b>	<b>\$ 984</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Real Estate Excise Tax Fund- 1st Qtr%</u></b>						
Taxes	\$ 221,103	\$ 150,000	\$ 130,000	\$ 162,500	\$ -	\$ 162,500
Miscellaneous	197	300	300	300	-	300
<b>Total Real Estate Excise Tax-1st Qtr% Fund</b>	<b>\$ 221,300</b>	<b>\$ 150,300</b>	<b>\$ 130,300</b>	<b>\$ 162,800</b>	<b>\$ -</b>	<b>\$ 162,800</b>
<b><u>Real Estate Excise Tax Fund-2nd Qtr%</u></b>						
Taxes	\$ 221,103	\$ 150,000	\$ 130,000	\$ 162,500	\$ -	\$ 162,500
Miscellaneous	82	100	300	300	-	300
<b>Total Real Estate Excise Tax-2nd Qtr% Fund</b>	<b>\$ 221,185</b>	<b>\$ 150,100</b>	<b>\$ 130,300</b>	<b>\$ 162,800</b>	<b>\$ -</b>	<b>\$ 162,800</b>
<b><u>L.I.D. 99.01 Fund</u></b>						
Miscellaneous	\$ 52,169	\$ 42,511	\$ 39,669	\$ 39,669	\$ -	\$ 39,669
<b>Total L.I.D. 99.01 Fund</b>	<b>\$ 52,169</b>	<b>\$ 42,511</b>	<b>\$ 39,669</b>	<b>\$ 39,669</b>	<b>\$ -</b>	<b>\$ 39,669</b>
<b><u>L.I.D. 99.01 Guaranty Fund</u></b>						
Miscellaneous	\$ 143	\$ 100	\$ 100	\$ 100	\$ -	\$ 100
<b>Total L.I.D. 99.01 Guaranty Fund</b>	<b>\$ 143</b>	<b>\$ 100</b>	<b>\$ 100</b>	<b>\$ 100</b>	<b>\$ -</b>	<b>\$ 100</b>
<b><u>Unemployment Insurance Reserve Fund</u></b>						
Miscellaneous	\$ 38,744	\$ 37,134	\$ 37,295	\$ 38,333	\$ -	\$ 38,333
<b>Total Unemployment Insurance Reserve Fund</b>	<b>\$ 38,744</b>	<b>\$ 37,134</b>	<b>\$ 37,295</b>	<b>\$ 38,333</b>	<b>\$ -</b>	<b>\$ 38,333</b>

City of Covington  
 Summary of Revenues - All Funds (Note 1)  
 For the Fiscal Years 2010 through 2012

	2010	2011		2012		
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<b><u>Equipment Replacement Fund</u></b>						
Miscellaneous	\$ 97,341	\$ 110,319	\$ 109,819	\$ 108,121	\$ -	\$ 108,121
Other Financing Sources	121	-	-	-	-	-
<b>Total Equipment Replacement Fund</b>	<b><u>\$ 97,462</u></b>	<b><u>\$ 110,319</u></b>	<b><u>\$ 109,819</u></b>	<b><u>\$ 108,121</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 108,121</u></b>
<b>Total All Funds</b>	<b><u>\$ 15,186,225</u></b>	<b><u>\$ 13,113,923</u></b>	<b><u>\$ 13,539,901</u></b>	<b><u>\$ 15,874,278</u></b>	<b><u>\$ 114,795</u></b>	<b><u>\$ 15,989,073</u></b>

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

City of Covington  
 Summary of Expenditures - All Funds (Note 1)  
 For the Fiscal Years 2010 through 2012

	2010	2011		2012		
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<b><u>General Fund</u></b>						
Salaries and Wages	\$ 1,300,979	\$ 1,341,847	\$ 1,335,848	\$ 1,346,219	\$ -	\$ 1,346,219
Personnel Benefits	475,975	491,197	474,297	515,991	-	515,991
Supplies	63,890	59,579	71,171	53,760	7,100	60,860
Other Services and Charges	1,314,405	1,359,193	1,223,812	1,554,534	21,575	1,576,109
Intergovernmental	3,289,444	3,566,510	3,452,310	3,789,360	-	3,789,360
Capital Outlay	5,973	-	-	-	9,825	9,825
Debt Service	11,661	12,564	12,560	12,650	-	12,650
Interfund Payment for Services	13,321	18,855	18,855	18,263	-	18,263
Total General Fund	<u>\$ 6,475,648</u>	<u>\$ 6,849,745</u>	<u>\$ 6,588,853</u>	<u>\$ 7,290,777</u>	<u>\$ 38,500</u>	<u>\$ 7,329,277</u>
<b><u>Street Fund</u></b>						
Salaries and Wages	\$ 239,700	\$ 261,671	\$ 250,185	\$ 269,312	\$ -	\$ 269,312
Personnel Benefits	87,888	95,402	95,692	106,159	-	106,159
Supplies	31,537	47,795	39,075	58,255	730	58,985
Other Services and Charges	208,358	350,329	370,511	265,390	1,145	266,535
Intergovernmental	154,223	123,625	105,500	128,300	-	128,300
Capital Outlay	5,661	-	-	-	-	-
Debt Service	2,097	2,014	2,014	2,075	-	2,075
Interfund Payment for Services	161,995	69,530	69,530	76,726	-	76,726
Total Street Fund	<u>\$ 891,459</u>	<u>\$ 950,366</u>	<u>\$ 932,507</u>	<u>\$ 906,217</u>	<u>\$ 1,875</u>	<u>\$ 908,092</u>
<b><u>Development Services Fund</u></b>						
Salaries and Wages	\$ 325,508	\$ 291,166	\$ 459,038	\$ 400,188	\$ 68,930	\$ 469,118
Personnel Benefits	107,406	103,219	138,149	138,222	10,090	148,312
Supplies	3,092	5,600	1,495	4,825	142	4,967
Other Services and Charges	32,950	75,212	34,727	63,075	(632)	62,443
Intergovernmental	54,271	48,920	41,520	45,220	-	45,220
Interfund Payment for Services	92,866	137,660	137,660	151,868	-	151,868
Total Development Services Fund	<u>\$ 616,093</u>	<u>\$ 661,777</u>	<u>\$ 812,589</u>	<u>\$ 803,398</u>	<u>\$ 78,530</u>	<u>\$ 881,928</u>

City of Covington  
Summary of Expenditures - All Funds (Note 1)  
For the Fiscal Years 2010 through 2012

	2010		2011		2012	
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<b><u>Parks Fund</u></b>						
Salaries and Wages	\$ 557,426	\$ 548,042	\$ 569,556	\$ 599,059	\$ -	\$ 599,059
Personnel Benefits	159,578	168,149	164,616	178,507	-	178,507
Supplies	113,510	110,980	110,815	114,955	190	115,145
Other Services and Charges	228,225	192,048	164,331	195,768	235	196,003
Intergovernmental	33,626	8,660	9,998	8,060	-	8,060
Capital Outlay	-	-	-	-	-	-
Debt Service	445	402	402	405	-	405
Interfund Payment for Services	109,744	120,442	120,442	121,835	-	121,835
Total Parks Fund	<u>\$ 1,202,554</u>	<u>\$ 1,148,723</u>	<u>\$ 1,140,160</u>	<u>\$ 1,218,589</u>	<u>\$ 425</u>	<u>\$ 1,219,014</u>
<b><u>Surface Water Management Fund</u></b>						
Salaries and Wages	\$ 462,459	\$ 512,342	\$ 519,347	\$ 490,367	\$ 47,945	\$ 538,312
Personnel Benefits	158,414	184,426	185,939	193,616	5,830	199,446
Supplies	24,867	35,100	24,093	31,975	11,688	43,663
Other Services and Charges	158,411	212,794	151,444	311,240	27,752	338,992
Intergovernmental	134,967	78,455	80,229	87,338	-	87,338
Capital Outlay	5,661	-	-	-	-	-
Debt Service	35,538	34,619	34,619	34,705	-	34,705
Interfund Payment for Services	306,695	418,018	418,018	392,670	-	392,670
Total Surface Water Management Fund	<u>\$ 1,287,012</u>	<u>\$ 1,475,754</u>	<u>\$ 1,413,689</u>	<u>\$ 1,541,911</u>	<u>\$ 93,215</u>	<u>\$ 1,635,126</u>
<b><u>Capital Investment Program Fund</u></b>						
Salaries and Wages	\$ 85,197	\$ -	\$ 5,323	\$ -	\$ -	\$ -
Personnel Benefits	32,326	-	1,935	-	-	-
Supplies	-	-	36	-	-	-
Other Services and Charges	306,718	71,550	116,566	1,369,917	-	1,369,917
Capital Outlay	2,294,110	425,906	366,825	1,896,974	-	1,896,974
Debt Service	-	-	-	-	-	-
Interfund Payment for Services	-	-	-	-	-	-
Total Capital Investment Program Fund	<u>\$ 2,718,351</u>	<u>\$ 497,456</u>	<u>\$ 490,685</u>	<u>\$ 3,266,891</u>	<u>\$ -</u>	<u>\$ 3,266,891</u>
<b><u>L.I.D. 99-01 Fund</u></b>						
Other Services and Charges	\$ 697	\$ 750	\$ 750	\$ 750	\$ -	\$ 750
Debt Service	42,500	49,988	56,823	38,928	-	38,928
Total LID 99-01 Fund	<u>\$ 43,197</u>	<u>\$ 50,738</u>	<u>\$ 57,573</u>	<u>\$ 39,678</u>	<u>\$ -</u>	<u>\$ 39,678</u>

City of Covington  
 Summary of Expenditures - All Funds (Note 1)  
 For the Fiscal Years 2010 through 2012

	2010	2011		2012		
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<b><u>Long-Term Debt Service Fund</u></b>						
Debt Service	\$ 1,004,450	\$ 1,282,977	\$ 1,282,977	\$ 1,281,323	\$ -	\$ 1,281,323
Total Long-Term Debt Service Fund	<u>\$ 1,004,450</u>	<u>\$ 1,282,977</u>	<u>\$ 1,282,977</u>	<u>\$ 1,281,323</u>	<u>\$ -</u>	<u>\$ 1,281,323</u>
<b><u>Unemployment Insurance Reserve Fund</u></b>						
Personnel Benefits	\$ 85,204	\$ 100,000	\$ 50,000	\$ 50,000	\$ -	\$ 50,000
Total Unemployment Insurance Reserve Fund	<u>\$ 85,204</u>	<u>\$ 100,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>
<b><u>Equipment Replacement Fund</u></b>						
Supplies	\$ 21,646	\$ 15,750	\$ 15,750	\$ 17,950	\$ -	\$ 17,950
Other Services and Charges	7,400	26,525	26,525	23,175	-	23,175
Capital Outlay	-	-	84,720	59,940	-	59,940
Total Equipment Replacement Fund	<u>\$ 29,046</u>	<u>\$ 42,275</u>	<u>\$ 126,995</u>	<u>\$ 101,065</u>	<u>\$ -</u>	<u>\$ 101,065</u>
Total all Funds	<u>\$ 14,353,014</u>	<u>\$ 13,059,811</u>	<u>\$ 12,896,028</u>	<u>\$ 16,499,849</u>	<u>\$ 212,545</u>	<u>\$ 16,712,394</u>

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

City of Covington  
 Summary of Interfund Transfers - All Funds  
 For the Fiscal Years 2010 through 2012

	Transfer In/Out	2010		2011		2012	
		Actual	Total Amended Budget	Estimated Actuals	Proposed Budget	Decision Cards	Total Budget
General Fund	In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Out	(973,047)	(1,059,073)	(1,059,073)	(1,520,710)	-	(1,520,710)
Net Total General Fund		\$ (973,047)	\$ (1,059,073)	\$ (1,059,073)	\$ (1,520,710)	\$ -	\$ (1,520,710)
Street Fund	In	\$ 365,739	\$ 370,229	\$ 370,229	\$ 245,891	\$ -	\$ 245,891
	Out	-	(251,012)	(251,012)	-	-	-
Net Total Street Fund		\$ 365,739	\$ 119,217	\$ 119,217	\$ 245,891	\$ -	\$ 245,891
Development Services Fund	In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Out	-	-	-	-	-	-
Net Total Development Services Fund		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parks Fund	In	\$ 252,458	\$ 211,147	\$ 211,147	\$ 211,579	\$ -	\$ 211,579
	Out	(27,483)	(27,484)	(27,484)	(27,483)	-	(27,483)
Net Total Parks Fund		\$ 224,975	\$ 183,663	\$ 183,663	\$ 184,096	\$ -	\$ 184,096
Surface Water Management Fund	In	\$ 13,914	\$ -	\$ -	\$ -	\$ -	\$ -
	Out	(53,500)	(53,500)	-	(107,000)	-	(107,000)
Net Total Surface Water Management Fund		\$ (39,586)	\$ (53,500)	\$ -	\$ (107,000)	\$ -	\$ (107,000)
Capital Investment Program Fund	In	\$ 53,500	\$ 53,500	\$ -	\$ 242,000	\$ -	\$ 242,000
	Out	(41,521)	(36,000)	(36,000)	-	-	-
Net Total Capital Investment Program Fund		\$ 11,979	\$ 17,500	\$ (36,000)	\$ 242,000	\$ -	\$ 242,000
Cumulative Reserve Fund	In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Out	-	(90,000)	(90,000)	-	-	-
Net Total Cumulative Reserve Fund		\$ -	\$ (90,000)	\$ (90,000)	\$ -	\$ -	\$ -
Real Estate Excise Tax Fund-1st 1/4%	In	\$ -	\$ 125,506	\$ 125,506	\$ -	\$ -	\$ -
	Out	(364,625)	(325,898)	(325,898)	(162,800)	-	(162,800)
Net Total Real Estate Excise Tax Fund-1st 1/4%		\$ (364,625)	\$ (200,392)	\$ (200,392)	\$ (162,800)	\$ -	\$ (162,800)
Real Estate Excise Tax Fund-2nd 1/4%	In	\$ -	\$ 125,506	\$ 125,506	\$ -	\$ -	\$ -
	Out	(229,885)	(325,898)	(325,898)	(162,800)	-	(162,800)
Net Total Real Estate Excise Tax Fund-2nd 1/4%		\$ (229,885)	\$ (200,392)	\$ (200,392)	\$ (162,800)	\$ -	\$ (162,800)
Long-Term Debt Service Fund	In	\$ 1,004,450	\$ 1,282,977	\$ 1,282,977	\$ 1,281,323	\$ -	\$ 1,281,323
	Out	-	-	-	-	-	-
Net Total Long-Term Debt Service Fund		\$ 1,004,450	\$ 1,282,977	\$ 1,282,977	\$ 1,281,323	\$ -	\$ 1,281,323
Total Interfund Transfers In		1,690,061	2,168,865	2,115,365	1,980,793	-	1,980,793
Total Interfund Transfers Out		(1,690,061)	(2,168,865)	(2,115,365)	(1,980,793)	-	(1,980,793)
Net Total Fund Transfers for all Funds		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of Covington  
 Summary of Interfund Transfers - All Funds  
 For the Fiscal Year 2012

**Transfer In:**

	<b>Street Fund</b>	<b>Parks Fund</b>	<b>Capital Investment Program Fund</b>	<b>Long - Term Debt Service Fund</b>	<b>Total</b>
Transfer Out:					
General Fund	\$245,891	\$ 211,579	\$ 135,000	\$ 928,240	\$ 1,520,710
Parks Fund	-	-	-	27,483	27,483
Surface Water Management Fund	-	-	107,000	-	107,000
Real Estate Excise Tax 1st Qtr % Fund	-	-	-	162,800	162,800
Real Estate Excise Tax 2nd Qtr % Fund	-	-	-	162,800	162,800
<b>Total Transfers</b>	<b><u>\$245,891</u></b>	<b><u>\$ 211,579</u></b>	<b><u>\$ 242,000</u></b>	<b><u>\$ 1,281,323</u></b>	<b><u>\$ 1,980,793</u></b>

\* Includes Decision Cards

**CITY OF COVINGTON  
GENERAL FUND LONG RANGE FORECAST**

2011-2017 Analysis in 000s

**BASE BUDGET**

	2011	2012	2013	2014	2015	2016	2017
<b>BEGINNING FUND BALANCE</b>	\$ 2,352	\$ 2,806	\$ 2,195	\$ 1,527	\$ 821	\$ 72	\$ (452)
<b>REVENUES</b>							
Sales Tax <sup>1</sup>	\$ 2,349	\$ 2,394	\$ 2,449	\$ 2,523	\$ 2,608	\$ 2,713	\$ 2,821
Property Tax	2,369	2,340	2,395	2,467	2,541	2,617	2,695
Utility Tax <sup>2</sup>	1,837	2,012	2,063	2,125	2,188	2,254	2,322
Local Criminal Justice	350	354	365	379	394	410	427
Intergovernmental Revenue	337	309	319	328	338	348	359
Charges for Services	15	15	15	16	16	17	17
Fines & Forfeitures	133	132	139	146	153	160	168
Miscellaneous	43	28	29	30	31	32	33
Central Services Payment	392	392	411	432	454	476	500
Interfund Payment	278	262	249	262	275	288	303
<b>BASE BUDGET REVENUES</b>	<b>8,102</b>	<b>8,239</b>	<b>8,434</b>	<b>8,706</b>	<b>8,998</b>	<b>9,316</b>	<b>9,645</b>
<b>EXPENDITURES</b>							
Salaries and Wages	1,336	1,346	1,324	1,377	1,433	1,490	1,549
Personnel Benefits	474	516	553	631	719	820	935
Supplies	71	61	61	63	65	67	69
Other Services and Charges	1,224	1,323	1,337	1,377	1,418	1,461	1,504
Intergovernmental	3,452	3,789	3,922	4,059	4,201	4,348	4,501
Capital Outlay	-	10	11	12	13	14	15
Debt Service	13	13	13	14	15	15	16
Interfund Payment for Services	19	18	19	20	21	22	23
Operating Transfer Out less debt service transfer <sup>3</sup>	455	593	616	641	666	693	721
<b>BASE BUDGET EXPENDITURES</b>	<b>7,044</b>	<b>7,669</b>	<b>7,857</b>	<b>8,194</b>	<b>8,551</b>	<b>8,930</b>	<b>9,333</b>
<b>Operating Surplus/Deficit by Year</b>	<b>\$ 1,058</b>	<b>\$ 570</b>	<b>\$ 576</b>	<b>\$ 512</b>	<b>\$ 447</b>	<b>\$ 386</b>	<b>\$ 312</b>
<b>OTHER FINANCING USES</b>							
Decision Cards	-	-	-	-	-	-	-
Budget Strategies	-	-	-	-	-	-	-
Debt Service Transfer	604	928	907	882	859	826	798
<b>TOTAL OTHER FINANCING USES</b>	<b>604</b>	<b>928</b>	<b>907</b>	<b>882</b>	<b>859</b>	<b>826</b>	<b>798</b>
<b>Annual Surplus/Deficit</b>	<b>\$ 454</b>	<b>\$ (358)</b>	<b>\$ (331)</b>	<b>\$ (370)</b>	<b>\$ (412)</b>	<b>\$ (440)</b>	<b>\$ (487)</b>
<b>TOTAL USES</b>	<b>\$ 7,648</b>	<b>\$ 8,597</b>	<b>\$ 8,764</b>	<b>\$ 9,076</b>	<b>\$ 9,410</b>	<b>\$ 9,756</b>	<b>\$ 10,131</b>
One-time Costco payout	-	253	337	337	337	84	-
<b>Sources over Uses</b>	<b>\$ 454</b>	<b>\$ (611)</b>	<b>\$ (668)</b>	<b>\$ (707)</b>	<b>\$ (749)</b>	<b>\$ (525)</b>	<b>\$ (487)</b>
<b>TOTAL ENDING FUND BALANCE</b>	<b>2,806</b>	<b>2,195</b>	<b>1,527</b>	<b>821</b>	<b>72</b>	<b>(452)</b>	<b>(939)</b>
Cumulative net amount available for debt service.	\$ 2,057	\$ 1,747	\$ 1,148	\$ 491	\$ (390)	\$ (1,249)	\$ (2,075)
Amount transferred to the debt service fund.	\$ 604	\$ 928	\$ 907	\$ 882	\$ 859	\$ 826	\$ 798
<b>Remainder of debt service reserve.</b>	<b>\$ 1,453</b>	<b>\$ 819</b>	<b>\$ 241</b>	<b>\$ (390)</b>	<b>\$ (1,249)</b>	<b>\$ (2,075)</b>	<b>\$ (2,873)</b>
<b>COSTCO RESERVE</b>	<b>\$ 693</b>	<b>\$ 671</b>	<b>\$ 565</b>	<b>\$ 459</b>	<b>\$ 123</b>	<b>\$ 38</b>	<b>\$ -</b>
<b>UNRESERVED FUND BALANCE</b>	<b>\$ 660</b>	<b>\$ 705</b>	<b>\$ 721</b>	<b>\$ 752</b>	<b>\$ 1,199</b>	<b>\$ 1,584</b>	<b>\$ 1,934</b>
<b>TOTAL ENDING FUND BALANCE</b>	<b>\$ 2,806</b>	<b>\$ 2,195</b>	<b>\$ 1,527</b>	<b>\$ 821</b>	<b>\$ 72</b>	<b>\$ (452)</b>	<b>\$ (939)</b>
10% fund balance target	\$ 656	\$ 705	\$ 721	\$ 752	\$ 785	\$ 820	\$ 857
Fund balance policy	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Under 10%	Under 10%	Under 10%
<b>Margin above/below the 10% threshold</b>	<b>\$ 2,150</b>	<b>\$ 1,490</b>	<b>\$ 807</b>	<b>\$ 69</b>	<b>\$ (713)</b>	<b>\$ (1,272)</b>	<b>\$ (1,796)</b>

**Notes:**

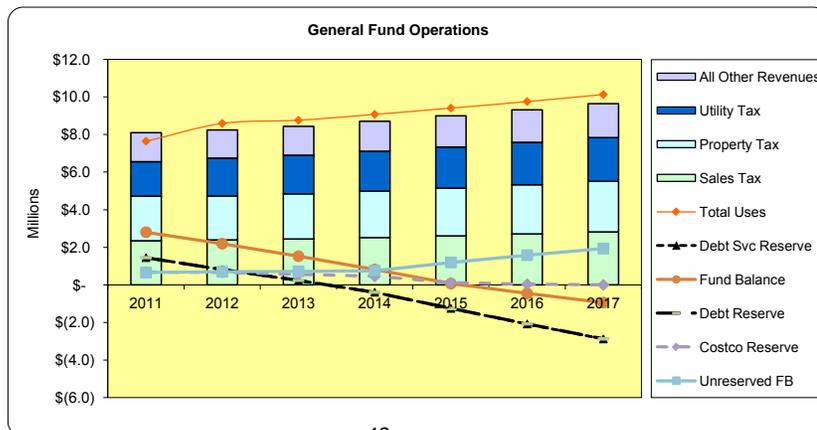
1) This worksheet makes no assumptions as to new programs and decision cards past 2012 other than ongoing costs.

**Footnotes:**

<sup>1</sup> Sales tax is allocated at 84% of forecasted revenues to the General Fund and 16% to the Parks Fund.

<sup>2</sup> This represents gross receipts for utility tax collections. Transfers are made to other funds.

<sup>3</sup> Operating transfers go to Streets, Parks, SWM, and Long Term Debt.



# CITY OF COVINGTON STREET FUND LONG RANGE FORECAST

2011-2017 Analysis in 000s  
BASE BUDGET

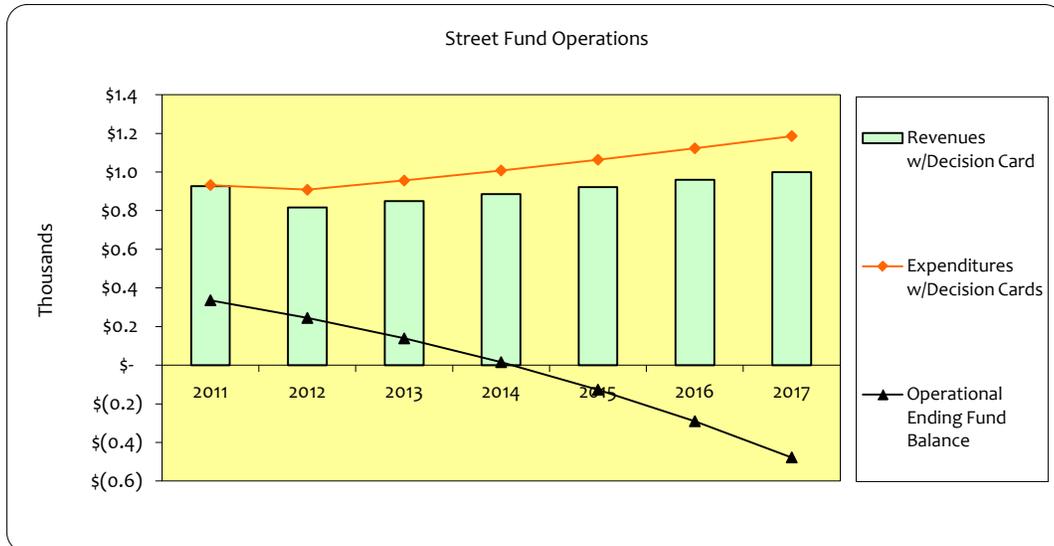
	2011	2012	2013	2014	2015	2016	2017
<b>BEGINNING FUND BALANCE</b>	592	336	244	139	16	(127)	(290)
<b>REVENUES</b>							
Licenses and Permits	197	199	204	209	214	220	225
Street Fuel Tax	360	372	390	410	430	452	474
Miscellaneous	-	-	-	-	-	-	-
<b>BASE BUDGET SUBTOTAL</b>	<u>557</u>	<u>571</u>	<u>594</u>	<u>619</u>	<u>645</u>	<u>671</u>	<u>700</u>
Operating Transfers In	370	246	256	266	277	288	299
Revenue Decision Card	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>927</u>	<u>817</u>	<u>850</u>	<u>885</u>	<u>921</u>	<u>959</u>	<u>999</u>
<b>EXPENDITURES</b>							
Salaries and Wages	250	269	280	291	303	315	328
Personnel Benefits	96	106	119	133	149	167	187
Supplies	39	59	60	61	63	65	67
Other Services and Charges	371	267	280	294	309	324	340
Intergovernmental	106	128	135	141	149	156	164
Capital Outlay	-	-	-	-	-	-	-
Debt Service: Principal	2	2	1	1	1	1	1
Interfund Payment for Services	70	77	81	85	89	93	98
<b>BASE BUDGET SUBTOTAL</b>	<u>933</u>	<u>908</u>	<u>955</u>	<u>1,007</u>	<u>1,062</u>	<u>1,121</u>	<u>1,185</u>
Decision Cards	-	-	1	1	1	1	1
Budget Strategies	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>933</u>	<u>908</u>	<u>956</u>	<u>1,008</u>	<u>1,063</u>	<u>1,123</u>	<u>1,186</u>
<b>Operating Surplus/Deficit by Year</b>	<b>(5)</b>	<b>(92)</b>	<b>(106)</b>	<b>(123)</b>	<b>(142)</b>	<b>(164)</b>	<b>(187)</b>
<b>ENDING FUND BALANCE</b>	<b>587</b>	<b>244</b>	<b>139</b>	<b>16</b>	<b>(127)</b>	<b>(290)</b>	<b>(478)</b>
REET Payback <sup>1</sup>	251	-	-	-	-	-	-
<b>TOTAL ENDING FUND BALANCE</b>	<u>336</u>	<u>244</u>	<u>139</u>	<u>16</u>	<u>(127)</u>	<u>(290)</u>	<u>(478)</u>
10% fund balance target	\$ 86	\$ 83	\$ 87	\$ 92	\$ 97	\$ 103	\$ 109
Fund balance policy	Meets 10%	Meets 10%	Meets 10%	Under 10%	Under 10%	Under 10%	Under 10%
Margin above/below the 10% threshold	\$ 250	\$ 162	\$ 51	\$ (77)	\$ (224)	\$ (393)	\$ (586)

**Notes:**

1) This worksheet makes no assumptions as to new programs and decision cards past 2012 other than ongoing costs.

**Footnotes:**

<sup>1</sup> Funds borrowed from REET to maintain the Street Fund's positive cash flow are being repaid in 2011.



# CITY OF COVINGTON

## DEVELOPMENT SERVICES FUND LONG RANGE FORECAST

2011-2017 Analysis in 000s  
BASE BUDGET

	2011	2012	2013	2014	2015	2016	2017
<b>BEGINNING FUND BALANCE</b>	<b>801</b>	<b>1,307</b>					
<b>REVENUES</b>							
Licenses & Permits	\$ 688	\$ 639					
Intergovernmental Revenues	28	72					
Charges for Goods & Services	602	665					
Miscellaneous Revenues	1	-					
Operating Transfer In	-	-					
<b>TOTAL REVENUES<sup>1</sup></b>	<b>1,319</b>	<b>1,376</b>					
<b>EXPENDITURES</b>							
Salaries and Wages	459	469					
Personnel Benefits	138	148					
Supplies	1	5					
Other Services and Charges	35	62					
Intergovernmental	42	45					
Other Financing	-	-					
Interfund Payment for Services	138	152					
<b>BASE EXPENDITURES</b>	<b>813</b>	<b>882</b>					
Decision Cards	-	-					
<b>TOTAL EXPENDITURES</b>	<b>813</b>	<b>882</b>					
<b>Operating Surplus/Deficit by Year</b>	<b>506</b>	<b>494</b>	-	-	-	-	-
Operating Transfer	-	-	-	-	-	-	-
<b>Ending Fund Balance</b>	<b>\$ 1,307</b>	<b>\$ 1,802</b>	<b>\$ -</b>				
Fund balance target	\$ 198	\$ 206	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance policy	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%
Margin above/below the 10% threshold	\$ 1,109	\$ 1,595	\$ -	\$ -	\$ -	\$ -	\$ -

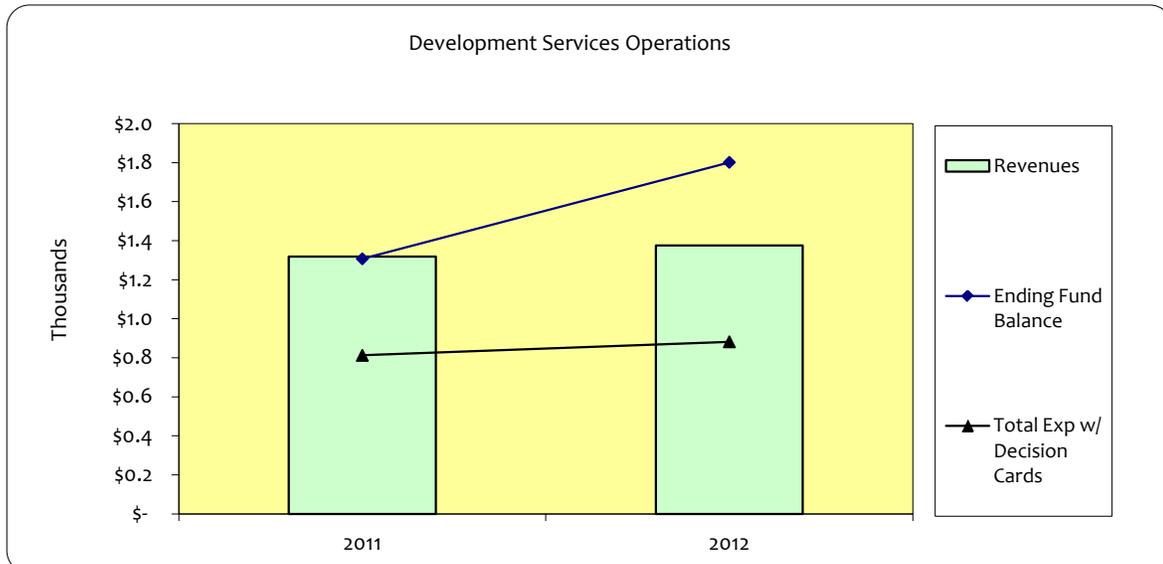
Due to the nature of Development Services being a working capital fund where projects cross years and the source of revenue is based solidly on economic cycles, accurate forecasting becomes speculative beyond 2012.

**Notes:**

1) This worksheet makes no assumptions as to new programs and decision cards past 2012 other than ongoing costs.

**Footnotes:**

<sup>1</sup> Reflects all revenues related to Development Review.



# CITY OF COVINGTON

## PARKS & RECREATION SERVICES FUND LONG RANGE FORECAST

2011-2017 Analysis in 000s  
BASE BUDGET

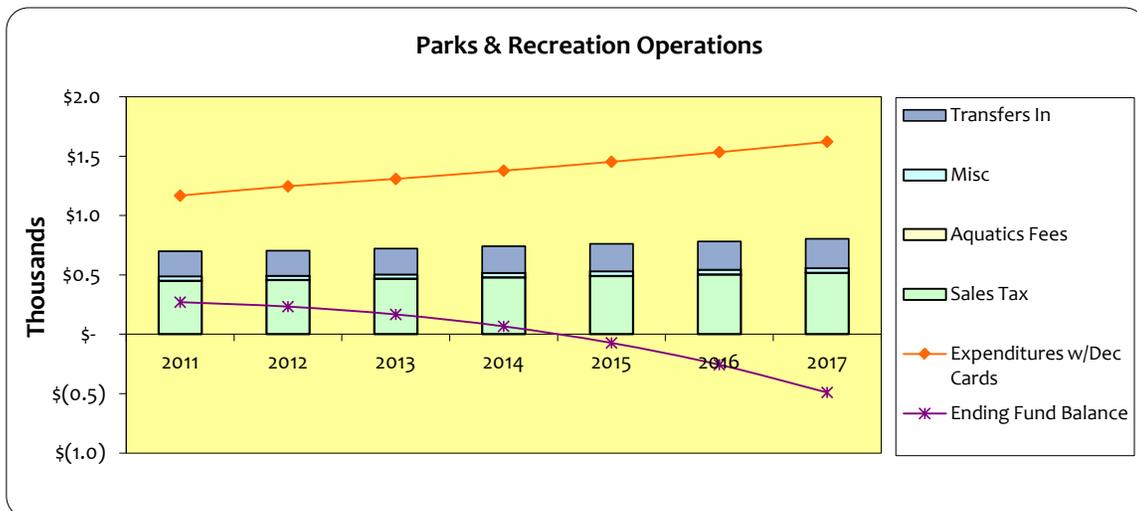
	2011	2012	2013	2014	2015	2016	2017
<b>BEGINNING FUND BALANCE</b>	233	270	232	167	66	(73)	(257)
<b>REVENUES</b>							
Sales Tax <sup>1</sup>	451	456	467	479	491	503	516
Charges for Goods and Services	-	-	-	-	-	-	-
Intergovernmental Revenues	2	-	-	-	-	-	-
Aquatics Fees	501	505	520	536	552	568	585
Athletics & Recreation	-	-	-	-	-	-	-
Miscellaneous	36	36	37	38	39	41	42
Other Financing Sources	3	-	-	-	-	-	-
<b>BASE BUDGET SUBTOTAL</b>	993	997	1,025	1,053	1,082	1,112	1,143
Operating Transfers In	211	212	218	224	231	238	245
<b>TOTAL REVENUES</b>	1,204	1,209	1,243	1,277	1,313	1,350	1,388
<b>EXPENDITURES</b>							
Salaries and Wages	570	599	623	648	674	701	729
Personnel Benefits	165	179	203	232	264	301	344
Supplies	111	115	116	120	123	127	131
Other Services and Charges	164	196	202	208	214	221	227
Intergovernmental	10	8	8	8	8	8	8
Capital Outlay	-	-	-	-	-	-	-
Operating Transfer	27	27	27	27	27	27	27
Interfund Payment for Services	120	122	128	134	141	148	155
<b>BASE BUDGET SUBTOTAL</b>	1,167	1,246	1,308	1,378	1,452	1,534	1,622
Decision Cards	-	-	0	0	0	0	0
Budget Strategies	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	1,167	1,246	1,308	1,378	1,453	1,534	1,622
<b>Operating Surplus/Deficit by Year</b>	37	(38)	(66)	(100)	(139)	(184)	(234)
<b>ENDING FUND BALANCE</b>	270	232	167	66	(73)	(257)	(490)
10% fund balance target	\$ 117	\$ 125	\$ 131	\$ 138	\$ 145	\$ 153	\$ 162
Fund balance policy	Meets 10%	Meets 10%	Meets 10%	Under 10%	Under 10%	Under 10%	Under 10%
Margin above/below the 10% threshold	\$ 153	\$ 108	\$ 36	\$ (71)	\$ (218)	\$ (410)	\$ (652)

**Notes:**

1) This worksheet makes no assumptions as to new programs and decision cards past 2012 other than ongoing costs.

**Footnotes:**

<sup>1</sup> Sales tax is allocated at 84% of forecasted revenues to the General Fund and 16% to the Parks Fund.



# CITY OF COVINGTON

## SURFACE WATER MANAGEMENT FUND LONG RANGE FORECAST

2011-2017 Analysis in 000s  
BASE BUDGET

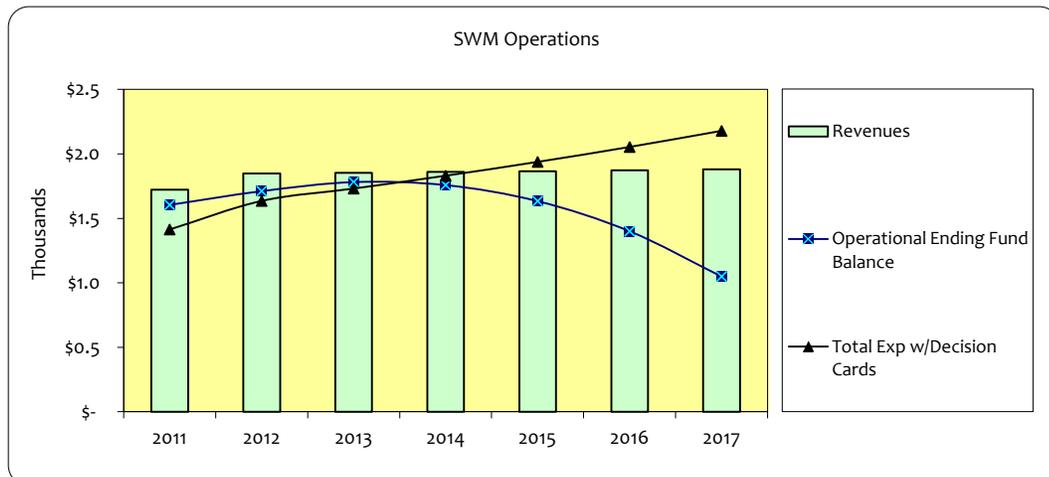
	2011	2012	2013	2014	2015	2016	2017
<b>BEGINNING FUND BALANCE</b>	\$ 1,297	\$ 1,605	\$ 1,712	\$ 1,782	\$ 1,759	\$ 1,634	\$ 1,401
<b>REVENUES</b>							
Customer Charges <sup>1</sup>	1,645	1,704	1,704	1,704	1,704	1,704	1,704
Intergovernmental Revenues	77	145	150	156	163	169	176
Grant Revenue	-	-	-	-	-	-	-
Misc	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>1,722</u>	<u>1,849</u>	<u>1,855</u>	<u>1,861</u>	<u>1,867</u>	<u>1,873</u>	<u>1,880</u>
Transfers In	-	-	-	-	-	-	-
<b>TOTAL SOURCES</b>	<u>1,722</u>	<u>1,849</u>	<u>1,855</u>	<u>1,861</u>	<u>1,867</u>	<u>1,873</u>	<u>1,880</u>
<b>EXPENDITURES</b>							
Salaries and Wages	519	538	560	582	606	630	655
Personnel Benefits	186	199	227	259	295	337	384
Supplies	24	44	46	48	51	53	56
Other Services and Charges	151	339	356	374	392	412	433
Intergovernmental	80	87	92	96	101	106	111
Capital Outlay	-	-	-	-	-	-	-
Debt Service: Principal	-	-	4	4	4	4	4
Debt Service: Interest	35	35	31	31	31	31	31
Interfund Payment for Services	418	393	412	433	455	477	501
<b>BASE BUDGET TOTAL</b>	<u>1,414</u>	<u>1,635</u>	<u>1,728</u>	<u>1,828</u>	<u>1,935</u>	<u>2,050</u>	<u>2,175</u>
Decision Card	-	-	3	3	3	3	3
Budget Strategies	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,414</u>	<u>1,635</u>	<u>1,731</u>	<u>1,830</u>	<u>1,938</u>	<u>2,053</u>	<u>2,178</u>
<b>Operating Surplus/Deficit by Year</b>	<b>308</b>	<b>214</b>	<b>124</b>	<b>30</b>	<b>(71)</b>	<b>(180)</b>	<b>(298)</b>
<b>TOTAL ENDING FUND BALANCE</b>	<u>1,605</u>	<u>1,819</u>	<u>1,835</u>	<u>1,812</u>	<u>1,688</u>	<u>1,454</u>	<u>1,103</u>
Reserved Ending Fund Balance	-	-	-	-	-	-	-
Equipment Replacement Cost	-	-	-	-	-	-	-
Operating Transfers Out	-	107	54	54	54	54	54
<b>OPERATIONAL ENDING FUND BALANCE</b>	<u>\$ 1,605</u>	<u>\$ 1,712</u>	<u>\$ 1,782</u>	<u>\$ 1,759</u>	<u>\$ 1,634</u>	<u>\$ 1,401</u>	<u>\$ 1,049</u>
10% fund balance target	\$ 96	\$ 121	\$ 128	\$ 136	\$ 145	\$ 154	\$ 164
Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%
Margin above the 10% threshold	\$ 1,509	\$ 1,591	\$ 1,654	\$ 1,623	\$ 1,490	\$ 1,247	\$ 885

**Notes:**

1) This worksheet makes no assumptions as to new programs and decision cards past 2012 other than ongoing costs.

**Footnotes:**

<sup>1</sup> This reflects 3% increases after 2010.



# 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

None

### 2011 ACCOMPLISHMENTS

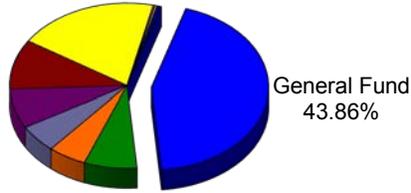
- ✓ Adopted a 2012 budget that maintained service and staffing levels
- ✓ Moved Covington Community Park forward
- ✓ Directed a highly successful Destination Covington event
- ✓ Directed the creation of a multi-year process to pursue the Northern Gateway development
- ✓ Met jointly with neighboring cities and utility districts

### 2012 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 COUNCIL

### 2012 Budget All Funds

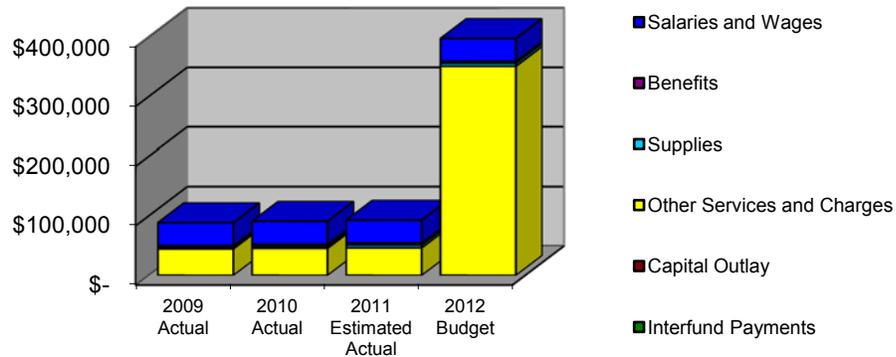


### Total General Fund Budget



Uses of Funds:	2009 Actual	2010 Actual	2011 Estimated Actual	2012 Budget
Salaries and Wages	\$ 38,400	\$ 38,400	\$ 38,400	\$ 38,400
Benefits	3,244	3,454	3,365	3,415
Supplies	2,424	3,550	4,580	4,935
Other Services and Charges	44,561	45,545	46,493	351,059
Capital Outlay	-	-	-	-
Interfund Payments	-	-	-	-
<b>Total Operating Expenses</b>	<u>88,629</u>	<u>90,949</u>	<u>92,838</u>	<u>397,809</u>
 Operating Transfer Out	 <u>1,215,137</u>	 <u>999,949</u>	 <u>1,059,073</u>	 <u>1,520,710</u>
 <b>Total Uses</b>	 <u><u>\$ 1,303,766</u></u>	 <u><u>\$ 1,090,898</u></u>	 <u><u>\$ 1,151,911</u></u>	 <u><u>\$ 1,918,519</u></u>

### Total Operating Expenditures by Year



# CITY COUNCIL

<u>Account Number</u>	<u>Description</u>	<u>2012 Budget</u>
001-110-597-00-00-00	Operating Transfer Out	\$ 1,520,710
	Expenditure	<u>1,520,710</u>
001-110-511-60-11-00	Regular Wages	<u>38,400</u>
	Salaries and Wages	<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	610
001-110-511-60-21-07	Life and AD&D Insurance	<u>98</u>
	Personnel Benefits	<u>3,415</u>
001-110-511-60-31-01	Office Supplies	400
001-110-511-60-31-08	Honorarium	2,835
001-110-511-60-31-11	Meeting Expenses	<u>1,700</u>
	Supplies	<u>4,935</u>
001-110-511-60-41-10	Professional Services General	7,100
001-110-511-60-49-01	Dues and Memberships	380
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	10,852
001-110-519-90-49-09	Suburban Cities Association	10,400
001-110-519-90-49-15	Puget Sound Regional Council	5,700
001-110-531-70-49-22	Puget Sound Clean Air Agency	8,700
001-110-558-90-49-23	Traffic Mitigation Fee Exempt	<u>252,677</u>
	Other Services and Charges	<u>351,059</u>
	<b>Grand Total</b>	<b><u>\$ 1,918,519</u></b>



## 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 2012. All services are provided by contract.

### 2011 ACCOMPLISHMENTS

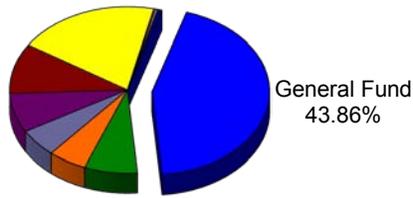
- ✓ Began to explore alternatives to reduce court service costs
- ✓ Recommended new contracts with King County and SCORE, the South Correctional Entity, that will reduce jail costs even further

### 2012 GOALS

- ❖ Continue to explore alternatives to reduce court service costs
- ❖ Continue to monitor jail service contract and research cost saving measures

# MUNICIPAL COURT

## 2012 Budget All Funds

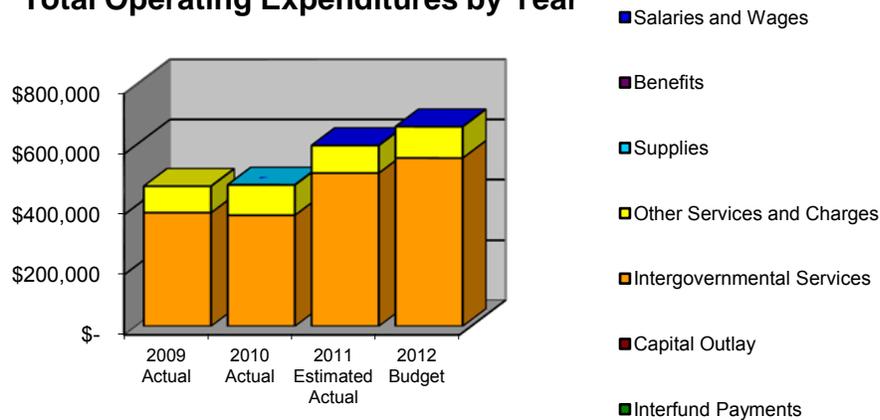


## Total General Fund Budget



Uses of Funds:	2009 Actual	2010 Actual	2011 Estimated Actual	2012 Budget
Salaries and Wages	\$ -	\$ -	\$ -	\$ -
Benefits	-	-	-	-
Supplies	-	273	-	-
Other Services and Charges	86,088	98,300	91,750	104,300
Intergovernmental Services	377,995	370,000	508,000	558,000
Capital Outlay	-	-	-	-
Interfund Payments	-	-	-	-
<b>Total Uses</b>	<b><u>\$464,083</u></b>	<b><u>\$ 468,573</u></b>	<b><u>\$ 599,750</u></b>	<b><u>\$ 662,300</u></b>

## Total Operating Expenditures by Year



# MUNICIPAL COURT

<u>Account Number</u>	<u>Description</u>	<u>2012 Budget</u>
001-120-512-50-41-05	Prosecuting Attorney	\$ 54,000
001-120-512-50-41-06	Public Defender	44,800
001-120-512-50-41-10	General Professional Services	<u>5,500</u>
	Other Services and Charges	<u>104,300</u>
001-120-512-50-51-02	Court Services	260,000
001-120-512-50-51-03	Jail Costs	<u>298,000</u>
	Intergovernmental Services	<u>558,000</u>
	<b>Grand Total</b>	<b><u>\$ 662,300</u></b>



## 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 and 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

None

#### 2011 ACCOMPLISHMENTS

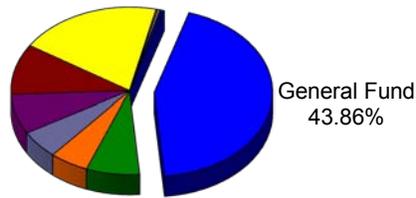
- ✓ Proposed a 2012 budget that maintained service and staffing levels
- ✓ Created process for Council to decide whether to move Covington Community Park forward
- ✓ Organized a highly successful Destination Covington event
- ✓ Convened city, Green River Community College, Renton Technical College, MultiCare and Valley Medical Center leaders to explore the possibility of a college healthcare-oriented education program in the Town Center
- ✓ Lobbied the Legislature successfully to retain over \$2 million in state funding
- ✓ Subleased City Hall space to Sheriff's Office, doubled number of deputies based in the city, and generated \$32,000 per year in revenue

#### 2012 GOALS

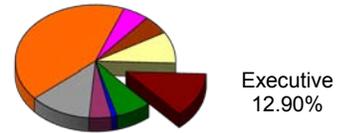
- ❖ Implement direction from the 2012 City Council Summit
- ❖ Continue to lobby Congress and the Legislature per the City's 2012 Legislative agenda

# EXECUTIVE

## 2012 Budget All Funds

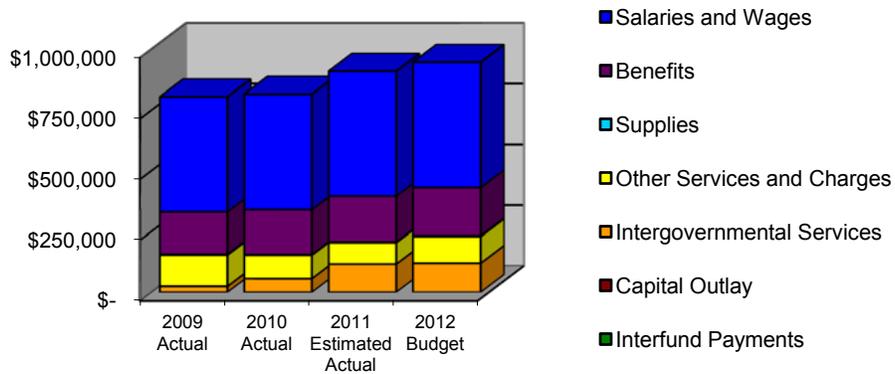


## Total General Fund Budget



Uses of Funds:	2009	2010	2011	2012
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 473,495	\$ 475,631	\$ 513,892	\$ 515,235
Benefits	174,367	184,695	188,495	198,429
Supplies	2,788	1,994	2,625	3,380
Other Services and Charges	128,628	96,320	87,670	109,220
Intergovernmental Services	24,626	56,429	116,303	119,543
Capital Outlay	-	-	-	-
Interfund Payments	-	-	-	-
<b>Total Uses</b>	<b>\$ 803,904</b>	<b>\$ 815,069</b>	<b>\$ 908,985</b>	<b>\$ 945,807</b>

## Total Operating Expenditures by Year



# EXECUTIVE

Account Number	Description	2012 Budget
001-130-513-10-11-00	Regular Wages	\$ 515,235
	Salaries and Wages	<u>515,235</u>
001-130-513-10-21-01	Social Security Replacement	29,122
001-130-513-10-21-02	Medicare	7,540
001-130-513-10-21-03	PERS Replacement	38,643
001-130-513-10-21-04	Unemployment Compensation	6,439
001-130-513-10-21-05	Industrial Insurance	2,316
001-130-513-10-21-06	Medical/Dental/Vision	88,935
001-130-513-10-21-07	Life Insurance	926
001-130-513-10-21-08	Long Term Disability	2,865
001-130-513-10-21-09	Survivor's Life	3,530
001-130-513-10-21-10	Car Allowance	4,800
001-130-513-10-21-11	Uniform Allowance	250
001-130-513-10-21-12	457 Employer Contributions	9,703
001-130-513-10-21-14	VEBA Contributions	<u>3,360</u>
	Personnel Benefits	<u>198,429</u>
001-130-513-10-31-01	Office Supplies	1,380
001-130-513-10-31-04	Books	300
001-130-513-10-31-11	Meeting Expenses	1,100
001-130-513-10-35-00	Small Tools	<u>600</u>
	Supplies	<u>3,380</u>
001-130-513-10-41-10	Professional Services General	84,705
001-130-513-10-42-02	Cellular Service	1,695
001-130-513-10-42-06	Postage	410
001-130-513-10-43-01	Travel Expenses	4,825
001-130-513-10-44-01	Legals & Publication Notices	9,600
001-130-513-10-49-01	Dues & Memberships	2,820
001-130-513-10-49-02	Subscriptions & Publications	250
001-130-513-10-49-04	Printing & Binding	450
001-130-513-10-49-05	Training & Workshops	<u>4,465</u>
	Other Services and Charges	<u>109,220</u>
001-130-511-70-51-08	Election Costs	16,040
001-130-511-80-51-09	Voter Registration	30,000
001-130-513-10-51-15	King County Animal Control	<u>73,503</u>
	Intergovernmental Services	<u>119,543</u>
	<b>Grand Total</b>	<b><u>\$ 945,807</u></b>



## 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
- Preparation of Annual Budget
- Preparation of Annual Financial Statements
- Reconciliation of Bank Accounts
- Monthly and Quarterly Financial Reporting
- Grant Management
- Cash Management/Investments
- Risk Management
- Debt Management
- Capital Assets Management
- Internal Controls

### Significant Budget Issues

None

#### 2011 ACCOMPLISHMENTS

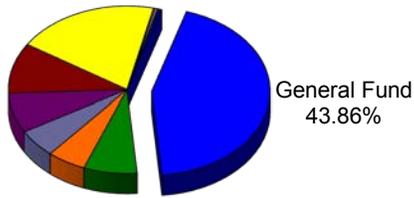
- ✓ Provided timely and accurate financial reporting
- ✓ Performed long- and short-range financial analysis and modeling
- ✓ Received clean audit opinion from State Auditor's Office
- ✓ Received 2010 CAFR award from GFOA
- ✓ Successfully transitioned to new retirement plan administration, new payroll system, and new banking services
- ✓ City-wide training

#### 2012 GOALS and OBJECTIVES TO MEET COUNCIL PRIORITIES

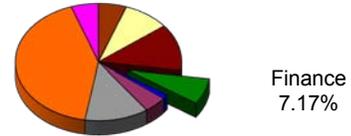
- ❖ Develop and implement a public engagement process regarding city service levels
- ❖ Submit 2011 CAFR for GFOA award
- ❖ Provide timely and accurate financial reporting
- ❖ Review and amend fiscal policies and procedures as needed
- ❖ Work with the City Manager and Management Team staff to recommend and implement any budget reductions necessary due to the economy and/or legislative action.

# FINANCE

## 2012 Budget All Funds

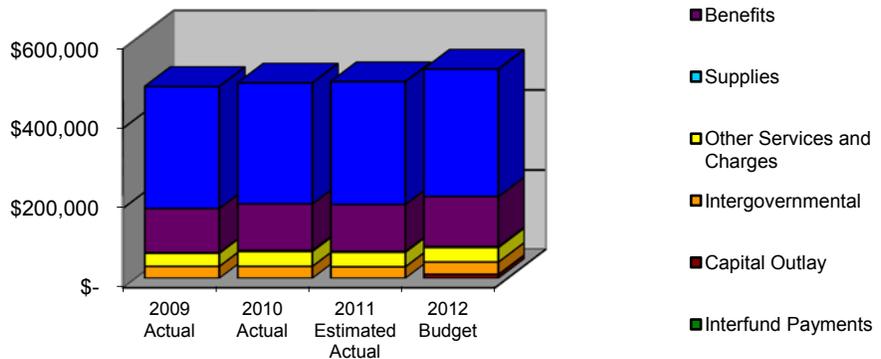


## Total General Fund Budget



Uses of Funds:	2009	2010	2011	2012
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 305,786	\$ 303,428	\$ 307,984	\$ 319,694
Benefits	111,281	117,001	118,042	125,737
Supplies	1,519	2,740	2,230	2,650
Other Services and Charges	33,015	37,467	36,460	36,535
Intergovernmental	30,005	30,000	29,000	31,000
Capital Outlay	-	-	-	9,825
Interfund Payments	-	-	-	-
Total Operating Expenses	<u>481,606</u>	<u>490,636</u>	<u>493,716</u>	<u>525,441</u>
Operating Transfer Out	-	-	-	-
Total Uses	<u>\$ 481,606</u>	<u>\$ 490,636</u>	<u>\$ 493,716</u>	<u>\$ 525,441</u>

## Total Operating Expenditures by Year



# FINANCE

Account Number	Description	2012 Budget
001-140-514-10-11-00	Regular Wages	\$ 319,694
	Salaries and Wages	<u>319,694</u>
001-140-514-10-21-01	Social Security Replacement	18,037
001-140-514-10-21-02	Medicare	4,671
001-140-514-10-21-03	PERS Replacement	23,978
001-140-514-10-21-04	Unemployment Compensation	3,996
001-140-514-10-21-05	Industrial Insurance	1,306
001-140-514-10-21-06	Medical/Dental/Vision	65,038
001-140-514-10-21-07	Life Insurance	540
001-140-514-10-21-08	Long Term Disability	1,791
001-140-514-10-21-09	Survivor's Life	2,060
001-140-514-10-21-10	Car Allowance	2,400
001-140-514-10-21-14	VEBA Contributions	<u>1,920</u>
	Personnel Benefits	<u>125,737</u>
001-140-514-10-31-01	Office Supplies	525
001-140-514-10-31-03	Office Forms	1,450
001-140-514-10-31-04	Books	575
001-140-514-10-31-11	Meeting Expenses	<u>100</u>
	Supplies	<u>2,650</u>
001-140-514-10-41-01	Accounting/Payroll Prof Svcs	11,750
001-140-514-10-42-06	Postage	1,650
001-140-514-10-43-01	Travel Expense	3,525
001-140-514-10-45-02	Copier Lease	1,500
001-140-514-10-48-05	Computer Software Maintenance	13,250
001-140-514-10-48-09	Copier Maintenance	800
001-140-514-10-49-01	Dues & Memberships	660
001-140-514-10-49-02	Subscriptions & Publications	825
001-140-514-10-49-05	Training & Workshops	<u>2,575</u>
	Other Services and Charges	<u>36,535</u>
001-140-514-23-51-14	State Examiner - Audit Fees	<u>31,000</u>
	Intergovernmental Services	<u>31,000</u>
001-140-594-14-64-04	Computer Software	<u>9,825</u>
	Capital Outlay	<u>9,825</u>
	<b>Grand Total</b>	<b><u>\$ 525,441</u></b>



## 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

### 2011 ACCOMPLISHMENTS

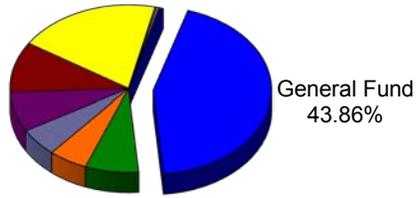
- ✓ Implemented a change in city attorney service providers from Kenyon Disend PLLC to SBS Legal Services PLLC to maintain continuity and reduce costs
- ✓ Continued to minimize land use litigation and liability through effective claim analysis and negotiation

### 2012 GOALS

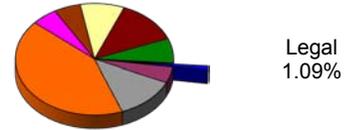
- ❖ Continue to minimize land use litigation and liability through effective claim analysis and negotiation

# LEGAL SERVICES

**2012 Budget All Funds**

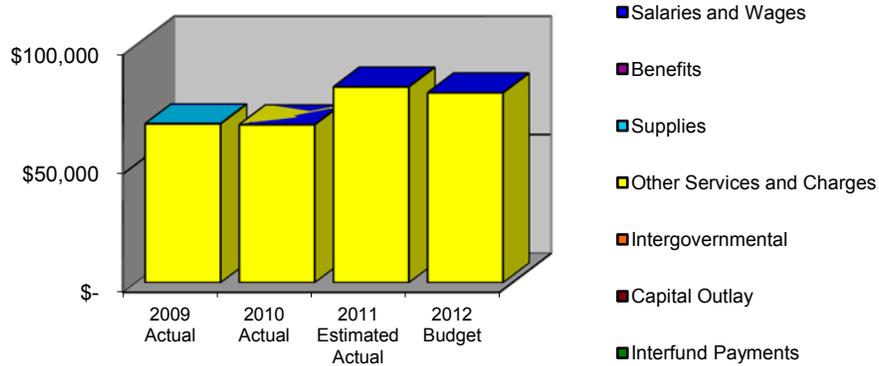


**Total General Fund Budget**



Uses of Funds:	2009 Actual	2010 Actual	2011 Estimated Actual	2012 Budget
Salaries and Wages	\$ -	\$ -	\$ -	\$ -
Benefits	-	-	-	-
Supplies	8	-	-	-
Other Services and Charges	66,898	66,500	82,500	80,000
Intergovernmental	-	-	-	-
Capital Outlay	-	-	-	-
Interfund Payments	-	-	-	-
<b>Total Uses</b>	<b><u>\$ 66,906</u></b>	<b><u>\$ 66,500</u></b>	<b><u>\$ 82,500</u></b>	<b><u>\$ 80,000</u></b>

**Total Operating Expenditures by Year**



# LEGAL

<u>Account Number</u>	<u>Description</u>	<u>2012 Budget</u>
001-160-515-20-41-05	Attorney/Legal Services	<u>\$ 80,000</u>
	Other Services and Charges	<u>80,000</u>
	<b>Grand Total</b>	<b><u>\$ 80,000</u></b>



## 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 procedures.

*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

- Coordinate resolution of employee issues
- 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
- Maintain personnel files
- Manage the City’s Volunteer Program
- Develop/coordinate all staff training programs
- Coordinate Drug & Alcohol Testing Program
- Manage Employee Safety Program
- Oversee/coordinate Wellness Program
- Monitor City’s Human Services Programs
- Liaison to Human 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
- Chair or participate on City committees, including Safety, Wellness, Emergency Management, and ad hoc committees

### Significant Budget Issues

None

#### 2011 ACCOMPLISHMENTS

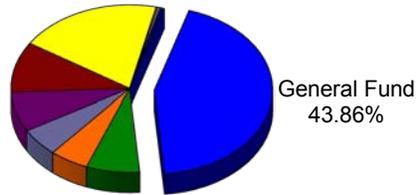
- ✓ Assisted in development of public engagement process regarding city service levels
- ✓ Wellness program won annual WellCity award based on new and stringent criteria
- ✓ Completed draft compensation program
- ✓ Completed employee survey and facilitated ad hoc committee in development of improved employee recognition program
- ✓ Increased awareness & subsequent citizen participation in Minor Home Repair Program
- ✓ Continued development of draft Human Services Commission Master Plan

#### 2012 GOALS

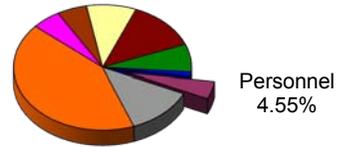
- ❖ Facilitate adoption of compensation program
- ❖ Facilitate adoption of revised Employee Handbook
- ❖ Complete implementation of new employee promotion in place program
- ❖ Coordinate Human Services application process for the biennial funding cycle
- ❖ Seek & support fundraisers for the Purple Light Nights® campaign, thus providing increased aid for Covington’s domestic violence victims
- ❖ Facilitate adoption of Human Services Commission Master Plan

# PERSONNEL

2012 Budget All Funds

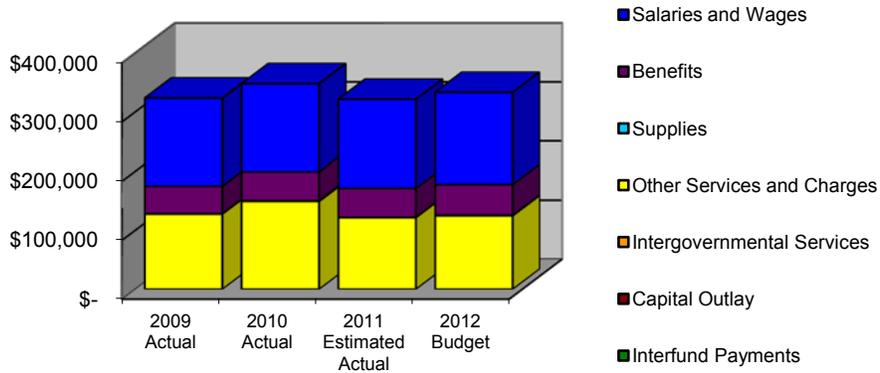


Total General Fund Budget



Uses of Funds:	2009	2010	2011	2012
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 148,850	\$ 148,821	\$ 150,213	\$ 155,714
Benefits	46,579	48,677	49,047	51,761
Supplies	525	1,275	510	1,010
Other Services and Charges	127,617	149,155	121,650	124,800
Intergovernmental Services	-	-	-	-
Capital Outlay	-	-	-	-
Interfund Payments	-	-	-	-
<b>Total Uses</b>	<b>\$ 323,571</b>	<b>\$ 347,928</b>	<b>\$ 321,420</b>	<b>\$ 333,285</b>

Total Operating Expenditures by Year



# PERSONNEL

Account Number	Description	2012 Budget
001-165-516-20-11-00	Regular Wages	\$ 155,714
	Salaries and Wages	<u>155,714</u>
001-165-516-20-21-01	Social Security Replacement	8,720
001-165-516-20-21-02	Medicare	2,258
001-165-516-20-21-03	PERS Replacement	11,679
001-165-516-20-21-04	Unemployment Compensation	1,946
001-165-516-20-21-05	Industrial Insurance	697
001-165-516-20-21-06	Medical/Dental/Vision	23,329
001-165-516-20-21-07	Life Insurance	270
001-165-516-20-21-08	Long Term Disability	872
001-165-516-20-21-09	Survivor's Life	1,030
001-165-516-20-21-14	VEBA Contributions	960
	Personnel Benefits	<u>51,761</u>
001-165-516-20-31-01	Office Supplies	360
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	50
	Supplies	<u>1,010</u>
001-165-516-20-41-10	Professional Services General	10,565
001-165-516-20-41-16	Human Services	105,000
001-165-516-20-42-06	Postage	400
001-165-516-20-43-01	Travel Expenses	2,230
001-165-516-20-44-02	Classified Advertising	2,500
001-165-516-20-49-01	Dues & Memberships	400
001-165-516-20-49-02	Subscriptions & Publications	1,335
001-165-516-20-49-05	Training & Workshops	1,470
001-165-516-20-49-14	Human Services Commission	400
001-165-516-20-49-17	Employee Wellness Program	500
	Other Services and Charges	<u>124,800</u>
	<b>Grand Total</b>	<b><u>\$ 333,285</u></b>



## CENTRAL SERVICES

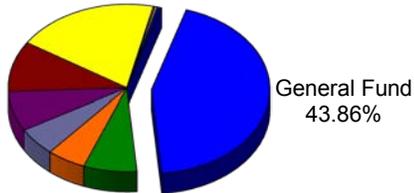
### Department Overview

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

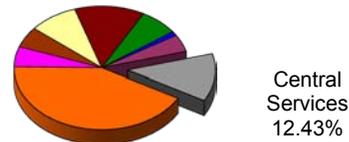
### Significant Budget Issues

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.

### 2012 Budget All Funds

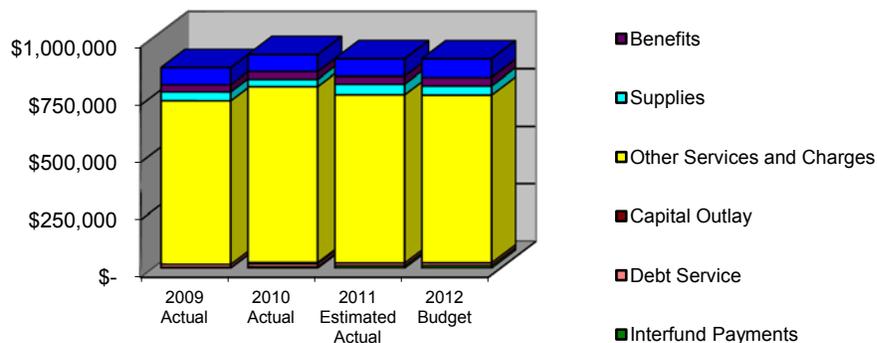


### Total General Fund Budget



Uses of Funds:	2009 Actual	2010 Actual	2011 Estimated Actual	2012 Budget
Salaries and Wages	\$ 72,878	\$ 74,081	\$ 75,989	\$ 80,551
Benefits	30,730	32,855	33,439	36,146
Supplies	38,942	31,189	46,230	40,110
Other Services and Charges	712,096	765,549	732,209	729,690
Capital Outlay	-	6,000	-	-
Debt Service	13,123	12,564	12,560	12,650
Interfund Payments	4,714	7,396	11,046	12,092
<b>Total Uses</b>	<b>\$ 872,483</b>	<b>\$ 929,634</b>	<b>\$ 911,473</b>	<b>\$ 911,239</b>

### Total Operating Expenditures by Year



# CENTRAL SERVICES

Account Number	Description	2012 Budget
001-180-518-10-11-00	Regular Wages	\$ 80,551
	Salaries and Wages	<u>80,551</u>
001-180-518-10-21-01	Social Security Replacement	4,511
001-180-518-10-21-02	Medicare	1,168
001-180-518-10-21-03	PERS Replacement	6,041
001-180-518-10-21-04	Unemployment Compensation	1,007
001-180-518-10-21-05	Industrial Insurance	348
001-180-518-10-21-06	Medical/Dental/Vision	21,490
001-180-518-10-21-07	Life Insurance	135
001-180-518-10-21-08	Long Term Disability	451
001-180-518-10-21-09	Survivors Life	515
001-180-518-10-21-14	VEBA Contributions	480
	Personnel Benefits	<u>36,146</u>
001-180-518-10-31-01	Office Supplies	14,825
001-180-518-10-31-02	Office Stationery	1,165
001-180-518-10-31-05	Operating Supplies	3,975
001-180-518-10-31-06	Coffee Services & Supplies	1,100
001-180-518-10-31-07	Bottled Water Svc & Supplies	1,395
001-180-518-10-31-11	Meeting Expenses	300
001-180-518-10-31-12	Computer & Network Maint Supp	1,000
001-180-518-10-34-02	Promotional Supplies	700
001-180-518-10-35-00	Small Tools	1,750
001-180-518-10-35-02	Office Furniture/Equipment	500
001-180-518-10-35-03	Computer Equipment	9,600
001-180-518-10-35-04	Computer Software	3,800
	Supplies	<u>40,110</u>
001-180-518-10-41-10	Professional Services General	61,275
001-180-518-10-42-01	Telephone Services	18,130
001-180-518-10-42-02	Cellular Service	990
001-180-518-10-42-04	Internet Services	3,300
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	550
001-180-518-10-45-01	Building Lease	331,207
001-180-518-10-46-01	Bonds Insurance	294
001-180-518-10-46-02	Liability Insurance	93,940
001-180-518-10-46-03	Auto Insurance	1,532
001-180-518-10-46-04	Property Insurance	14,912

# CENTRAL SERVICES

<u>Account Number</u>	<u>Description</u>	<u>2012 Budget</u>
001-180-518-10-48-01	Repairs & Maint of Major Equip	1,000
001-180-518-10-48-05	Computer Software Maintenance	860
001-180-518-10-49-01	Dues and Memberships	3,545
001-180-518-10-49-02	Subscriptions & Publications	40
001-180-518-10-49-04	Printing & Binding	200
001-180-518-10-49-05	Training & Workshops	1,550
001-180-518-10-49-21	Annual Permits	490
001-180-518-10-49-22	Awards - Covington's Best	100
001-180-518-30-41-08	Custodial & Cleaning Services	3,400
001-180-518-30-41-12	Protection Services	8,600
001-180-518-30-45-05	Postage Meter Lease	1,140
001-180-518-30-47-01	Electricity Services	29,325
001-180-518-30-47-02	Common Area Expenses	140,000
001-180-518-30-48-02	Repairs & Maint of Building	3,000
001-180-518-30-48-03	Repairs & Maint Office Equip	1,600
001-180-518-30-48-09	Copier Service Contract	<u>7,660</u>
	Other Services and Charges	<u>729,690</u>
001-180-591-18-75-01	Principal Payment Copier Lease	<u>12,650</u>
	Debt Service: Principal	<u>12,650</u>
001-180-518-10-95-01	Equipment Replacement Cost	6,792
001-180-518-10-98-01	ER Fuel & Maintenance	<u>5,300</u>
	Interfund Payment for Serv.	<u>12,092</u>
	<b>Grand Total</b>	<b><u>\$ 911,239</u></b>



## 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

#### 2011 ACCOMPLISHMENTS

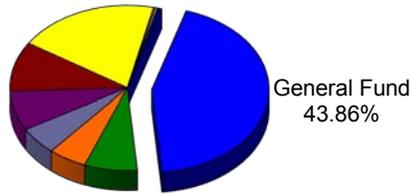
- ✓ Partnered with City and Civic groups for Covington Days Festival and Parade
- ✓ Acquired initial equipment for basic outfitting of all officers for Active Shooter program through grant opportunities
- ✓ Six officers attended Basic Active Shooter School refresher course
- ✓ Participated in multi-agency "live shooter training scenario"
- ✓ Participated in the annual Shop With a Cop program at the Covington Wal-Mart
- ✓ Three residents attended annual joint Citizen Academy
- ✓ Partnered with Black Diamond Police, Maple Valley Police and other area law enforcement agencies for DUI Emphasis Patrols, Seatbelt Violation Patrols and Speed Enforcement Emphasis Patrols

#### 2012 GOALS

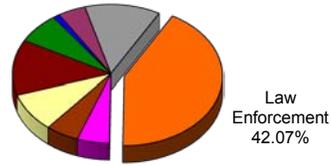
- ❖ Support city Budget Priority Advisory Committee process
- ❖ Continue acquiring Active Shooter equipment and obtain additional training
- ❖ Continue emphasis patrols targeting current crime trends such as graffiti, tagging and evidence of any gang activity
- ❖ Participate in the Clean Covington program
- ❖ Participate in X52 DUI Emphasis Patrols, Seatbelt Emphasis Patrols, and Speed Enforcement Patrols
- ❖ Recruit citizens for joint Covington/Maple Valley/King County Sheriff's Office Citizen Academy
- ❖ Continue expansion of National Night Out activities
- ❖ Implement pilot Citizen Police Volunteer Program

# LAW ENFORCEMENT

2012 Budget All Funds

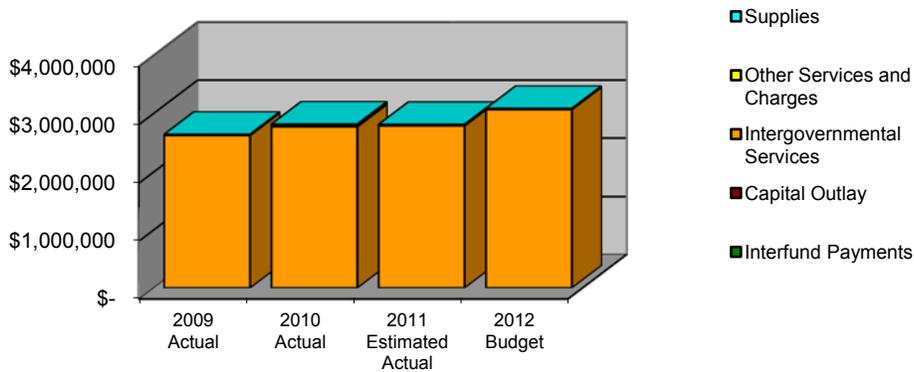


Total General Fund Budget



Uses of Funds:	2009 Actual	2010 Actual	2011 Estimated Actual	2012 Budget
Supplies	\$ 9,879	\$ 29,850	\$ 14,464	\$ 7,500
Other Services and Charges	6,493	13,163	7,360	7,975
Intergovernmental Services	2,621,644	2,769,854	2,785,907	3,067,567
Capital Outlay	-	-	-	-
Interfund Payments	-	1,513	1,513	175
<b>Total Uses</b>	<b><u>\$2,638,016</u></b>	<b><u>\$2,814,380</u></b>	<b><u>\$2,809,244</u></b>	<b><u>\$3,083,217</u></b>

Total Operating Expenditures by Year



## LAW ENFORCEMENT

<u>Account Number</u>	<u>Description</u>	<u>2012 Budget</u>
001-210-521-10-31-01	Office Supplies	\$ 300
001-210-521-10-31-04	Books	150
001-210-521-10-31-05	Operating Supplies	925
001-210-521-10-31-11	Meeting Expenses	75
001-210-521-10-35-00	Small Tools	450
001-210-521-10-35-06	Machinery & Equipment	<u>5,600</u>
	Supplies	<u>7,500</u>
001-210-521-10-41-10	Professional Services General	1,500
001-210-521-10-42-02	Cellular Phones	3,490
001-210-521-10-42-06	Postage	125
001-210-521-10-48-09	Copier Maintenance	850
001-210-521-10-49-01	Dues & Memberships	210
001-210-521-10-49-05	Training & Workshops	<u>1,800</u>
	Other Services and Charges	<u>7,975</u>
001-210-521-10-51-01	Police Services Contract	<u>3,067,567</u>
	Intergovernmental Services	<u>3,067,567</u>
001-210-521-10-98-01	ER Fuel & Maintenance	<u>175</u>
	Interfund Payment for Serv.	<u>175</u>
	<b>Grand Total</b>	<b><u>\$ 3,083,217</u></b>



## 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.

### 2011 ACCOMPLISHMENTS

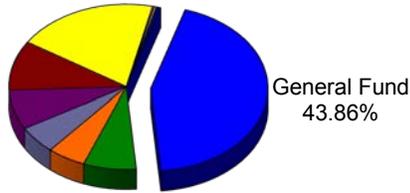
- ✓ Completed new Downtown development and design regulations
- ✓ Continued economic development marketing, new economic development web pages, enterpriseSeattle membership, and NWProperty.net membership
- ✓ Responded to State and Tribal comments on City's first Shoreline Master Program
- ✓ Adopted State-mandated regulations regarding electric vehicle charging stations; revised banner sign regulations; amended code provisions for traffic impact fees; modified code authority for extensions of site development permits and other various zoning code amendments
- ✓ Supported "Destination Covington" event to encourage new economic development.

### 2012 GOALS

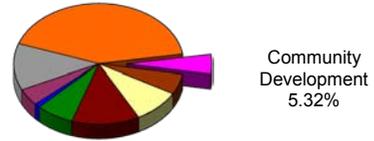
- ❖ Develop and implement a public engagement process regarding City service levels
- ❖ Process Comp Plan amendments through Planning Commission and Council as part of annual docket process
- ❖ Adopt Shoreline Master Program; develop implementing regulations
- ❖ Work with Council and purveyors to identify and correct downtown infrastructure deficiencies
- ❖ Plan and hold a "Target Covington" event
- ❖ Undertake Subarea Plan and economic analysis for the "Northern Notch" and Hawke property

# COMMUNITY DEVELOPMENT

2012 Budget All Funds

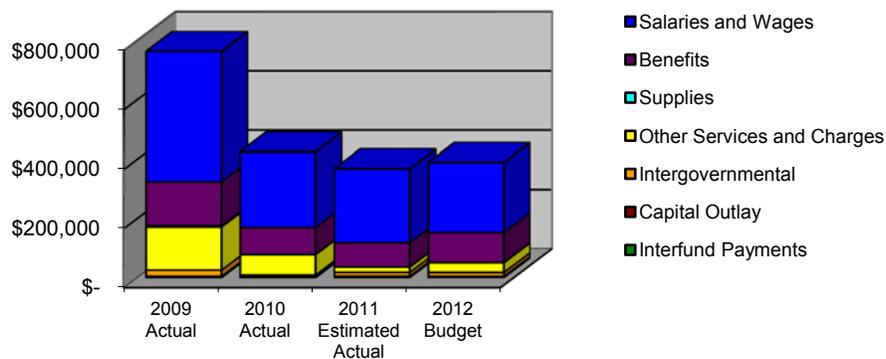


Total General Fund Budget



Uses of Funds:	2009	2010	2011	2012
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 439,663	\$ 255,203	\$ 249,370	\$ 236,625
Benefits	148,038	90,855	81,909	100,503
Supplies	4,667	550	532	1,275
Other Services and Charges	145,599	68,913	17,720	32,530
Intergovernmental	21,241	4,039	13,100	13,250
Capital Outlay	-	-	-	-
Interfund Payments	5,692	6,296	6,296	5,996
<b>Total Uses</b>	<b>\$ 764,900</b>	<b>\$ 425,856</b>	<b>\$ 368,927</b>	<b>\$ 390,179</b>

Total Operating Expenditures by Year



## COMMUNITY DEVELOPMENT

Account Number	Description	2012 Budget
001-250-558-10-11-00	Regular Wages	\$ 236,625
	Salaries and Wages	<u>236,625</u>
001-250-558-10-21-01	Social Security Replacement	13,393
001-250-558-10-21-02	Medicare	3,469
001-250-558-10-21-03	PERS Replacement	17,748
001-250-558-10-21-04	Unemployment Compensation	2,958
001-250-558-10-21-05	Industrial Insurance	1,465
001-250-558-10-21-06	Medical/Dental/Vision	53,302
001-250-558-10-21-07	Life Insurance	399
001-250-558-10-21-08	Long Term Disability	1,324
001-250-558-10-21-09	Survivor's Life	1,648
001-250-558-10-21-10	Car Allowance	2,520
001-250-558-10-21-11	Uniform Allowance	405
001-250-558-10-21-14	VEBA Contributions	<u>1,872</u>
	Personnel Benefits	<u>100,503</u>
001-250-558-10-31-01	Office Supplies	200
001-250-558-10-31-04	Books	200
001-250-558-10-31-11	Meeting Expenses	225
001-250-558-10-35-00	Small Tools	300
001-250-558-10-35-04	Computer Software	<u>350</u>
	Supplies	<u>1,275</u>
001-250-558-10-41-02	Engineering Services	500
001-250-558-10-41-10	Professional Services General	12,500
001-250-558-10-41-14	Hearing Examiner Services	600
001-250-558-10-42-02	Cellular Service	405
001-250-558-10-42-04	Internet Services	500
001-250-558-10-42-06	Postage	1,500
001-250-558-10-43-01	Travel Expense	3,700
001-250-558-10-49-01	Dues & Memberships	6,670
001-250-558-10-49-02	Subscriptions & Publications	80
001-250-558-10-49-04	Printing & Binding	1,500
001-250-558-10-49-05	Training & Workshops	4,075
001-250-558-10-49-19	Commission Expense	<u>500</u>
	Other Services and Charges	<u>32,530</u>
001-250-558-10-51-12	Fire Investigation Services	10,100
001-250-558-10-51-13	Professional Services	<u>3,150</u>
	Intergovernmental Services	<u>13,250</u>

# COMMUNITY DEVELOPMENT

<u>Account Number</u>	<u>Description</u>	<u>2012 Budget</u>
001-250-558-10-95-01	Equipment Replacement Cost	3,996
001-250-558-10-98-01	ER Fuel & Maintenance	<u>2,000</u>
	Interfund Payment for Serv.	<u>5,996</u>
	<b>Grand Total</b>	<b><u>\$ 390,179</u></b>



## 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

None.

### 2011 ACCOMPLISHMENTS

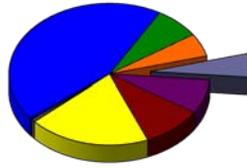
- ✓ Snow and ice response
- ✓ Provided vegetation and site distance control throughout the City
- ✓ Surplus/Purchasing Agreement in place
- ✓ Writing, bidding, and awarding sweeping and vactoring contracts
- ✓ ILA management of two joint contracts with Maple Valley
- ✓ Joint asphalt patching with Maple Valley
- ✓ Installation of landscaping at the corner of the Maintenance Facility

### 2012 GOALS

- ❖ Snow and ice response
- ❖ Ice storm recovery/clean-up
- ❖ Develop and implement a public engagement process regarding City service levels
- ❖ Enhance landscaping along SE 272<sup>nd</sup> Street and the 180<sup>th</sup> Avenue SE/SE Wax Road roundabout
- ❖ Management and expansion of the ILA with Maple Valley and Black Diamond
- ❖ Update the Comcast Franchise Agreement

# STREET

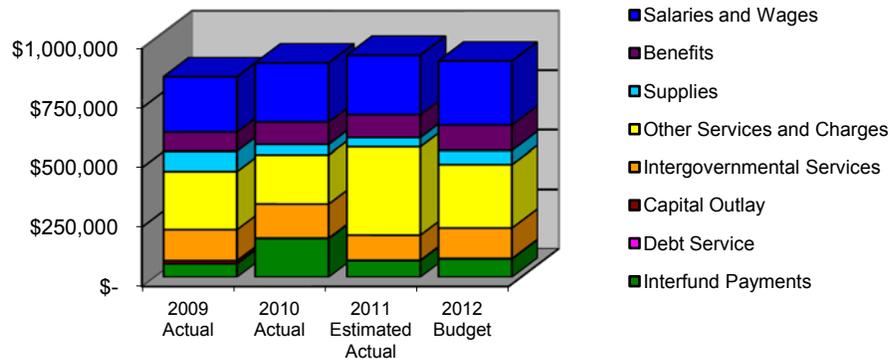
## 2012 Budget All Funds



Street  
5.43%

Uses of Funds:	2009	2010	2011	2012
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 232,322	\$ 248,665	\$ 250,185	\$ 269,312
Benefits	79,876	93,463	95,692	106,159
Supplies	85,213	43,710	39,075	58,985
Other Services and Charges	244,040	206,194	370,511	266,535
Intergovernmental Services	130,379	143,340	105,500	128,300
Capital Outlay	12,854	-	-	-
Debt Service	274	1,880	2,014	2,075
Interfund Payments	56,713	162,692	69,530	76,726
Total Operating Expenses	<u>841,671</u>	<u>899,944</u>	<u>932,507</u>	<u>908,092</u>
Operating Transfer Out	-	-	251,012	-
Total Uses	<u>\$ 841,671</u>	<u>\$ 899,944</u>	<u>\$1,183,519</u>	<u>\$ 908,092</u>

## Total Operating Expenditures by Year



# STREET

Account Number	Description	2012 Budget
101-000-543-10-11-00	Regular Wages	\$ 261,312
101-000-543-10-12-00	Overtime Wages	8,000
	Salaries and Wages	<u>269,312</u>
101-000-543-10-21-01	Social Security Replacement	15,149
101-000-543-10-21-02	Medicare	3,924
101-000-543-10-21-03	PERS Replacement	20,198
101-000-543-10-21-04	Unemployment Compensation	3,367
101-000-543-10-21-05	Industrial Insurance	4,227
101-000-543-10-21-06	Medical/Dental/Vision	51,747
101-000-543-10-21-07	Life Insurance	405
101-000-543-10-21-08	Long Term Disability	1,357
101-000-543-10-21-09	Survivor's Life	1,545
101-000-543-10-21-10	Car Allowance	1,200
101-000-543-10-21-11	Uniform Allowance	1,600
101-000-543-10-21-14	VEBA Contributions	1,440
	Personnel Benefits	<u>106,159</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	47,620
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	2,020
101-000-543-10-35-00	Small Tools	4,230
101-000-543-10-35-02	Office Furniture/Equipment	250
101-000-543-10-35-06	Machinery & Equipment	3,000
	Supplies	<u>58,985</u>
101-000-542-70-48-16	Street Maintenance	54,000
101-000-543-10-41-02	Engineering Services	23,000
101-000-543-10-41-05	Attorney/Legal Services	9,000
101-000-543-10-41-08	Custodial Services	1,400
101-000-543-10-41-10	Professional Services General	19,000
101-000-543-10-42-01	Telephone Services	880
101-000-543-10-42-02	Cellular Services	2,605
101-000-543-10-42-04	Internet Services	490
101-000-543-10-42-06	Postage	100
101-000-543-10-42-08	Dispatch Service	2,000

# STREET

Account Number	Description	2012 Budget
101-000-543-10-43-01	Travel Expense	1,390
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	13,000
101-000-543-10-47-01	Electricity Services	111,000
101-000-543-10-47-03	Waste Disposal	4,960
101-000-543-10-47-04	Water Services	3,900
101-000-543-10-47-05	Sewer Services	340
101-000-543-10-48-01	Repairs & Maint of Major Equip	1,280
101-000-543-10-48-02	Repairs & Maint of Buildings	1,200
101-000-543-10-48-05	Computer Software Maintenance	2,100
101-000-543-10-48-09	Copier Maintenance	1,800
101-000-543-10-49-01	Dues & Memberships	970
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>266,535</u>
101-000-542-30-51-06	Roadway Prism	20,000
101-000-542-64-51-05	Traffic Control Devices	88,350
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	7,300
101-000-543-10-51-13	Professional Services	5,650
	Intergovernmental Services	<u>128,300</u>
101-000-591-18-75-01	Principal Payment Copier Lease	1,270
101-000-591-43-75-03	Storage Bldg Lease Principal	760
	Debt Service: Principal	<u>2,030</u>
101-000-591-43-83-03	Storage Bldg Lease Interest	45
	Debt Service: Interest	<u>45</u>
101-000-543-10-93-01	Cent Svcs Overhead Allocation	50,077
101-000-543-10-95-01	Equipment Replacement Cost	16,249
101-000-543-10-98-01	ER Fuel & Maintenance	10,400
	Interfund Payment for Serv.	<u>76,726</u>
	<b>Grand Total</b>	<b><u>\$ 908,092</u></b>



## 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.

### 2011 ACCOMPLISHMENTS

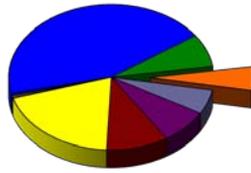
- ✓ Improved information handouts at the permit counter and on the City's website
- ✓ Provided ongoing SEPA administration
- ✓ Monitored development impacts in adjacent cities through SEPA.
- ✓ Reviewed various development proposals in the downtown, including two new 24/7 emergency departments
- ✓ Continued staff time tracking system for future fee updates
- ✓ Implemented new cash procedures for the permit counter
- ✓ Continued monitoring revenue and permit fees
- ✓ Supported Downtown zoning code update

### 2012 GOALS

- ❖ Develop and implement a public engagement process regarding City service levels
- ❖ Review Town Center development proposals
- ❖ Review development proposal for new hospital
- ❖ Continue to monitor impacts of adjacent development through SEPA process
- ❖ Develop GIS and mapping products
- ❖ Implement new permit tracking system and improve processing permits, such as business licenses and fire operational permits
- ❖ Utilize new permit system to track Citizen Action Requests, Public Records Requests, and Comprehensive Plan updates

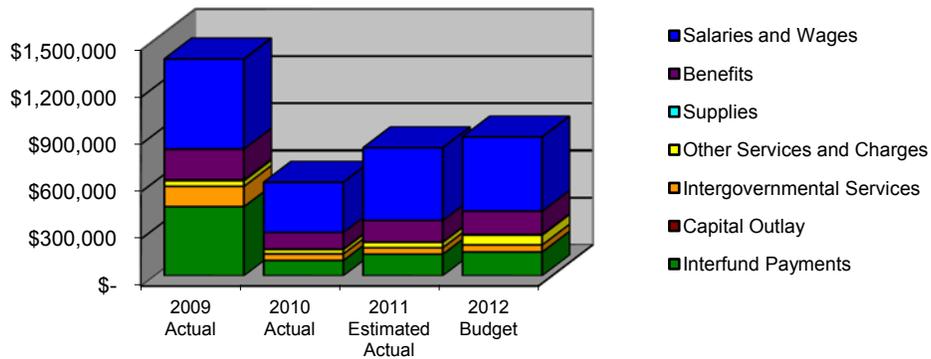
# DEVELOPMENT SERVICES

## 2012 Budget All Funds



Uses of Funds:	2009 Actual	2010 Actual	2011 Estimated Actual	2012 Budget
Salaries and Wages	\$ 573,946	\$ 319,947	\$ 459,038	\$ 469,118
Benefits	192,476	106,051	138,149	148,312
Supplies	6,269	2,945	1,495	4,967
Other Services and Charges	35,509	28,156	34,727	62,443
Intergovernmental Services	129,873	41,720	41,520	45,220
Capital Outlay	17	-	-	-
Interfund Payments	441,245	98,037	137,660	151,868
<b>Total Uses</b>	<b><u>\$ 1,379,335</u></b>	<b><u>\$ 596,856</u></b>	<b><u>\$ 812,589</u></b>	<b><u>\$ 881,928</u></b>

## Total Operating Expenditures by Year



## DEVELOPMENT SERVICES

Account Number	Description	2012 Budget
130-260-559-10-11-00	Regular Wages	\$ 469,118
	Salaries and Wages	<u>469,118</u>
130-260-559-10-21-01	Social Security Replacement	26,330
130-260-559-10-21-02	Medicare	6,818
130-260-559-10-21-03	PERS Replacement	31,597
130-260-559-10-21-04	Unemployment Compensation	5,865
130-260-559-10-21-05	Industrial Insurance	5,827
130-260-559-10-21-06	Medical/Dental/Vision	62,187
130-260-559-10-21-07	Life Insurance	614
130-260-559-10-21-08	Long Term Disability	2,358
130-260-559-10-21-09	Survivor's Life	2,395
130-260-559-10-21-10	Car Allowance	1,080
130-260-559-10-21-11	Uniform Allowance	865
130-260-559-10-21-14	VEBA Contributions	<u>2,376</u>
	Personnel Benefits	<u>148,312</u>
130-260-559-10-31-01	Office Supplies	1,000
130-260-559-10-31-03	Office Forms	700
130-260-559-10-31-04	Books	2,000
130-260-559-10-31-05	Operating Supplies	150
130-260-559-10-31-11	Meeting Expenses	25
130-260-559-10-35-00	Small Tools	642
130-260-559-10-35-03	Computer Equipment	100
130-260-559-10-35-04	Computer Software	<u>350</u>
	Supplies	<u>4,967</u>
130-260-559-10-41-10	Professional Services General	36,500
130-260-559-10-41-14	Hearings Examiner Services	3,000
130-260-559-10-42-02	Cellular Service	1,173
130-260-559-10-42-04	Internet Services	500
130-260-559-10-42-06	Postage	1,200
130-260-559-10-43-01	Travel Expense	2,195
130-260-559-10-48-05	Computer Software Maintenance	12,275
130-260-559-10-48-09	Copier Maintenance	650
130-260-559-10-49-01	Dues & Memberships	1,250
130-260-559-10-49-02	Subscriptions & Publications	200
130-260-559-10-49-05	Training & Workshops	<u>3,500</u>
	Other Services and Charges	<u>62,443</u>

## DEVELOPMENT SERVICES

<u>Account Number</u>	<u>Description</u>	<u>2012 Budget</u>
130-260-559-10-51-12	Fire Services	40,000
130-260-559-10-51-13	Professional Services	4,400
130-260-559-10-51-14	Master Business License	<u>820</u>
	Intergovernmental Services	<u>45,220</u>
130-260-559-10-91-00	Interfund Service Payment	26,000
130-260-559-10-93-01	Cent Svcs Overhead Allocation	114,126
130-260-559-10-95-01	Equipment Replacement Cost	7,992
130-260-559-10-98-01	ER Fuel & Maintenance	<u>3,750</u>
	Interfund Payment for Serv.	<u>151,868</u>
	<b>Grand Total</b>	<b><u>\$ 881,928</u></b>



## 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 Parks Maintenance Division is funded by the Parks Fund and staff is 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

None

#### 2011 ACCOMPLISHMENTS

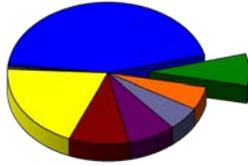
- ✓ Continued high standard of maintenance in spite of reduced staffing
- ✓ Repaired irrigation at Crystal View Park
- ✓ Installed concrete pad for bench at Friendship Park
- ✓ Utilized volunteers in parks for routine maintenance and special projects
- ✓ Received Tree City USA certification for the ninth consecutive year
- ✓ Researched and presented Parks Equipment Standard recommendations
- ✓ Hired maintenance worker with park maintenance experience

#### 2012 GOALS

- ❖ Install new landscaping at Aquatic Center
- ❖ Develop and implement a public engagement process regarding City service levels
- ❖ Clean-up of storm debris in City parks
- ❖ Enhance use of volunteers in parks for special projects
- ❖ Finalize parks furniture standards
- ❖ Prepare for opening of Covington Community Park in 2013
- ❖ Aquatic Center renovations
- ❖ Purchase/implement new asset management/work order tracking software

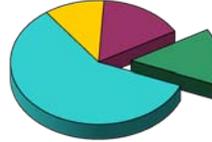
# PARKS MAINTENANCE

**2012 Budget All Funds**



Parks  
7.29%

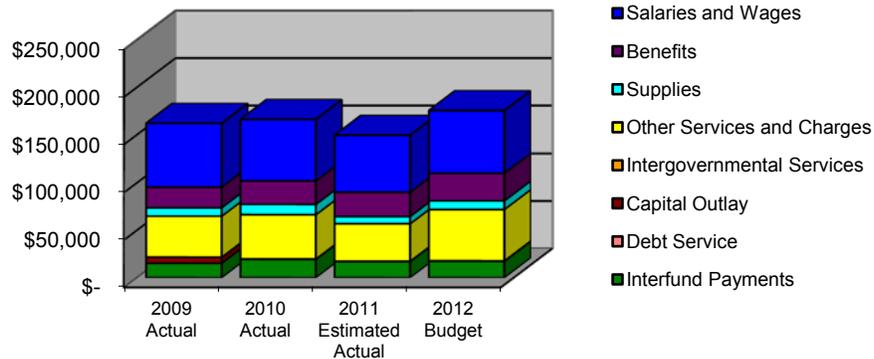
**Total Parks Fund Budget**



Parks  
Maintenance  
14.41%

Uses of Funds:	2009	2010	2011	2012
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 66,754	\$ 64,261	\$ 59,402	\$ 65,490
Benefits	21,652	24,665	25,583	29,062
Supplies	8,861	10,890	7,630	9,140
Other Services and Charges	43,224	46,667	39,472	54,081
Intergovernmental Services	-	-	-	-
Capital Outlay	6,415	-	-	-
Debt Service	-	335	402	405
Interfund Payments	<u>15,290</u>	<u>19,457</u>	<u>17,013</u>	<u>17,432</u>
Total Operating Expenses	<u>162,196</u>	<u>166,275</u>	<u>149,502</u>	<u>175,610</u>
Operating Transfer Out	-	-	-	-
Total Uses	<u>\$ 162,196</u>	<u>\$ 166,275</u>	<u>\$ 149,502</u>	<u>\$ 175,610</u>

**Total Operating Expenditures by Year**



## PARKS MAINTENANCE

Account Number	Description	2012 Budget
140-270-576-10-11-00	Regular Wages	\$ 63,490
140-270-576-10-12-00	Overtime Wages	2,000
	Salaries and Wages	<u>65,490</u>
140-270-576-10-21-01	Social Security Replacement	3,666
140-270-576-10-21-02	Medicare	949
140-270-576-10-21-03	PERS Replacement	4,912
140-270-576-10-21-04	Unemployment Compensation	818
140-270-576-10-21-05	Industrial Insurance	1,397
140-270-576-10-21-06	Medical/Dental/Vision	15,664
140-270-576-10-21-07	Life Insurance	108
140-270-576-10-21-08	Long Term Disability	302
140-270-576-10-21-09	Survivor's Life	412
140-270-576-10-21-11	Uniform Allowance	450
140-270-576-10-21-14	VEBA Contributions	384
	Personnel Benefits	<u>29,062</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	4,860
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	610
140-270-576-10-35-00	Small Tools	1,690
140-270-576-10-35-02	Office Furniture/Equipment	250
140-270-576-10-35-06	Machinery & Equipment	1,000
	Supplies	<u>9,140</u>
140-270-576-10-41-08	Custodial Services	700
140-270-576-10-41-10	Professional Services	18,700
140-270-576-10-42-01	Telephone Services	440
140-270-576-10-42-02	Cellular Service	725
140-270-576-10-42-04	Internet Services	120
140-270-576-10-43-01	Travel Expense	250
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	2,500
140-270-576-10-47-01	Electricity Services	1,500
140-270-576-10-47-03	Waste Disposal	2,330
140-270-576-10-47-04	Water Services	2,700
140-270-576-10-47-05	Sewer Services	170

## PARKS MAINTENANCE

<u>Account Number</u>	<u>Description</u>	<u>2012 Budget</u>
140-270-576-10-48-01	Repairs & Maint Major Equip	1,390
140-270-576-10-48-02	Repairs & Maint Bldgs	3,600
140-270-576-10-49-01	Dues & Memberships	336
140-270-576-10-49-05	Training & Workshops	700
140-270-576-65-48-11	Park Maintenance	<u>13,000</u>
	Other Services and Charges	<u>54,081</u>
140-270-591-76-75-03	Storage Bldg Lease Principal	<u>380</u>
	Debt Service: Principal	<u>380</u>
140-270-591-76-83-03	Storage Bldg Lease Interest	<u>25</u>
	Debt Service: Interest	<u>25</u>
140-270-576-10-93-01	Cent Svcs Overhead Allocation	7,086
140-270-576-10-95-01	Equipment Replacement Cost	6,146
140-270-576-10-98-01	ER Fuel & Maintenance	<u>4,200</u>
	Interfund Payment for Serv.	<u>17,432</u>
	<b>Grand Total</b>	<b><u>\$ 175,610</u></b>



## 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.

### Division Overview

The Aquatics Division is part of the Parks and Recreation Department. The division provides aquatic programs including learn to swim, water safety and fitness classes, as well as recreational swim opportunities for the community. Programming strives to be innovative by reflecting 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.

### 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

#### 2011 ACCOMPLISHMENTS

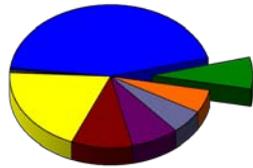
- ✓ Provided a safe environment for aquatic programs
- ✓ In-water attendance of 81,197 at the Aquatic Center
- ✓ Successfully targeted swimming lessons to local daycares, quadrupling daycare participation in programs
- ✓ Recipient of CPPW Everyone Swims sub-grant
- ✓ Developed an Aquatic Center operation manual
- ✓ Completed necessary maintenance and repairs to the facility, including retiling in public locker rooms

#### 2012 GOALS

- ❖ Continue to provide a safe environment for aquatic programs
- ❖ Continue to strategically structure programming to increase participation, revenue, and meet needs of the community
- ❖ Achieve 70% cost recovery
- ❖ Establish an Aquatic Center CIP budget
- ❖ Continue to develop a resource management plan for the Aquatic Center
- ❖ Target programs to local businesses, organizations and home schoolers
- ❖ Identify and secure revenue source(s) to increase the scholarship fund
- ❖ Celebrate and promote the Aquatic Center's 35<sup>th</sup> year anniversary
- ❖ Update Aquatics Staff to 2012 American Red Cross Lifeguarding standards
- ❖ Develop and implement a donating policy that markets the Aquatic Center

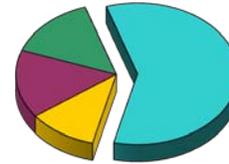
# AQUATICS

**2012 Budget All Funds**



Parks  
7.29%

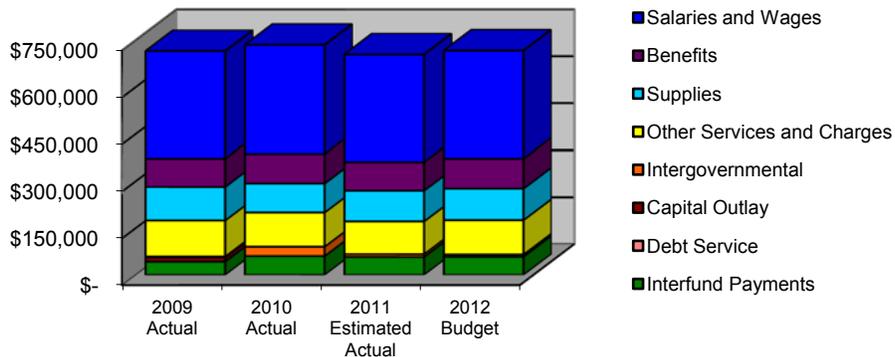
**Total Parks Fund Budget**



Aquatics  
58.84%

Uses of Funds:	2009	2010	2011	2012
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 343,347	\$ 348,514	\$ 343,856	\$ 345,361
Benefits	90,222	94,184	90,896	95,348
Supplies	107,475	92,710	98,520	100,955
Other Services and Charges	115,369	109,590	104,740	110,020
Intergovernmental	2,781	30,000	9,088	7,100
Capital Outlay	13,561	-	-	-
Debt Service	-	-	-	-
Interfund Payments	42,734	60,449	57,660	58,459
<b>Total Operating Expenses</b>	<b>715,489</b>	<b>735,447</b>	<b>704,760</b>	<b>717,243</b>
Operating Transfer Out	203,499	27,484	27,484	27,483
<b>Total Uses</b>	<b>\$ 918,988</b>	<b>\$ 762,931</b>	<b>\$ 732,244</b>	<b>\$ 744,726</b>

**Total Operating Expenditures by Year**



## AQUATICS

Account Number	Description	2012 Budget
140-271-597-00-00-00	Operating Transfer Out	\$ 27,483
	Expenditure	<u>27,483</u>
140-271-576-20-11-00	Regular Wages	<u>345,361</u>
	Salaries and Wages	<u>345,361</u>
140-271-576-20-21-01	Social Security Replacement	19,340
140-271-576-20-21-02	Medicare	5,009
140-271-576-20-21-03	PERS Replacement	25,902
140-271-576-20-21-04	Unemployment Compensation	4,317
140-271-576-20-21-05	Industrial Insurance	11,528
140-271-576-20-21-06	Medical/Dental/Vision	25,150
140-271-576-20-21-07	Life Insurance	304
140-271-576-20-21-08	Long-Term Disability	819
140-271-576-20-21-09	Survivor's Life	1,159
140-271-576-20-21-11	Uniform Allowance	740
140-271-576-20-21-14	VEBA Contributions	<u>1,080</u>
	Personnel Benefits	<u>95,348</u>
140-271-576-20-31-01	Office Supplies	270
140-271-576-20-31-05	Operating Supplies	40,200
140-271-576-20-31-07	Bottled Water Svc & Supplies	470
140-271-576-20-31-08	Honorarium	1,235
140-271-576-20-31-10	Program Supplies	3,130
140-271-576-20-31-11	Meeting Expenses	30
140-271-576-20-32-00	Fuel	41,670
140-271-576-20-34-03	Aquatic Equipment	5,140
140-271-576-20-35-00	Small Tools	2,020
140-271-576-20-35-02	Office Equipment/Machinery	270
140-271-576-20-35-06	Machinery & Equipment	790
140-271-576-20-35-08	Pool Equipment	<u>5,730</u>
	Supplies	<u>100,955</u>
140-271-576-20-41-01	Accounting Services	11,980
140-271-576-20-41-10	Professional Services	2,600
140-271-576-20-42-01	Telephone Services	4,030
140-271-576-20-42-04	Internet Services	5,700
140-271-576-20-42-06	Postage	500
140-271-576-20-43-01	Travel Expense	2,030
140-271-576-20-44-04	Aquatics Program Advertising	1,740
140-271-576-20-45-04	Equipment Rental	2,080

# AQUATICS

<u>Account Number</u>	<u>Description</u>	<u>2012 Budget</u>
140-271-576-20-47-01	Electricity Services	29,280
140-271-576-20-47-03	Waste Disposal/Rabanco	2,770
140-271-576-20-47-04	Water Services	8,890
140-271-576-20-47-05	Sewer Services	7,920
140-271-576-20-48-01	Repairs & Maint of Major Equip	16,970
140-271-576-20-48-02	Repairs & Maint of Building	10,100
140-271-576-20-48-03	Repairs & Maint Office Equip	310
140-271-576-20-48-09	Copier Maintenance	160
140-271-576-20-49-01	Dues & Memberships	580
140-271-576-20-49-05	Training/Workshops/Conferences	1,330
140-271-576-20-49-21	Annual Permits	<u>1,050</u>
	Other Services and Charges	<u>110,020</u>
140-271-576-20-53-01	Business & Occupation Tax	<u>7,100</u>
	Intergovernmental Services	<u>7,100</u>
140-271-576-20-93-01	Cent Svcs Overhead Allocation	<u>58,459</u>
	Interfund Payment for Serv.	<u>58,459</u>
	<b>Grand Total</b>	<b><u>\$ 744,726</u></b>



## RECREATION AND SPECIAL EVENTS

### Mission Statement

Provide quality youth and family oriented 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 in support of an unmatched quality of life.

### 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
- Provide unique recreation activities and special events
- Promote healthy lifestyles in the community
- Provide staff support for the Arts Commission
- Participate in special events held by others such as Covington Days and Hollydaze
- Provide cultural arts activities such as music performances and art shows

### Significant Budget Issues

None

#### 2011 ACCOMPLISHMENTS

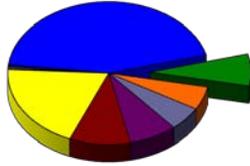
- ✓ Provided Display Artist program at City Hall
- ✓ Increased participation in the annual Student Art Show by three schools and fifty pieces of artwork
- ✓ Successfully relocated the Covington Days Art Show and increased entries by 66%
- ✓ Community Tree Lighting in support of Purple Light Nights and Hollydaze
- ✓ Continued participating in the Coalition for a Healthy Community and Cruzin' Passport Program
- ✓ Tripled participation in the Walk and Roll event
- ✓ Managed sixteen acts of stage entertainment for Covington Days
- ✓ Increased participation in the morning Open Gym program at Kentwood High School to 1,440 participants

#### 2012 GOALS

- ❖ Continue to implement the recreation component of the Parks, Recreation and Open Space (PROS) Plan
- ❖ Expand community events by providing a summer concert series
- ❖ Expand Covington Walk and Roll to a summer children's festival
- ❖ Begin contracted recreation programming

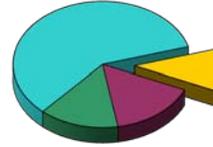
# RECREATION AND SPECIAL EVENTS

## 2012 Budget All Funds



Parks  
7.29%

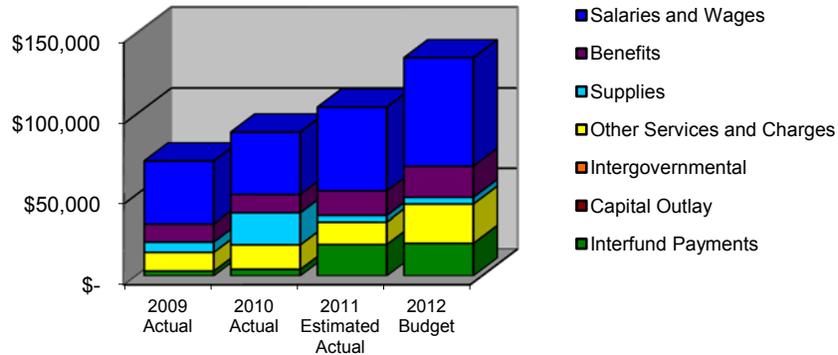
## Total Parks Fund Budget



Recreation  
11.08%

Uses of Funds:	2009	2010	2011	2012
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 38,980	\$ 38,818	\$ 52,070	\$ 67,122
Benefits	11,170	11,405	15,280	19,359
Supplies	6,383	19,600	3,965	4,200
Other Services and Charges	11,631	15,250	13,772	24,102
Intergovernmental	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Interfund Payments	3,052	4,117	19,615	20,298
<b>Total Uses</b>	<b>\$ 71,216</b>	<b>\$ 89,190</b>	<b>\$ 104,702</b>	<b>\$ 135,081</b>

## Total Operating Expenditures by Year



## RECREATION AND SPECIAL EVENTS

Account Number	Description	2012 Budget
140-274-574-10-11-00	Regular Wages	\$ 67,122
	Salaries and Wages	<u>67,122</u>
140-274-574-10-21-01	Social Security Replacement	3,759
140-274-574-10-21-02	Medicare	973
140-274-574-10-21-03	PERS Replacement	5,034
140-274-574-10-21-04	Unemployment Compensation	839
140-274-574-10-21-05	Industrial Insurance	1,258
140-274-574-10-21-06	Medical/Dental/Vision	6,195
140-274-574-10-21-07	Life Insurance	101
140-274-574-10-21-08	Long-Term Disability	354
140-274-574-10-21-09	Survivor's Life	386
140-274-574-10-21-11	Uniform Allowance	100
140-274-574-10-21-14	VEBA Contributions	<u>360</u>
	Personnel Benefits	<u>19,359</u>
140-274-574-10-31-01	Office Supplies	250
140-274-574-10-31-10	Program Supplies	3,500
140-274-574-10-35-07	Art	<u>450</u>
	Supplies	<u>4,200</u>
140-274-574-10-42-06	Postage	100
140-274-574-10-43-01	Travel Expense	450
140-274-574-10-44-04	Program Advertising	1,000
140-274-574-10-45-04	Equipment Rental	1,100
140-274-574-10-45-06	Facility Rentals	1,800
140-274-574-10-47-01	Electricity Services	160
140-274-574-10-49-01	Dues & Memberships	592
140-274-574-10-49-05	Training/Workshops/Conferences	800
140-274-574-10-49-15	Arts Commission	300
140-274-574-10-49-18	Community Events & Programs	<u>17,800</u>
	Other Services and Charges	<u>24,102</u>
140-274-574-10-93-01	Cent Svcs Overhead Allocation	<u>20,298</u>
	Interfund Payment for Serv.	<u>20,298</u>
	<b>Grand Total</b>	<b><u><u>\$ 135,081</u></u></b>



## 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 Parks 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 parks, arts and recreation planning
- Manage park and facility design and construction
- Acquire land
- Provide staff support for the Parks and Recreation Commission

### Significant Budget Issues

None

#### 2011 ACCOMPLISHMENTS

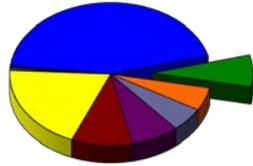
- ✓ Supported development of the Budget Priorities Advisory Committee (BPAC)
- ✓ Preserved \$1.2 million in state grants for Covington Community Park
- ✓ Supported Council deliberations to provide secure new funding for development and operation of Covington Community Park
- ✓ Completed 60% design for Covington Community Park.
- ✓ Feasibility study for the "Tri-city Trail" included in King County budget

#### 2012 GOALS

- ❖ Support the Budget Priorities Advisory Committee (BPAC)
- ❖ Secure King Conservation District funding for Covington Community Park
- ❖ Complete design, bid set, and construction for the first phase of Covington Community Park
- ❖ Develop field use policies and fees for Covington Community Park
- ❖ Initiate plan for replacing Jenkins Creek Park bridge
- ❖ Support King County feasibility study for the "Tri-city Trail"
- ❖ Collaborate with Public Works to complete a draft of the Covington Urban Forestry Strategic Plan

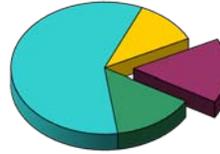
# PARKS

## 2012 Budget All Funds



Parks  
7.29%

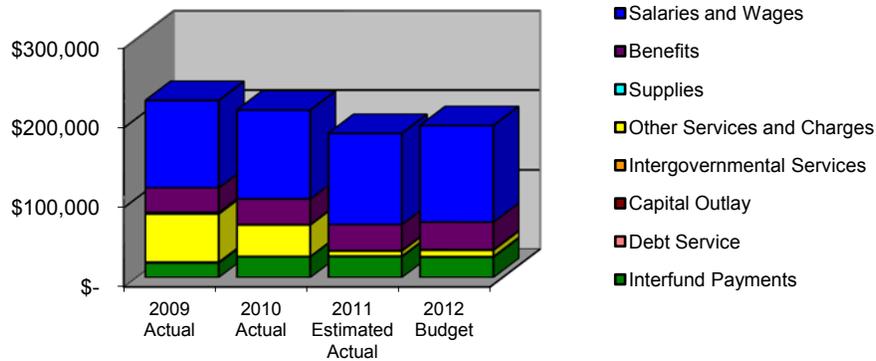
## Total Parks Fund Budget



Parks  
15.67%

Uses of Funds:	2009	2010	2011	2012
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 109,457	\$ 111,335	\$ 114,228	\$ 121,086
Benefits	30,963	32,226	32,857	34,738
Supplies	2,186	650	700	850
Other Services and Charges	60,549	39,643	6,347	7,800
Intergovernmental Services	1,205	500	910	960
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Interfund Payments	18,358	26,196	26,154	25,646
<b>Total Uses</b>	<b>\$ 222,718</b>	<b>\$ 210,550</b>	<b>\$ 181,196</b>	<b>\$ 191,080</b>

## Total Operating Expenditures by Year



# PARKS

Account Number	Description	2012 Budget
140-275-576-10-11-00	Regular Wages	\$ 121,086
	Salaries and Wages	<u>121,086</u>
140-275-576-10-21-01	Social Security Replacement	6,915
140-275-576-10-21-02	Medicare	1,791
140-275-576-10-21-03	PERS Replacement	9,081
140-275-576-10-21-04	Unemployment Compensation	1,514
140-275-576-10-21-05	Industrial Insurance	1,397
140-275-576-10-21-06	Medical/Dental/Vision	9,682
140-275-576-10-21-07	Life Insurance	135
140-275-576-10-21-08	Long Term Disability	678
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
140-275-576-10-21-14	VEBA Contributions	<u>480</u>
	Personnel Benefits	<u>34,738</u>
140-275-576-10-31-01	Office Supplies	250
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	<u>250</u>
	Supplies	<u>850</u>
140-275-576-10-41-10	Professional Services	4,900
140-275-576-10-42-06	Postage	60
140-275-576-10-43-01	Travel Expense	850
140-275-576-10-49-01	Dues & Memberships	750
140-275-576-10-49-05	Training & Workshops	660
140-275-576-10-49-19	Commission Expenses	<u>580</u>
	Other Services and Charges	<u>7,800</u>
140-275-576-10-51-13	Professional Services	<u>960</u>
	Intergovernmental Services	<u>960</u>
140-275-576-10-93-01	Cent Svcs Overhead Allocation	<u>25,646</u>
	Interfund Payment for Serv.	<u>25,646</u>
	<b>Grand Total</b>	<b><u>\$ 191,080</u></b>



## **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 stormwater facilities
- Monitor stormwater quality
- Report NPDES Phase II Permits
- Inspect all stormwater facilities and gain corrective action
- Educate the community to protect groundwater

### **Significant Budget Issues**

None.

### **2011 ACCOMPLISHMENTS**

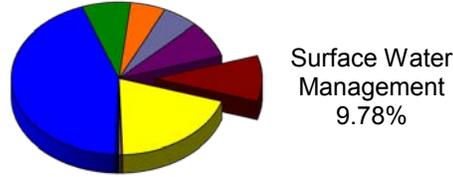
- ✓ Enhanced pond maintenance program
- ✓ Stormwater tank inspections
- ✓ GIS program implementation
- ✓ NPDES compliance
- ✓ Implemented IDDE program (NPDES)
- ✓ Public/commercial inspection program streamlining (NPDES)

### **2012 GOALS**

- ❖ Develop and implement a public engagement process regarding city service levels
- ❖ Purchase/implement new asset management/work order tracking software
- ❖ Construct Aqua Vista storm CIP
- ❖ Wetlands/tree survey
- ❖ Design Woodlands Pond storm CIP project – water leaching from hill above pond
- ❖ Continue NPDES compliance

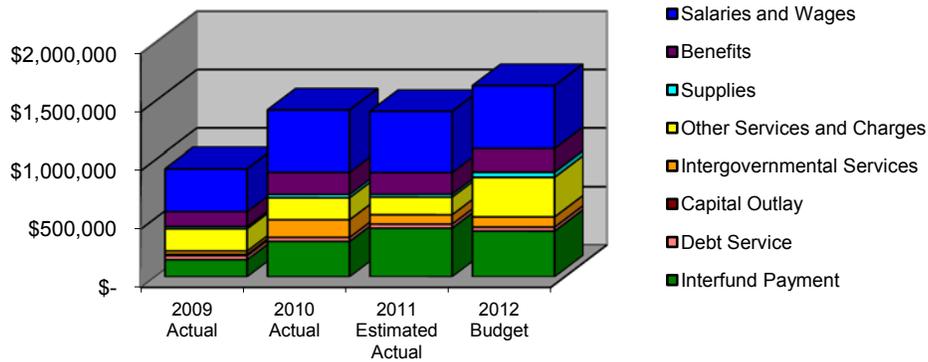
# SURFACE WATER MANAGEMENT

## 2012 Budget All Funds



<b>Uses of Funds:</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Estimated Actual</b>	<b>2012 Budget</b>
Salaries and Wages	\$ 366,327	\$ 531,073	\$ 519,347	\$ 538,312
Benefits	127,827	188,804	185,939	199,446
Supplies	18,928	28,046	24,093	43,663
Other Services and Charges	190,055	188,498	151,444	338,992
Intergovernmental Services	28,254	151,597	80,229	87,338
Capital Outlay	12,854	-	-	-
Debt Service	34,208	34,485	34,619	34,705
Interfund Payment	<u>147,212</u>	<u>304,277</u>	<u>418,018</u>	<u>392,670</u>
<b>Total Operating Expenses</b>	<u>925,665</u>	<u>1,426,780</u>	<u>1,413,689</u>	<u>1,635,126</u>
 Transfer Out	 <u>495,188</u>	 <u>53,500</u>	 <u>-</u>	 <u>107,000</u>
 <b>Total Uses</b>	 <u><b>\$ 1,420,853</b></u>	 <u><b>\$ 1,480,280</b></u>	 <u><b>\$ 1,413,689</b></u>	 <u><b>\$ 1,742,126</b></u>

## Total Operating Expenditures by Year



## SURFACE WATER MANAGEMENT

Account Number	Description	2012 Budget
411-000-597-00-00-00	Operating Transfer Out	\$ 107,000
	Expenditure	<u>107,000</u>
411-000-538-30-11-00	Regular Wages	529,812
411-000-538-30-12-00	Overtime Wages	<u>8,500</u>
	Salaries and Wages	<u>538,312</u>
411-000-538-30-21-01	Social Security Replacement	30,211
411-000-538-30-21-02	Medicare	7,824
411-000-538-30-21-03	PERS Replacement	36,778
411-000-538-30-21-04	Unemployment Compensation	6,729
411-000-538-30-21-05	Industrial Insurance	10,758
411-000-538-30-21-06	Medical/Dental/Vision	93,029
411-000-538-30-21-07	Life Insurance	857
411-000-538-30-21-08	Long Term Disability	2,592
411-000-538-30-21-09	Survivor's Life	3,270
411-000-538-30-21-10	Car Allowance	1,200
411-000-538-30-21-11	Uniform Allowance	3,150
411-000-538-30-21-14	VEBA Contributions	<u>3,048</u>
	Personnel Benefits	<u>199,446</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	20,070
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	1,220
411-000-538-30-35-00	Small Tools	13,688
411-000-538-30-35-02	Office Equipment/Furniture	250
411-000-538-30-35-06	Machinery & Equipment	<u>5,500</u>
	Supplies	<u>43,663</u>
411-000-538-30-41-02	Engineering Services	5,000
411-000-538-30-41-08	Custodial Services	1,400
411-000-538-30-41-10	Professional Services	38,000
411-000-538-30-42-01	Telephone Services	880
411-000-538-30-42-02	Cellular Services	5,292
411-000-538-30-42-04	Internet Services	990
411-000-538-30-42-06	Postage	350
411-000-538-30-42-08	Dispatch Service	2,000

# SURFACE WATER MANAGEMENT

Account Number	Description	2012 Budget
411-000-538-30-43-01	Travel Expense	1,390
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	11,000
411-000-538-30-47-01	Electricity Services	1,000
411-000-538-30-47-03	Waste Disposal	4,960
411-000-538-30-47-04	Water Services	400
411-000-538-30-47-05	Sewer Services	340
411-000-538-30-48-01	Repairs & Maint. of Equipment	780
411-000-538-30-48-02	Repairs & Maint of Buildings	1,200
411-000-538-30-48-05	Computer Software Maintenance	2,100
411-000-538-30-48-09	Copier Maintenance	2,100
411-000-538-30-49-01	Dues & Memberships	1,270
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	126,750
411-000-542-67-48-15	SWM Maintenance	<u>117,000</u>
	Other Services and Charges	<u>338,992</u>
411-000-538-30-51-07	Intergovernmental Svc Strm Wtr	43,015
411-000-538-30-51-13	Professional Services	7,650
411-000-538-30-53-00	Soil Conservation Fee	5,000
411-000-538-30-53-01	Business & Occupation Tax	30,673
411-000-542-67-51-06	Street Cleaning	<u>1,000</u>
	Intergovernmental Services	<u>87,338</u>
411-000-591-18-75-01	Principal Payment Copier Lease	1,900
411-000-591-38-75-03	Storage Bldg Lease Principal	<u>760</u>
	Debt Service: Principal	<u>2,660</u>
411-000-591-38-83-03	Storage Bldg Lease Interest	45
411-000-592-42-83-03	SWM Debt Service Interest	<u>32,000</u>
	Debt Service: Interest	<u>32,045</u>
411-000-538-30-91-00	Interfund Service Payment	236,000
411-000-538-30-93-01	Cent Svcs Overhead Allocation	116,149
411-000-538-30-95-01	Equipment Replacement Cost	25,221
411-000-538-30-98-01	ER Fuel & Maintenance	<u>15,300</u>
	Interfund Payment for Serv.	<u>392,670</u>
	<b>Grand Total</b>	<b><u>\$ 1,742,126</u></b>



## 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

The legislative allocation for SR 516 will be able to fund the next phase of improvements from Jenkins Creek to at least 185<sup>th</sup> Avenue SE. A grant will be necessary to construct the project and submittals should be ready for the early 2013 grant cycles. Grant acquisition success continues to support SWM CIP projects. The City Council approved the additional utility tax of 0.5% for additional dollars for the Covington Community Park construction.

### 2011 ACCOMPLISHMENTS

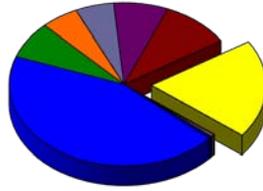
- ✓ Ribbon cutting for CIP 1039
- ✓ CIP 1082 project acceptance and closeout
- ✓ DOE Grant for Aqua Vista drainage project
- ✓ Covington Community Park design
- ✓ Improved public access to Covington Community Park
- ✓ Actively promoted need for CIP 1127

### 2012 GOALS

- ❖ CIP 1039 project acceptance and closeout
- ❖ Construct Aqua Vista drainage project
- ❖ Legislative funds transfer to CIP 1127
- ❖ Begin design of CIP 1127
- ❖ Covington Community Park construction

# CAPITAL INVESTMENT PROGRAM

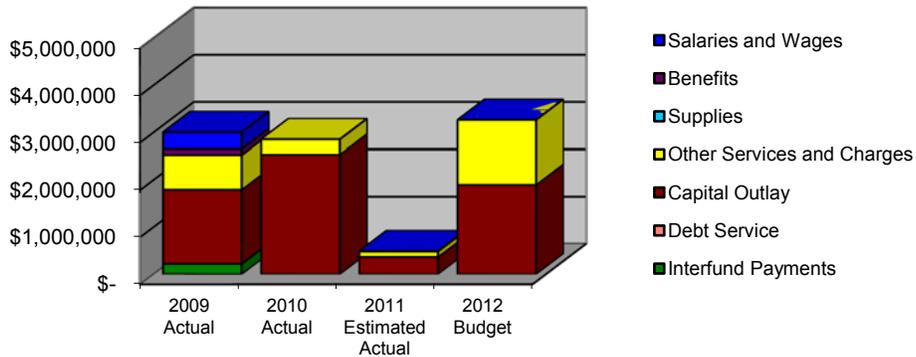
## 2012 Budget All Funds



Capital Investment Program  
19.55%

<b>Uses of Funds:</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Estimated Actual</b>	<b>2012 Budget</b>
Salaries and Wages	\$ 352,257	\$ -	\$ 5,323	\$ -
Benefits	126,894	-	1,935	-
Supplies	1,335	-	36	-
Other Services and Charges	731,924	320,444	116,566	1,369,917
Capital Outlay	1,570,938	2,535,626	366,825	1,896,974
Debt Service	823	-	-	-
Interfund Payments	<u>222,392</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>3,006,563</u>	<u>2,856,070</u>	<u>490,685</u>	<u>3,266,891</u>
Operating Transfer Out	<u>-</u>	<u>90,368</u>	<u>36,000</u>	<u>-</u>
<b>Total Uses</b>	<b><u>\$ 3,006,563</u></b>	<b><u>\$ 2,946,438</u></b>	<b><u>\$ 526,685</u></b>	<b><u>\$ 3,266,891</u></b>

## Total Operating Expenditures by Year



City of Covington  
2012-2017 6 Year TIP  
Project Descriptions

**Major Capital Improvement Project Priorities**

1. **CIP 1127 SE 272<sup>nd</sup> Street between Jenkins Creek and 185<sup>th</sup> Place SE**

This project is to widen and reconstruct a portion of SE 272<sup>nd</sup> Street between Jenkins Creek and 185<sup>th</sup> 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.



2. **CIP 1128 SE 272<sup>nd</sup> Street between 185<sup>th</sup> Place SE and 192<sup>nd</sup> Avenue SE**

This project is to widen and reconstruct a portion of SE 272<sup>nd</sup> Street between 185<sup>th</sup> Place SE and 192<sup>nd</sup> 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.



3. **CIP 1124 185<sup>th</sup> Place SE Extension from Wax Road/180<sup>th</sup> Ave SE to SE 272<sup>nd</sup> Street**

This project connects SE Wax Road/180<sup>th</sup> Avenue SE to SE 272<sup>nd</sup> Street via a new route and alignment designated as 185<sup>th</sup> Place SE. The street section will consist of a 3-lane urban arterial standard with curb, gutter and 8' sidewalks, landscaping strips, illumination and stormwater infrastructure. The project will also include crossing Jenkins Creek. The actual route and alignment will be determined during design.



City of Covington  
2012-2017 6 Year TIP  
Project Descriptions

4. **CIP 1063 SE 272<sup>nd</sup> Street between 160<sup>th</sup> Avenue SE and 164<sup>th</sup> Avenue SE**

This project provides for design and future construction of additional turn lanes, channelization, and signal modifications. Widening SE 272<sup>nd</sup> 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 256<sup>th</sup> Street between 172<sup>nd</sup> Avenue SE and 180<sup>th</sup> Avenue SE**  
**CIP 1149 180<sup>th</sup> Avenue SE between SE 256<sup>th</sup> Street and SE Wax Road (N)**

Portions of these two larger CIP projects (see map) are being combined to provide improvements adjacent to the new fire station at SE 256<sup>th</sup> Street and 180<sup>th</sup> Avenue SE. The improvements will include widening the north side of SE 256<sup>th</sup> Street from 180<sup>th</sup> Avenue SE to 176<sup>th</sup> Avenue SE to match the section at 168<sup>th</sup> Avenue SE. The frontage along 180<sup>th</sup> 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>2012 Budget</u>
804-000-595-90-41-02	Const Admin Engineering Svcs	\$ 7,500
	Other Services and Charges	<u>7,500</u>
804-000-595-40-63-02	Storm Drainage Improvements	<u>207,460</u>
	Capital Outlay	<u>207,460</u>
	<b>Grand Total</b>	<b><u>\$ 214,960</u></b>

## CIP 1010 - COVINGTON COMMUNITY PARK

<u>Account Number</u>	<u>Description</u>	<u>2012 Budget</u>
810-000-594-76-41-02	Engineering Services	\$ 74,770
810-000-594-76-44-01	Legal & Publication Notices	<u>1,200</u>
	Other Services and Charges	<u>75,970</u>
810-000-594-76-63-00	Other Improvements	<u>1,689,514</u>
	Capital Outlay	<u>1,689,514</u>
	<b>Grand Total</b>	<b><u>\$ 1,765,484</u></b>

## CIP 1127 - SR516 WIDENING AT JENKINS CREEK

<u>Account Number</u>	<u>Description</u>	<u>2012 Budget</u>
865-000-595-10-41-02	Engineering Services	\$ 1,286,447
	Other Services and Charges	<u>1,286,447</u>
	<b>Grand Total</b>	<b><u>\$ 1,286,447</u></b>



## LOCAL IMPROVEMENT DISTRICT NO. 99-01

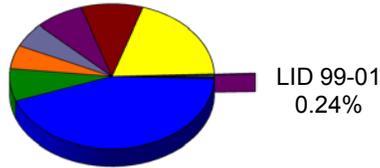
### Fund Overview

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

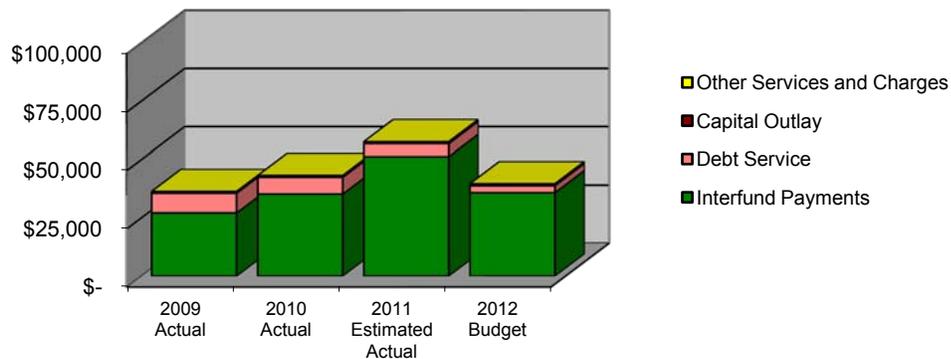
If any of the accounts associated with this bond issue default, the City has established a guaranty fund, which is 10% of the entire bond issue.

### 2012 Budget All Funds



<b>Uses of Funds:</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Estimated Actual</b>	<b>2012 Budget</b>
Other Services and Charges	\$ 697	\$ 725	\$ 750	\$ 750
Capital Outlay	-	-	-	-
Debt Service	8,484	7,179	5,483	3,019
Interfund Payments	27,201	35,321	51,340	35,909
Total Operating Expenses	<u>36,382</u>	<u>43,225</u>	<u>57,573</u>	<u>39,678</u>
Operating Transfer Out	-	-	-	-
Other Decreases in Fund Balance	-	-	-	-
Total Uses	<u>\$ 36,382</u>	<u>\$ 43,225</u>	<u>\$ 57,573</u>	<u>\$ 39,678</u>

### Total Operating Expenditures by Year



## LOCAL IMPROVEMENT DISTRICT 99-01

<u>Account Number</u>	<u>Description</u>	<u>2012 Budget</u>
330-000-595-90-41-10	Professional Services	\$ 750
	Other Services and Charges	<u>750</u>
330-000-592-95-89-02	LID Interest Expense	<u>3,019</u>
	Debt Service: Interest	<u>3,019</u>
330-000-592-95-79-02	LID Principal Payment	<u>35,909</u>
	Interfund Payment for Serv.	<u>35,909</u>
	<b>Grand Total</b>	<b><u>\$ 39,678</u></b>



## LONG-TERM DEBT SERVICE

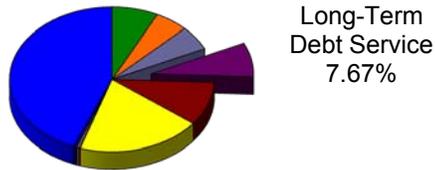
### Fund Overview

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

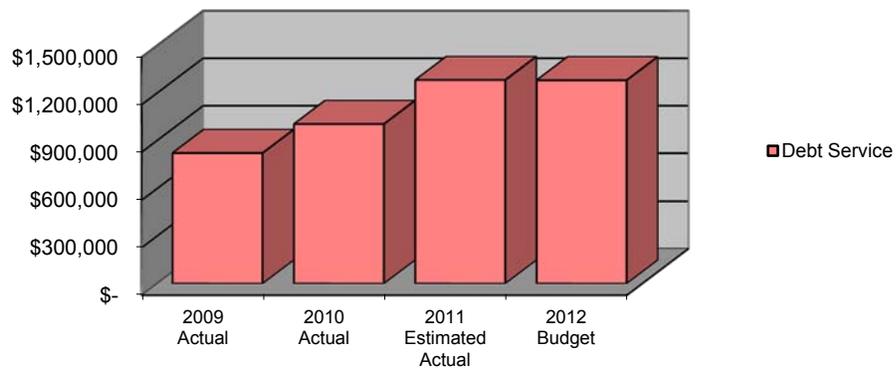
None

### 2012 Budget All Funds



	2009 Actual	2010 Actual	2011 Estimated Actual	2012 Budget
Uses of Funds: Debt Service	<u>\$821,312</u>	<u>\$ 1,004,451</u>	<u>\$ 1,282,977</u>	<u>\$1,281,323</u>
Total Uses	<u>\$821,312</u>	<u>\$ 1,004,451</u>	<u>\$ 1,282,977</u>	<u>\$1,281,323</u>

### Total Operating Expenditures by Year



## LONG-TERM DEBT SERVICE

<u>Account Number</u>	<u>Description</u>	<u>2012 Budget</u>
202-000-591-95-71-01	2007T GO Bond Principal	\$ 515,000
202-000-591-95-71-03	2008 GO Bond Principal	17,603
202-000-591-95-78-00	PWTF Principal	<u>214,896</u>
	Debt Service: Principal	<u>747,499</u>
202-000-592-38-83-04	PWTF Interest	13,968
202-000-592-95-83-01	2007T Interest payment	95,292
202-000-592-95-83-02	2007A Interest Payment	414,684
202-000-592-95-83-03	2008 GO Interest Payment	<u>9,880</u>
	Debt Service: Interest	<u>533,824</u>
<b>Grand Total</b>		<b><u>\$ 1,281,323</u></b>



## INTERNAL SERVICE UNEMPLOYMENT INSURANCE BENEFIT

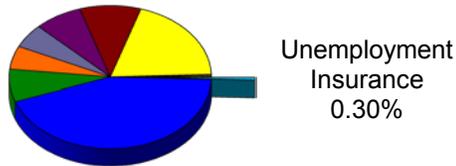
### Fund Overview

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

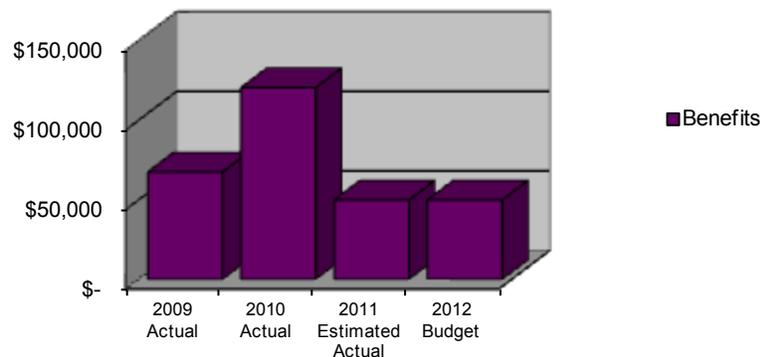
Due to reductions in staff in 2009 and 2010 our unemployment compensation payments increased.

### 2012 Budget All Funds



Uses of Funds:	2009	2010	2011	2012
	Actual	Actual	Estimated Actual	Budget
Benefits	\$ 67,451	\$ 120,500	\$ 50,000	\$ 50,000
Total Uses	<u>\$ 67,451</u>	<u>\$ 120,500</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

### Total Operating Expenditures by Year



**INTERNAL SERVICE  
UNEMPLOYMENT INSURANCE BENEFIT**

<u>Account Number</u>	<u>Description</u>	<u>2012 Budget</u>
501-000-514-10-21-04	Unemployment Compensation	\$ 50,000
	Personnel Benefits	50,000
	<b>Grand Total</b>	<b>\$ 50,000</b>



## INTERNAL SERVICE EQUIPMENT REPLACEMENT

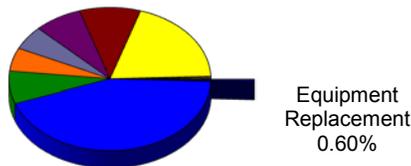
### Fund Overview

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

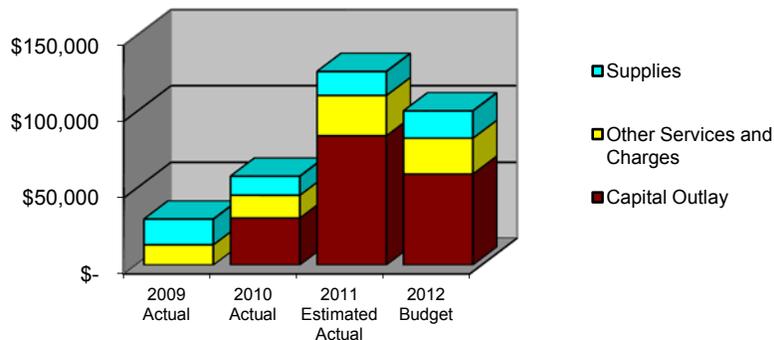
- Inspect, maintain, and repair of City fleet
- Purchase new and replacement vehicles as per schedule
- Maintain updated records for City fleet
- Complete a comprehensive Fleet Policy

### 2012 Budget All Funds



Uses of Funds:	2009	2010	2011	2012
	Actual	Actual	Estimated	Budget
Supplies	\$ 16,862	\$ 12,500	\$ 15,750	\$ 17,950
Other Services and Charges	13,380	15,000	26,525	23,175
Capital Outlay	-	31,000	84,720	59,940
<b>Total Uses</b>	<b>\$ 30,242</b>	<b>\$ 58,500</b>	<b>\$ 126,995</b>	<b>\$ 101,065</b>

### Total Operating Expenditures by Year



## INTERNAL SERVICE EQUIPMENT REPLACEMENT

<u>Account Number</u>	<u>Description</u>	<u>2012 Budget</u>
502-000-548-78-31-05	Operating Supplies	\$ 3,000
502-000-548-78-32-00	Vehicle Fuel	<u>14,950</u>
	Supplies	17,950
502-000-548-78-48-04	Repairs & Maint - Vehicles	<u>23,175</u>
	Other Services and Charges	<u>23,175</u>
502-000-594-48-64-06	Machinery & Equipment	<u>59,940</u>
	Capital Outlay	<u>59,940</u>
	<b>Grand Total</b>	<b><u>\$ 101,065</u></b>

City of Covington  
2012 Budget  
Decision Cards

**General Fund**

No.	Title/Description	Fund	Initiating Dept.	Dept. Charged	Amount Requested		Amount Funded		Notes/Comments
					One-Time	Ongoing	One-Time	Ongoing	
1	Cost of Living Adjustment Cut	GF	Exec		-	(44,100)	-	-	Total cost is \$(94,590) allocated as follows: General Fund \$(44,100), Street Fund \$(8,455), Development Services Fund \$(13,429), Parks Fund \$(12,980), SWM Fund \$(15,626)
2	Citizen Survey	GF	Exec		20,000	-	-	-	
3	Retail Development Study and Strategy	GF	Exec		23,000	12,000	20,000	-	
4	Town Center Economic Impact and Infrastructure Cost Study	GF	Exec		50,000	-	-	-	
5	Solid Waste Franchise Consultant	GF	Exec		30,000	-	-	-	
6	Economic Development Resource	GF	Exec		-	73,740	-	-	
7	Springbrook Software Upgrade	GF	Finance		9,825	675	9,825	675	
8	Mobile Technology	GF	Cent Svcs		1,000	900	1,000	900	Total cost is \$8,875 allocated as follows: General Fund \$1,900, Street Fund \$1,875, Development Services Fund \$235, Parks Fund \$425, SWM Fund \$4,440
9	Redundant Server	GF	Cent Svcs		12,680	-	-	-	
10	Network Switch Replacement	GF	Cent Svcs		2,600	-	2,600	-	
11	Windows 7 Migration	GF	Cent Svcs		3,500	-	3,500	-	
12	Hardware Replacement Fund	GF	Cent Svcs		4,950	-	-	-	
13	Plotter Printer Lease	GF	Cent Svcs		-	5,040	-	-	
14	Workstation Rotation Increase	GF	Cent Svcs		-	2,350	-	-	
15	Police Officer (1 FTE)	GF	Police		-	157,230	-	-	
16	Prisoner Transport Van	GF	Police		20,925	13,500	-	-	
17	Restore Code Enforcement Officer to Full-Time	GF	Comm Dev		-	44,255	-	-	
Net Total General Fund					178,480	265,590	36,925	1,575	
<b>Summary:</b>									
Total Expenditures					178,480	265,590	36,925	1,575	
Total Related Revenue					-	-	-	-	
Total Transfers-in					-	-	-	-	
Total Transfers-out					-	-	-	-	
Total Interfund Loan Receipts					-	-	-	-	
Total Interfund Loan Disbursements					-	-	-	-	
Debt Proceeds					-	-	-	-	
Net Total General Fund					178,480	265,590	36,925	1,575	

**Street Fund**

No.	Title/Description	Fund	Initiating Dept.	Dept. Charged	Amount Requested		Amount Funded		Notes/Comments
					One-Time	Ongoing	One-Time	Ongoing	
1	Cost of Living Adjustment Cut	ST	ST		-	(8,455)	-	-	Total cost is \$(94,590) allocated as follows: General Fund \$(44,100), Street Fund \$(8,455), Development Services Fund \$(13,429), Parks Fund \$(12,980), SWM Fund \$(15,626)
2	Mobile Technology	ST	ST		730	1,145	730	1,145	Total cost is \$8,875 allocated as follows: General Fund \$1,900, Street Fund \$1,875, Development Services Fund \$235, Parks Fund \$425, SWM Fund \$4,440
3	Chip Seal Program	ST	ST		233,000	-	-	-	
Net Total Street Fund					233,730	(7,310)	730	1,145	
<b>Summary:</b>									
Total Expenditures					233,730	(7,310)	730	1,145	
Total Related Revenue					-	-	-	-	
Total Transfers-in					-	-	-	-	
Total Transfers-out					-	-	-	-	
Total Interfund Loan Receipts					-	-	-	-	
Total Interfund Loan Disbursements					-	-	-	-	
Debt Proceeds					-	-	-	-	
Net Total Street Fund					233,730	(7,310)	730	1,145	

**Development Services Fund**

No.	Title/Description	Fund	Initiating Dept.	Dept. Charged	Amount Requested		Amount Funded		Notes/Comments
					One-Time	Ongoing	One-Time	Ongoing	
1	Cost of Living Adjustment Cut	DS	Dev Svcs		-	(13,429)	-	-	Total cost is \$(94,590) allocated as follows: General Fund \$(44,100), Street Fund \$(8,455), Development Services Fund \$(13,429), Parks Fund \$(12,980), SWM Fund \$(15,626)
2	Additional Hours for Building Administration and Inspection Black Diamond ILA	DS	Dev Svcs		26,020 (26,020)	-	26,020 (26,020)	-	
3	Mobile Technology	DS	Dev Svcs		142	93	142	93	Total cost is \$8,875 allocated as follows: General Fund \$1,900, Street Fund \$1,875, Development Services Fund \$235, Parks Fund \$425, SWM Fund \$4,440
4	Permit Tracking System Replacement Less Accela Annual Maintenance	DS	Dev Svcs		4,345 -	7,930 (13,000)	4,345 -	7,930 (13,000)	
5	Planning Consultant	DS	Dev Svcs		53,000	-	53,000	-	
Net Total Development Services					57,487	(18,406)	57,487	(4,977)	
<b>Summary:</b>									
Total Expenditures					83,507	(18,406)	83,507	(4,977)	
Total Related Revenue					(26,020)	-	(26,020)	-	
Total Transfers-in					-	-	-	-	
Total Transfers-out					-	-	-	-	
Total Interfund Loan Receipts					-	-	-	-	
Total Interfund Loan Disbursements					-	-	-	-	
Debt Proceeds					-	-	-	-	
Net Total Development Services					57,487	(18,406)	57,487	(4,977)	

City of Covington  
2012 Budget  
Decision Cards

**Parks Fund**

No.	Title/Description	Fund	Initiating Dept.	Dept. Charged	Amount Requested		Amount Funded		Notes/Comments
					One-Time	Ongoing	One-Time	Ongoing	
1	Cost of Living Adjustment Cut	Parks			-	(12,980)	-	-	Total cost is \$(94,590) allocated as follows: General Fund \$(44,100), Street Fund \$(8,455), Development Services Fund \$(13,429), Parks Fund \$(12,980), SWM Fund \$(15,626)
2	Mobile Technology	Parks	Pks Maint		190	235	190	235	Total cost is \$8,875 allocated as follows: General Fund \$1,900, Street Fund \$1,875, Development Services Fund \$235, Parks Fund \$425, SWM Fund \$4,440
3	Additional Parks Maintenance Funding	Parks	Pks Maint		-	13,500	-	-	
4	Covington Community Park Maintenance Reduction in 2012 only for mid-year implementation	Parks	Pks Maint		63,000	152,495	-	-	
5	Transfer-out to CIP 1012 for Demolition of Gardner Houses	Parks	Pks Maint		-	10,000	-	-	
6	NRPA Conference for Aquatic Supervisor WCIA Scholarship for 2012 and 2013 only	Parks	Aquatics		-	1,750	-	-	
7	Transfer-out for Aquatic Center Roof Lifecycle Replacement	Parks	Aquatics		33,830	-	-	-	
8	Paint Exterior of Aquatic Center	Parks	Aquatics		16,320	-	-	-	
9	Variable Frequency Drive for Pool Circulation Pump PSE Utility Rebate	Parks	Aquatics		10,860	-	-	-	
10	Flag Pole for Aquatic Center	Parks	Aquatics		8,485	910	-	-	
11	Reader Board Sign for Aquatic Center	Parks	Aquatics		40,030	200	-	-	
12	Aquatic Center Mural	Parks	Recreation		10,000	-	-	-	
13	Impact Fee Study	Parks	Parks		30,000	-	-	-	
Net Total Parks Fund					207,285	116,085	190	235	
Summary:									
Total Expenditures					178,885	106,085	190	235	
Total Related Revenue					(5,430)	-	-	-	
Total Transfers-in					-	-	-	-	
Total Transfers-out					33,830	10,000	-	-	
Total Interfund Loan Receipts					-	-	-	-	
Total Interfund Loan Disbursements					-	-	-	-	
Debt Proceeds					-	-	-	-	
Net Total Parks Fund					207,285	116,085	190	235	

**Surface Water Management Fund**

No.	Title/Description	Fund	Initiating Dept.	Dept. Charged	Amount Requested		Amount Funded		Notes/Comments
					One-Time	Ongoing	One-Time	Ongoing	
1	Cost of Living Adjustment Cut	SWM	SWM		-	(15,626)	-	-	Total cost is \$(94,590) allocated as follows: General Fund \$(44,100), Street Fund \$(8,455), Development Services Fund \$(13,429), Parks Fund \$(12,980), SWM Fund \$(15,626)
2	Mobile Technology	SWM	SWM		1,688	2,752	1,688	2,752	Total cost is \$8,875 allocated as follows: General Fund \$1,900, Street Fund \$1,875, Development Services Fund \$235, Parks Fund \$425, SWM Fund \$4,440
3	Engineering Technician II (1.0 FTE)	SWM	SWM		-	45,867	-	-	
4	NPDES Implementation Grant Allocation DOE Grant	SWM	SWM		88,775	-	88,775	-	
5	Green River Community College Scholarship Program	SWM	SWM		5,000	-	-	-	
Net Total Surface Water Management Fund					6,688	32,993	1,688	2,752	
Summary:									
Total Expenditures					95,463	32,993	90,463	2,752	
Total Related Revenue					(88,775)	-	(88,775)	-	
Total Transfers-in					-	-	-	-	
Total Transfers-out					-	-	-	-	
Total Interfund Loan Receipts					-	-	-	-	
Total Interfund Loan Disbursements					-	-	-	-	
Debt Proceeds					-	-	-	-	
Net Total Surface Water Management Fund					6,688	32,993	1,688	2,752	

**Capital Investment Program Fund**

No.	Title/Description	Fund	Initiating Dept.	Dept. Charged	Amount Requested		Amount Funded		Notes/Comments
					One-Time	Ongoing	One-Time	Ongoing	
1	Transfer-In for Aquatic Center Roof Lifecycle Replacement	CIP	CIP		(33,830)	-	-	-	CIP 1172
2	Transfer-In from Parks for Demolition of Gardner Houses	CIP	CIP		-	(10,000)	-	-	CIP 1012
Net Total Capital Investment Program Fund					(33,830)	-	-	-	
Summary:									
Total Expenditures					-	-	-	-	
Total Related Revenue					-	-	-	-	
Total Transfers-in					(33,830)	(10,000)	-	-	
Total Transfers-out					-	-	-	-	
Total Interfund Loan Receipts					-	-	-	-	
Total Interfund Loan Disbursements					-	-	-	-	
Debt Proceeds					-	-	-	-	
Net Total Capital Investment Program Fund					(33,830)	(10,000)	-	-	

**Net Total Decision Cards For All Funds** **649,840    378,952    97,020    730**

**Summary of Decision Cards For All Funds**

Total Expenditures					770,065	378,952	211,815	730	
Total Related Revenue					(120,225)	-	(114,795)	-	
Total Transfers-in					(33,830)	(10,000)	-	-	
Total Transfers-out					33,830	10,000	-	-	
Total Interfund Loan Receipts					-	-	-	-	
Total Interfund Loan Disbursements					-	-	-	-	
Debt Proceeds					-	-	-	-	
Net Total Decision Cards for all Funds:					649,840	378,952	97,020	730	

**STATISTICAL**

## Covington's place in the State of Washington



### Overview

- Incorporated 1997
- Type of Government: Council-Manager
- 39 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 40% since 1997 to current 17,640
- Ranked 56 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 2010. Number of acres has increased from 12 acres in 2000 to 135 in 2011

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

	<u>2012</u>	<u>2011</u>	<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>
<b>Function</b>										
General Government	13	13	13	13	13	12	12	14	9	8
Community Development	8	6	10	16	16	15	15	4	15	12
Public Safety (Note 1)	-	-	-	-	-	-	-	-	-	-
Highways and Streets	12	10	13	14	14	11	11	5	5	5
Culture and Recreation	<u>11</u>	<u>10</u>	<u>10</u>	<u>9</u>	<u>9</u>	<u>8</u>	<u>8</u>	<u>13</u>	<u>4</u>	<u>4</u>
Total	<u>44</u>	<u>39</u>	<u>46</u>	<u>52</u>	<u>52</u>	<u>46</u>	<u>46</u>	<u>36</u>	<u>33</u>	<u>29</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 2012**

<b>Position</b>	<b>Salary Range Annual</b>	
City Manager	\$ 138,134	- \$ 164,938
Community Development Director	\$ 109,417	- \$ 130,648
Finance Director	\$ 109,417	- \$ 130,648
Parks & Recreation Director	\$ 109,417	- \$ 130,648
Public Works Director	\$ 109,417	- \$ 130,648
Building Official	\$ 89,192	- \$ 106,501
City Engineer	\$ 89,192	- \$ 106,501
Development Review Engineer	\$ 79,381	- \$ 94,785
City Clerk/Executive Assistant	\$ 74,887	- \$ 89,419
Personnel Manager	\$ 72,769	- \$ 86,891
Maintenance Supervisor	\$ 70,649	- \$ 84,360
Community Relations Coordinator	\$ 70,649	- \$ 84,360
Plans Examiner/Building Inspector	\$ 70,649	- \$ 84,360
Recreation & Aquatic Manager	\$ 70,649	- \$ 84,360
Senior Information Systems Administrator	\$ 68,649	- \$ 81,970
Senior Planner	\$ 68,649	- \$ 81,970
Accountant	\$ 66,649	- \$ 79,582
Aquatic Supervisor	\$ 66,649	- \$ 79,582
Engineering Tech III	\$ 66,649	- \$ 79,582
Permit Center Coordinator	\$ 62,877	- \$ 75,078
Associate Planner	\$ 61,097	- \$ 72,954
Code Enforcement Officer	\$ 59,318	- \$ 70,830
Senior Maintenance Worker	\$ 59,318	- \$ 70,830
Personnel & HS Analyst	\$ 57,639	- \$ 68,826

**City of Covington**  
**Employee Positions/Salary Range Schedule**  
**For the Fiscal Year 2012**

<b>Position</b>	<b>Salary Range Annual</b>	
Finance Specialist	\$ 55,961	- \$ 66,818
Maintenance Worker	\$ 55,961	- \$ 66,818
Deputy City Clerk	\$ 54,377	- \$ 64,930
Engineering Technician II	\$ 54,377	- \$ 64,930
Office Supervisor/PW	\$ 54,377	- \$ 64,930
Assistant Planner	\$ 52,794	- \$ 63,039
Accounting Clerk	\$ 49,804	- \$ 59,469
Aquatics Specialist	\$ 49,804	- \$ 59,469
Engineering Tech I	\$ 49,804	- \$ 59,469
Office Technician II - PW or EO	\$ 43,071	- \$ 51,429
Management Assistant	\$ 38,333	- \$ 45,771
Senior Lifeguard	\$ 42,714	- \$ 51,001
Specialty Instructor	\$ 31,452	- \$ 37,555
Water Safety Instructor	\$ 31,452	- \$ 37,555
Lifeguard	\$ 25,007	- \$ 29,860
Engineering/GIS Technician/Intern	\$ 27,834	\$ 33,235
Maintenance Worker (Seasonal)	\$ 26,236	- \$ 31,327
Office Assistant	\$12/hr flat rate	

**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)		
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
2011	666,600,332	1,019,431,097	761,334	-	28,248,339	13,854,937	-	1,728,896,039	3,838,928
2012	616,578,144	930,283,814	762,510	-	25,032,370	13,500,701	-	1,586,157,539	12,531,950

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**

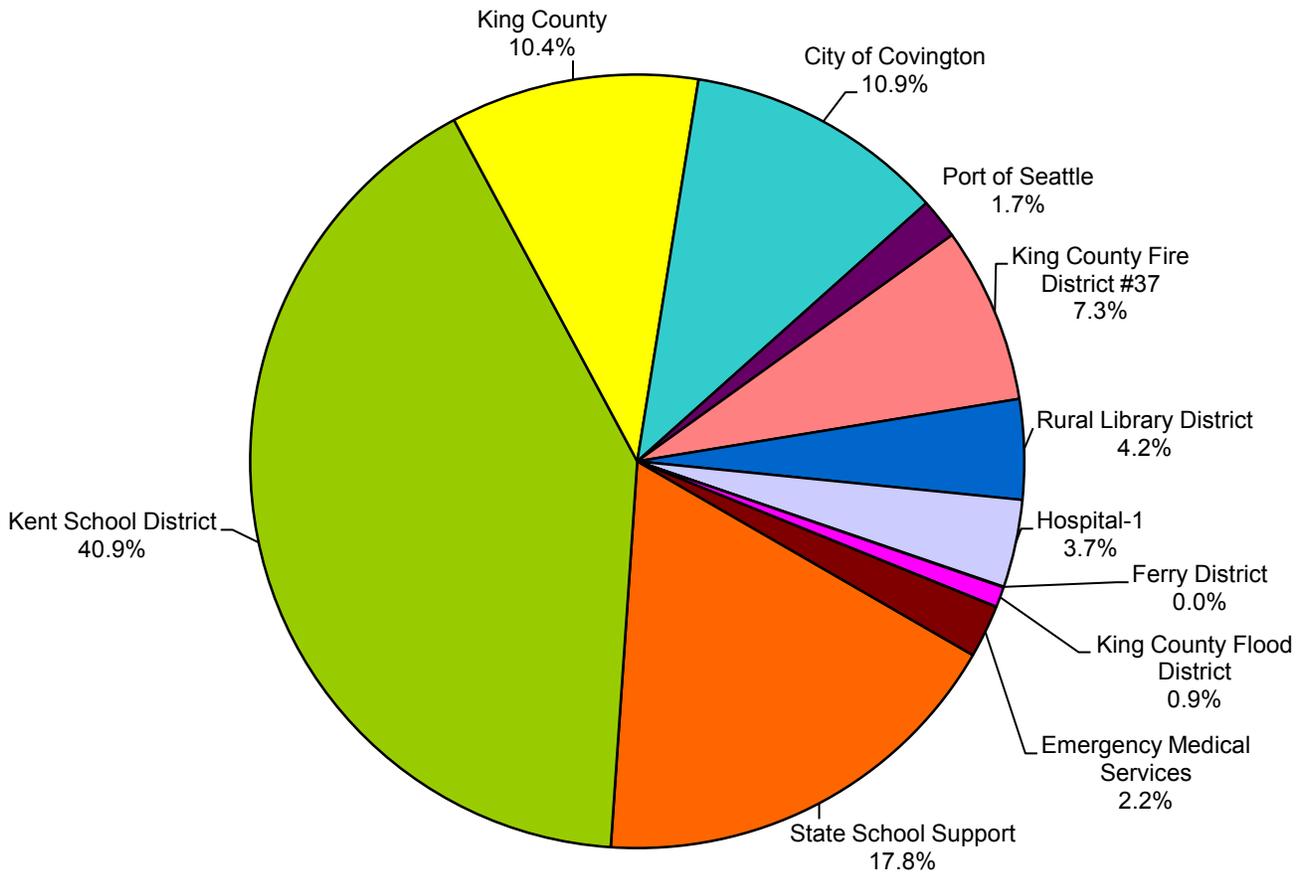
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
				Omits			Regular Levy				
Fiscal Year	Total Assessed Value	Assessed Value of Exempt Property	Assessed Value	Levy Rate Per \$1,000	Levy (3x4)	Assessed Value (1-2-3)	Levy Rate Per \$1,000	Regular Levy (6x7)	Total Property Tax Levy (5+8)	Less Exempt Property (Senior Citizen)	Net Assessed Value for Excess Levy (6-10)
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
2011	1,728,896,039	7,959,822	-	Note 1	-	1,720,936,217	1.36992	2,357,545	2,357,545	11,016,024	1,709,920,193
2012	1,586,157,539	7,327,889		Note 1		1,578,829,650	1.48090	2,338,089	2,338,089	11,391,334	1,567,438,316

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**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
State School Fund	\$ 2.89680	\$ 2.75678	\$ 2.68951	\$ 2.49787	\$ 2.32535	\$ 2.13233	\$ 1.96268	\$ 2.22253	\$ 2.27990	\$ 2.42266
Kent School District										
Special Levy	2.81717	2.70217	2.74299	2.65755	2.58756	2.39044	2.30024	2.80694	3.25368	3.55234
Bond Levy	1.67956	1.78690	1.83877	1.73553	1.28303	1.73225	1.52691	1.72361	1.84496	1.74641
Building Fund Levy	0.23994	0.22810	0.21633	0.20026	0.30500	0.27067	0.24237	0.27800	0.28828	0.30111
King County										
Regular Levies										
Current Expense	0.99968	0.99253	0.94845	0.89604	0.84558	0.76686	0.69697	0.80597	0.84638	0.89508
County River Improvement	0.01084	0.01064	0.01039	0.00986	0.00922	-	-	-	-	-
Inter-county River	0.00022	0.00021	0.00020	0.00019	0.00017	0.00015	0.00013	0.00015	0.00015	0.00016
Veteran's Aid	0.00917	0.00900	0.00879	0.00834	0.00780	0.00706	0.00643	0.00746	0.00778	0.00819
Mental Health	0.02038	0.02000	0.01954	0.01854	0.01733	0.01570	0.01430	0.01657	0.01746	0.01838
Transportation	-	-	-	-	-	-	-	0.06501	0.06884	0.07500
Councilmanic Bond Redemption	0.06525	0.05091	0.07210	0.07076	0.06208	0.05923	0.05661	0.06714	0.07479	0.08150
AFIS (voted)	0.04832	0.05050	0.04933	0.05000	0.05680	0.05146	0.04473	0.04571	0.03528	0.03530
Zoo/Open Space/Trails	-	-	-	-	-	0.05000	0.04749	0.05451	0.05821	0.06308
Veterans/Human Services	-	-	-	-	-	0.04232	0.03856	0.04468	0.04708	0.05000
Parks (voted)	-	0.04900	0.04785	0.04542	0.04244	0.05000	0.04749	0.05451	0.05821	0.06308
Conservation Futures	0.05625	0.05922	0.05791	0.05488	0.05135	0.04641	0.04246	0.04918	0.05191	0.05483
Bond Fund Unlimited	0.13937	0.18945	0.16773	0.17466	0.15007	0.11851	0.10255	0.07410	0.07207	0.07128
<b>City of Covington</b>	<b>1.32315</b>	<b>1.28369</b>	<b>1.24664</b>	<b>1.20452</b>	<b>1.15224</b>	<b>1.04814</b>	<b>0.98104</b>	<b>1.15290</b>	<b>1.36485</b>	<b>1.48090</b>
Port of Seattle										
General Fund	0.13170	0.09073	0.10079	0.08259	0.09552	0.10447	0.19700	0.21597	0.10061	0.10278
Bond Fund	0.12725	0.16329	0.15242	0.15071	0.13606	0.11912	-	-	0.12305	0.12704
King County Fire District #37	1.33808	1.29833	1.50000	1.42180	1.35107	1.35000	1.35001	1.35000	1.00000	1.00000
King County Fire District #37 Reserve	-	-	-	-	-	0.15000	0.14999	0.15000	-	-
Rural Library District	0.50000	0.49246	0.48288	0.45884	0.43295	0.39186	0.36118	0.42188	0.50000	0.50000
Rural Library District- G.O. Bonds	0.04568	0.04407	0.04967	0.07540	0.06732	0.06150	0.05618	0.06338	0.06622	0.06992
Hospital-1	0.09254	0.09200	0.09039	0.05900	0.55652	0.50854	0.47141	0.53290	0.55753	0.50000
Hospital-1 G.O. Bonds	-	-	-	-	-	-	-	-	-	-
Ferry District	-	-	-	-	-	0.05500	0.05018	0.00348	0.00360	0.00372
King County Flood District	-	-	-	-	-	0.10000	0.09123	0.10514	0.10976	0.11616
Emergency Medical Services	0.24143	0.23717	0.23182	0.21982	0.20621	0.30000	0.27404	0.30000	0.30000	0.30000
<b>Total Levy Rate</b>	<b>\$12.78278</b>	<b>\$12.60715</b>	<b>\$12.72450</b>	<b>\$12.09258</b>	<b>\$11.74167</b>	<b>\$11.92202</b>	<b>\$11.11218</b>	<b>\$12.61172</b>	<b>\$13.13060</b>	<b>\$13.63892</b>

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



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

**Total 2012 Assessed Value (A.V.)** 1,578,829,650

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%	\$ 23,682,445	\$ 23,682,445	\$ -	\$ -	\$ -	\$ -
2.50%	-	-	39,470,741	39,470,741	39,470,741	-
7.50%	-	-	-	-	-	118,412,224
Less Outstanding Debt	\$10,269,367	-	-	-	-	\$10,269,367
Remaining Debt Capacity	\$ 13,413,078	\$ 23,682,445	\$ 39,470,741	\$39,470,741	\$ 39,470,741	\$ 108,142,857

**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, 2011**

Series	Date of Issuance	Final Maturity	Original Par	Bonds Outstanding
2007T (Taxable)	6/5/2007	11/1/2015	\$ 2,505,000	\$18,000
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	\$251,367

**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	
2012	532,603	519,856	-	3,019	214,896	13,968	1,284,342
2013	563,314	492,107	-	3,019	214,896	12,894	1,286,230
2014	589,054	462,646	-	3,019	214,896	11,819	1,281,434
2015	619,824	431,438	-	3,019	214,896	10,745	1,279,922
2016	650,625	403,267	-	3,019	214,896	9,670	1,281,477
2017-2021	3,696,317	1,568,469	114,235	14,843	1,074,479	32,234	6,500,578
2022-2026	4,414,630	759,169	-	-	644,687	6,447	5,824,934
2027	985,000	40,631	-	-	-	-	1,025,631
<b>Total</b>	<b>\$ 12,051,367</b>	<b>\$ 4,677,585</b>	<b>\$ 114,235</b>	<b>\$ 29,938</b>	<b>\$ 2,793,646</b>	<b>\$ 97,778</b>	<b>\$ 19,764,548</b>

**City Bond Ratings**

On January 1, 2012 the City held the following bond ratings:

Bond Type	Moody's
Limited Tax General Obligation	A1

**City of Covington  
Population Statistics**

Sex and Age (1)		
	Number	Percent
Total Population	17,575	100.0%
Male	8,786	50.0%
Female	8,789	50.0%
Under 5 Years	1,194	6.8%
5 to 9 Years	1,326	7.5%
10 to 14 Years	1,481	8.4%
15 to 19 Years	1,621	9.2%
20 to 24 Years	969	5.5%
25 to 29 Years	1,023	5.8%
30 to 34 Years	1,264	7.2%
35 to 39 Years	1,328	7.6%
40 to 44 Years	1,451	8.3%
45 to 49 Years	1,652	9.4%
50 to 54 Years	1,384	7.9%
55 to 59 Years	1,078	6.1%
60 to 64 Years	699	4.0%
65 to 69 Years	445	2.5%
70 to 74 Years	258	1.5%
75 to 79 Years	179	1.0%
80 to 84 Years	118	0.7%
85 Years and Over	105	0.6%
Median Age (Years)	34.7	(X)
18 Years and Over	12,555	71.4%
Male	6,189	35.2%
Female	6,366	36.2%
21 Years and Over	11,751	66.9%
62 Years and Over	1,492	8.5%
65 Years and Over	515	2.9%
Male	487	2.8%
Female	618	3.5%

Race(1)		
	Number	Percent
One Race	16,549	94.2%
White	13,378	76.1%
Black or African American	741	2.5%
American Indian and Alaska Native	145	0.8%
Asian	1,491	8.5%
Asian Indian	257	1.5%
Chinese	160	0.9%
Filipino	467	2.7%
Japanese	101	0.6%
Korean	153	0.9%
Vietnamese	133	0.8%
Other Asian (2)	220	1.3%
Native Hawaiian and Other Pacific Islander	100	0.6%
Native Hawaiian	15	0.1%
Guamanian or Chamorro	5	-
Samoaan	43	0.2%
Other Pacific Islander (3)	37	-
Some Other Race	694	3.9%
Two or More Races	1,026	5.8%
Race Alone or in Combination with One or More Other Races (4)		
White	14,297	81.3%
Black or African American	1,033	5.9%
American Indian and Alaska Native	429	2.4%
Asian	1,938	11.0%
Native Hawaiian and Other Pacific Islander	192	1.1%
Some Other Race	847	4.8%

Hispanic or Latino and Race(1)		
	Number	Percent
Total Population	17,575	100.0%
Hispanic or Latino (of any Race)	1,634	9.3%
Mexican	1,199	6.8%
Puerto Rican	85	0.5%
Cuban	17	0.1%
Other Hispanic of Latino	333	1.9%
Not Hispanic or Latino	15,941	90.7%
White Alone	12,680	72.1%

Note 1: Data Taken From the U.S. Census Bureau, Census 2010

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
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
2010	115	14,805,929
2011	122	32,878,442

Household by Type (1)		
	Number	Percent
Total Households	5,817	100.0%
Family Household (families)	4,649	79.9%
With Own Children Under 18 Years	2,491	42.8%
Husband-Wife Family	3,678	63.2%
With Own Children Under 18 Years	1,905	32.7%
Female Householder, No Husband Present	639	11.0%
With Own Children Under 18 Years	399	6.9%
Nonfamily Households	1,168	20.1%
Householder Living Alone	838	14.4%
Male 65 Years and Over	59	1.0%
Female 65 Years and Over	179	3.1%
Households With Individuals Under 18 Years	2,703	46.5%
Household With Individuals 65 Years and Over	825	14.2%
Average Household Size	3.02	(X)
Average Family Size	3.31	(X)

Relationship (1)		
	Number	Percent
Total Population	17,575	100.0%
In Households	17,545	99.8%
Householder	5,817	33.1%
Spouse	3,678	20.9%
Child	6,103	34.7%
Own Child Under 18 Years	4,566	26.0%
Other Relatives	969	5.5%
Under 18 Years	350	2.0%
65 Years and Over	157	0.9%
Nonrelatives	978	5.6%
Unmarried Partner	437	2.5%
In Group Quarters	30	0.2%
Institutionalized Population	-	-
Noninstitutionalized Population	30	0.2%

Housing Occupancy (1)		
	Number	Percent
Total Housing Units	6,081	100.0%
Occupied Housing Units	5,817	95.7%
Vacant Housing Units	264	4.3%
For Seasonal, Recreational or Occasional Use	13	0.2%
Homeowner Vacancy Rate (percent)	1.9	(X)
Rental Vacancy Rate (percent)	5.0	(X)

Housing Tenure (1)		
	Number	Percent
Occupied Housing Units	5,817	100.0%
Owner Occupied Housing Units	4,807	82.6%
Renter-Occupies Housing Units	1,010	17.4%
Average Household Size of Owner-Occupied Units	3.02	(X)
Average House Size of Renter-Occupied Units	2.99	(X)

Note 1: Data Taken From the U.S. Census Bureau, Census 2010

- Represents Zero or Rounds to Zero

(X) Not Applicable.

**City of Covington**  
**Workload Indicators by Function**  
**Last Ten Fiscal Years**

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Function</b>										
City Manager (Note 1)										
Citizen Action Requests	194	275	281	268	347	401	N/A	N/A	N/A	N/A
Community Room Rentals	141	160	295	283	230	232	N/A	N/A	N/A	N/A
Contacts by Citizens (Phone and Walk-in)	11,894	11,279	13,088	15,116	12,984	12,014	N/A	N/A	N/A	N/A
Finance (Note 1)										
AP Checks Processed	1,738	1,794	1,772	1,758	1,600	1,829	1,689	1,513	1,397	N/A
AP Invoices Processed	2,797	2,931	3,166	2,994	2,638	2,982	2,339	2,290	2,171	N/A
AP \$ (in Millions)	7	10	10	20	17	10	6	8	8	N/A
AR Invoices/Statements Processed	838	753	827	751	902	1,020	826	624	493	N/A
Payroll Checks Processed	2,007	1,976	2,161	2,201	1,950	1,900	1,787	1,211	1,012	N/A
City Clerk (Note 1)										
Public Disclosure Requests	85	88	97	255	288	255	205	N/A	N/A	N/A
Covington Connection E-mails Received	78	116	178	186	243	219	194	N/A	N/A	N/A
Media Pitches (fka Press Releases)	36	57	40	71	62	47	59	N/A	N/A	N/A
Contracts/Agreements	61	45	63	66	35	93	64	N/A	N/A	N/A
Ordinances/Resolutions Passed	32	49	38	49	65	130	113	N/A	N/A	N/A
Community Development										
No. of Permits Issued	122	115	131	209	225	135	207	387	455	282
Estimated Value (in Millions)	39	15	8	49	89	25	36	78	93	69
Public Safety (Note 2)										
No. of Calls for Service	3,803	4,196	4,135	4,026	3,837	4,098	3,982	3,720	3,429	3,429
Reported Crimes	1,418	1,638	1,311	1,631	1,591	1,385	1,338	1,292	1,246	1,137
Traffic Citations	5,925	1,170	1,470	1,451	1,795	1,956	1,776	970	1,252	1,158
No. of Arrests										
Adults	578	602	585	403	418	368	356	289	376	300
Juveniles	80	114	148	117	86	122	141	145	139	108
Culture and Recreation (Note 3)										
Number of Parks	5	5	5	5	5	5	4	4	2	-
Park Acreage	135	135	135	135	135	135	135	135	109	39
Participants at Recreation Swims	20,527	22,068	18,949	21,920	15,351	33,684	32,838	-	-	-
Participants in Aquatic Activities	36,135	37,657	37,235	36,437	35,576	39,064	33,787	-	-	-
Aquatic Center Rental Hours	1,227	1,395	1,271	1,235	1,125	1,211	1,229	-	-	-
In-Water Attendance	81,197	87,620	81,599	83,057	73,427	96,958	91,195	-	-	-
Public Works (Note 1)										
Catch Basins Cleaned	184	956	2,265	2,265	2,100	1,841	N/A	N/A	N/A	N/A
Slope Mowing Miles	24	37	210	96	48	71	N/A	N/A	N/A	N/A
Landscape Mowing Miles	78	100	71	65	86	22	N/A	N/A	N/A	N/A
Miles of Streets Swept	843	2,274	2,054	2,290	1,192	1,754	N/A	N/A	N/A	N/A
Tons of Asphalt Used	269	58	95	100	94	155	N/A	N/A	N/A	N/A
Work Orders Completed	1,460	1,519	1,461	1,368	1,267	656	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.

**City of Covington**  
**Principal Sales Tax Payers**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>Rank</b>
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
Sellen Construction Company	Construction	6
Safeway, Inc.	Retail	7
Les Schwab Tire Centers of Washington	Retail	8
The Office Club, Inc.	Retail	9
Petco Animal Supplies Stores, Inc.	Retail	10

**City of Covington**  
**Principal Property Tax Payers**  
**2010** (Note 1,2)

<u>Taxpayer</u>	<u>Type of Business/Property</u>	<u>2010 Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value</u>
TRC MM, LLC	Shopping Center	\$ 27,349,000	1	1.55%
Covington Legacy - BSP	Shopping Center	25,754,700	2	1.46%
Multicare Health Systems	Healthcare	25,329,410	3	1.44%
Covington Apartments, LLC	Apartments	19,530,000	4	1.11%
Fred Meyer Inc.	Department Store	19,223,300	5	1.09%
Costco Wholesale Corp	Commercial	19,208,800	6	1.09%
Covington Commercial II, LLC	Shopping Center	16,657,000	7	0.94%
Wal-Mart Stores, Inc.	Department Store	14,609,800	8	0.83%
Covington Retail Assoc, LLC	Shopping Center	12,911,700	9	0.73%
Covington Shopping Center	Commercial	<u>10,782,100</u>	10	<u>0.61%</u>
Total Assessed Value of 10 Largest Taxpayers		<u>\$ 191,355,810</u>		<u>7.83%</u>

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

Note 2: Information for 2011 was unavailable at this time.

**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	44	Police Protection: Contracted Through King County	
Population (1)	17,640	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	9,418	Sewer System: Provided by Soos Creek Sewer District	
Number of Votes Cast Last City Election	4,378		
Percentage Voting Last City Election November 2011	46%		

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 Balance – See most recently adopted City of Covington Fund Balance Policy

- 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. (See most recently adopted City of Covington Equipment Replacement Fund Policies and Procedures.)
- 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.

## **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. (See most recently adopted City of Covington Capital Asset Policies and Procedures)
- 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.
- 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 in the amount of \$600 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. CAPITAL ASSETS** – See most recently adopted City of Covington Capital Asset Policies and Procedures

## 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.