

The City of
COVINGTON
WASHINGTON



2013 Budget

CITY OF COVINGTON
2013 BUDGET
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INTRODUCTORY



City of Covington

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October 9, 2012

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

It is my pleasure to present the 2013 Preliminary Operating and Capital Budget. This budget encompasses and implements council policies and conforms to state law.

My previous budget messages have been serious in tone as the economy continued to struggle. While the city's economy is not at pre-recession levels, it has certainly turned a corner in 2012. Major benchmarks have trended upwards this year changing the outlook from one of concern to one of cautious optimism. There are still headwinds that may impact the economy such as the fiscal cliff, Europe, China and gridlock in Congress, but overall Covington seems to be weathering the lethargic recovery well. The city continues to capitalize on opportunities and put Covington on the map as a municipal leader across the state.

Part of that leadership entails working with the public. Earlier this year the Budget Priorities Advisory Committee (or BPAC for short) was born. In a short time the committee has received a comprehensive overview of how the city operates and learned its strengths and challenges. Armed with this information, the BPAC will provide a report that will address the city's needs (both operating and capital); the city's priorities for the use of existing revenue; the city's priorities for the use of any new revenue; whether the community would support additional taxes or fees to meet currently unmet needs; and, if so, which taxes or fees, if any, the community would prefer.

As late as a month ago, the forecast looked less than favorable. Positive trends in some revenue sources coupled with lower-than-expected increases in expenditures have changed the outlook. While portions of the forecast are indeed favorable, there are still some areas of concern. On a fund by fund level, the General Fund is balanced and SWM and Development Services continue to look strong. However the Street Fund remains troubled and Parks is on the watch list. Directors were asked to make additional cuts in their respective departments to create slimmer budgets without sacrificing service or personnel. More details will be provided later in this message.

Economic Outlook¹

Officially, the national economic recovery began in June 2009. While some aspects of the overall economy have improved, there is a fair amount of uncertainty that remains. China is experiencing a slow down, Europe is still in flux, the fiscal cliff remains a possibility and gridlock in Washington threatens to hold back true economic recovery.

However, the Puget Sound region is doing much better than the nation. Employment growth is about double that of the nation as a whole as jobs in aerospace begin to pick up. Currently, employment growth is at 2.7 percent and is expected to grow at an overall rate of 2.5 percent between 2011 and 2014. This outlook is much more optimistic than last year at this time.

Retail sales are on the rise and are expected to beat their 2008 high in the last quarter of this year. In the Puget Sound region, retail sales are expected to hit a 5.9 percent pace through the end of the year. This pace is being fueled by an increase in real personal income growth. Household financial obligations are the lowest since the early 1990s providing leeway for additional spending. However, the uncertainty mentioned earlier could lengthen the recovery time in the retail sector.

¹ Economic information is supplied by the *Puget Sound Economic Forecaster*, Volume 20 Number 3 September 2012

The Seattle consumer price index is forecast to drop slightly in 2013 to 2.2 percent and increase again slightly to 2.5 percent in 2014.

Three years after the recovery began Covington is just starting to feel the effects of a partial recovery. Sales tax collections are at the highest level the city has seen, utility tax is higher than forecast, and real estate excise tax (REET) collections will exceed \$500,000 for the first time since 2008. The magnitude of commercial development projects continues to bring in high permit revenue. This development will bring in one-time construction sales tax dollars as well as living wage jobs which in turn will boost the city's ongoing economic base.

Budget Process

The 2013 budget process began in June with the annual budget call. At that time, the calendar and decision card criteria were reviewed with the directors and budget team. For 2013, the decision card criteria remains the same as 2012 –the decision card must be revenue neutral, legally mandated, council directed, a carryover from a 2012 one-time decision card, or of critical importance to the city as a whole.

Beginning in August, the finance team and I met with individual directors to review base budgets, decision cards and proposed cuts. Ongoing meetings were held to discuss maintenance of Covington Community Park (CCP).

Once these meetings were completed and the preliminary forecast was reviewed, the finance director, senior accountant and I met to discuss which decision cards and cuts would move forward.

To better facilitate the decision making process I created four guiding principles on which budget decisions are based:

- Although the budget forecast has improved, we should continue to look for opportunities to reduce expenditures.
- The two most important services the city provides are law enforcement and infrastructure maintenance. Long-range planning is important, too, because it is how we pursue our vision.
- Our small workforce needs to be well-trained and have access to the latest technology.
- The internet and social media have changed the way the city communicates, and our budget needs to reflect that change.

These principles and the final budget decisions were reviewed with members of the management team the last week of September.

Ongoing Budget Strategies

The following budget strategies are retained:

- 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.
- Continue the ratio of sales tax distribution to the General and Parks Funds by 84 percent/16 percent.

2013 Budget Strategies

- The 2013 cost of living adjustment is 2.7 percent.
- Use fund balance only in cases where funds have deficits to cover (for 2013 that would be the Street Fund and Parks Fund). Most funds will have a surplus at the end of 2012.

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 at or above budget estimates for 2012. Total sales tax collections for 2012 are estimated to be \$2.93 million, with the General Fund receiving 84 percent (\$2.46 million) and the Parks Fund 16 percent (\$469,000).

In 2013, we are forecasting a 1.1 percent total increase in revenues for the entire fund.

- Property tax for 2013 is estimated to be \$2.34 million. This includes a one percent increase plus new construction.
- Sales tax revenue for 2013 is expected to increase by 2 percent over 2012 estimated collections. Both construction revenue and retail sales have been increasing.
- Utility tax collections for 2012 are estimated at \$2.07 million (2.6 percent ahead of forecast). For 2013, the forecast was revised upward by 6.3 percent.²
- Other sources of revenue total \$1.3 million with \$380,000 being paid to the General Fund in the form of overhead and interfund payments from other funds.

On the operating expenditure side, the budget is 5.6 percent, or \$369,000, higher than estimated actuals for 2012. This is due to a 2.7 percent COLA, an increase in the cost of existing medical benefits, and the police services contract. The debt service transfer is estimated to increase by \$64,000.

I am recommending cuts of \$61,190 among all departments. These are primarily in supplies, unused travel expenses and other un-utilized costs. One noteworthy reduction is the newsletter. The logic is to move from a monthly newsletter to a quarterly newsletter supplemented by continued use of social media and a new marketing/advertising budget of \$10,000 per year.

I am recommending six decision cards totaling \$163,793 – \$116,965 in one-time costs and \$46,828 in ongoing costs. The one-time decision cards are: 1) a town center economic impact and infrastructure study; 2) a transfer to the Parks Fund for a parks CIP update; 3) a prisoner transport van; and 4) a one-year reduction in elective police overtime to help fund the prisoner transport van, which is included in the department cuts above.

The ongoing decision cards are: 1) plotter printer lease; 2) workstation rotation increase; 3) prisoner transport van; and 4) the senior planner position at a 0.75 FTE. This position had been a one-time funded position and is now made permanent.

Street Fund

There are two main sources of revenue for this fund: Comcast franchise fees and motor vehicle fuel tax. Franchise fees are forecasted to remain flat while the fuel tax is showing an increase of 4.7 percent over 2012 estimated collections. Base expenditures before decision cards are \$924,000, which is a decrease from expected actual expenditures in 2012.

I am recommending a cost reduction of \$52,000 which is primarily contracts with King County and some associated supplies and professional services. This leaves a deficit of \$56,000 which will be funded from reserves for 2013.

I am recommending one decision card totaling \$(1,200) which is a reduction in the base budget for the current plotter lease.

² This increase is attributable to adding the utility tax from SWM and a forecasted slight increase in electric and gas rates.

As it exists, the Street Fund is unsustainable. The current strategy is to eliminate about half of the annual shortfall in case the council wants to pursue revenue options that negate the need for further reductions. These are outlined in the revenue options section.

Development Services Fund

For 2013, both permit revenues and charges for services are increasing significantly. A deficit is expected in 2012, but there are sufficient reserves available to roll forward. While 2013 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 am recommending two decision cards: 1) funding the temporary associate planner position – currently one-time funded and extended for at least one more year; and 2) reducing the base budget for the current plotter lease.

Parks Fund

Revenues in the Parks Fund for 2013 are expected to increase slightly in all categories. Expenditures show an increase primarily due to cost of living and medical cost increases.

I am recommending two decision cards: 1) for Covington Community Park (CCP) maintenance; and 2) the parks CIP update.

I want to commend staff for finding a way to reduce CCP maintenance costs from earlier higher estimates. Based on this I would like to recommend that the council modify its utility tax policy to dedicate 0.5% to parks maintenance generally rather than CCP maintenance specifically.

Surface Water Management Fund (SWM)

Revenues for SWM are staying pretty much even with 2012 excluding some one-time revenue from grants. No rate increases are built into the model.

Budgeted expenditures are on track with 2012 excluding some one-time costs.

I am recommending two decision cards: 1) seasonal maintenance workers; and 2) reducing the base budget for the current plotter lease.

Capital Investment Program Fund

For 2013, four projects are budgeted: Covington Community Park for \$12,000; CIP 1029 - annual traffic safety projects for \$250,000; CIP 1057 - 156th Avenue SE for \$380,000; and CIP 1127 - SR 516 widening at Jenkins Creek for \$630,000.

Revenue Options

Acting as a transportation benefit district (TBD), there are two revenue options available to the city (specifically available for the Street Fund).

License fees:

If the council passed a license tab fee of \$20 it could raise approximately \$274,000 per year. This would resolve most of the future Street Fund shortfall; but, on its own, fails to add preventative maintenance or reduce the General Fund subsidy so it can be used for other purposes (e.g., additional police officer(s)).

A voter approved ballot measure could impose license fees of up to \$100. This option could resolve the future Street Fund shortfall, add preventative maintenance and eliminate the General Fund subsidy so it can be used for other purposes. This option could be transitional (i.e., imposed unless/until voters approved the sales tax option).

Sales tax option:

A voter approved ballot measure that adds additional sales tax of up to 0.2 percent. This source could provide as much as \$670,000 annually in additional revenue (paid by local and non-local residents). This option would

resolve the future Street Fund shortfall, add preventative maintenance and eliminate the General Fund subsidy so it can be used for other purposes.

The BPAC is weighing in on this option and will provide a recommendation with their year-end report.

Summary

At the beginning of the Great Recession, the city made some bold adjustments. Other cities tried to hang on to programs and staff, thinking they could weather the storm. But the recession was longer and deeper than anyone could fathom.

The bold adjustments came at the right time and in the right amount. Because of that early action, the city was able to avoid much of the pain that other cities are now going through. The General Fund is currently forecast to have an ending fund balance equivalent to 40 percent of operating expenditures at the end of 2013. In addition, the city has a reserve fund of \$1.4 million.

The decisions made were not easy at the time, but the foresight and fortitude shown by the council and staff has put the city in a stronger financial position than it otherwise would have been if those decisions had been delayed or not implemented.

That said, the city still has some areas of concern – primarily streets and parks. My recommendation to move forward with a TBD has been discussed and we all await the BPAC report at year-end.

An option for parks not previously mentioned is to merge the Parks Fund back into the General Fund in 2013. The benefits are twofold – Parks is a governmental fund and, as such, belongs in the General Fund, and by merging the two funds together it eliminates some duplicate accounting work. The downside is that the merger will mask the financial position of parks as costs are blended with the General Fund. Some additional monitoring will be required to track costs.

All in all, the 2013 budget looks more promising than we have seen in a number of years. I have been able to recommend some decision cards that are important; there has been some belt-tightening which creates more efficiency; and with the BPAC report expected by year-end there is some real optimism.

I want to thank the finance staff for their continued efforts in providing solid support for departments and management. The department directors also deserve particular recognition for striving to provide quality service with limited resources and for keeping the city's best interests at the forefront of all they do.

Lastly, I thank you, the City Council, for your continued support of staff and me and for your ongoing commitment to the city's vision of an Unmatched Quality of Life.

I look forward to your deliberations.

Sincerely,



Derek Matheson
City Manager



City of Covington

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March 20, 2013

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

It is my pleasure to present the Final 2013 Operating and Capital Budget summary report. This summary notes one change made after the preliminary budget message and forecast were presented to council in October 2012.

During the annual budget summit on November 3, 2012, in which the directors presented their budgets and decision card requests for 2013 budget cycle, the council considered funding the decision card requesting the redundant server.

After staff presented an updated forecast with evidence of additional sales tax revenue being collected, I recommended moving forward and including the decision card funding the redundant server. The impact to the General Fund is an additional \$11,390 in ongoing costs and a one-time cost of \$12,290.

My original recommendations in the preliminary budget message along with the one change were approved by the council and the 2013 Operating and Capital Budget was adopted on December 11, 2012.

My thanks go out to the Council for their careful deliberations and to the Directors for their detailed and unselfish approach to the budget.

Sincerely,

A handwritten signature in black ink that reads "Derek M. Matheson". The signature is written in a cursive, flowing style.

Derek M. 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 2013 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 2013 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 2012 year end fund balances, as well as FY 2013 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 2013 budget for each Department within each Fund. Each Department includes a mission statement, department overview, major activities, significant budget issues, 2012 accomplishments, and 2013 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 2013 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 separated into three 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>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 twelve governmental funds: the General Fund, the Street Fund, the Development Services Fund, the Parks Fund, the Capital Investment Program Fund, the Cumulative Reserve Fund, the Contingency Fund, the Real Estate Excise Tax Fund 1st ¼% Fund, the Real Estate Excise Tax Fund 2nd ¼% Fund, the Local Improvement District 99-01 Fund, the Local Improvement District Guaranty Fund, the Long-Term Debt Service Fund; as well as three proprietary funds, two internal service funds: the Unemployment Insurance Fund and the Equipment Replacement Fund; and one enterprise fund: the Surface Water Management 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.

Contingency Fund: The Contingency Fund is used to accumulate monies with which to meet any municipal expense, the necessity or extent of which could not have been foreseen or reasonable evaluated at the time of adopting the annual budget or to provide monies for certain emergencies which may arise. The amount accumulated shall not exceed the equivalent of thirty-seven and one half cents per thousand dollars of assessed valuation within the City at such time.

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

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

Debt Service Funds

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

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

Capital Projects Funds

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

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

Internal Service Funds

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

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

Enterprise Fund

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.

2013 Budget Calendar

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
6/19	CM/Finance	Formal budget call after Mgmt Team meeting.
Jun – Aug	All Depts	Complete Department Budgets per Budget Instructions; Base budget worksheets and all forms are due to Finance including decision cards, line-item detail, new employee requests including job descriptions and justifications, new revenue/revenue enhancements, and capital outlay requests. Final due date is August 10th. NO EXCEPTIONS.
7/10	All Depts	Decision card list to the City Manager and Finance Director.
TBD	CM/Fin/Directors	Individual meetings regarding base budget and decision card list.
8/31	Finance/All Depts	Complete 2013-2018 revenue forecast.
7/1 – 8/31	Fin/HR	Develop Personnel Budget.
9/11	CM/Finance/Directors	Management meeting on final decision card list.
8/1 – 10/1	Finance	Prepare 2012 preliminary budget document. Preliminary budget message to the CM the week of 9/17 for review.
10/2*	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.
10/9*	CM/Fin	Preliminary budget presented to City Council and copies made available to the public. CM presents budget message.
10/23 *	CM/Council/Departments	First public hearing on revenue sources including consideration of possible increases in the property tax (prior to setting property tax levy).
11/3	CM/Council/Departments	Study session for department presentations and budget discussions.
11-13/11-27*	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.
11/27 *	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.
12/4	City Council	Budget deliberations continue (if needed).
12/11*	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

SENIOR ACCOUNTANT

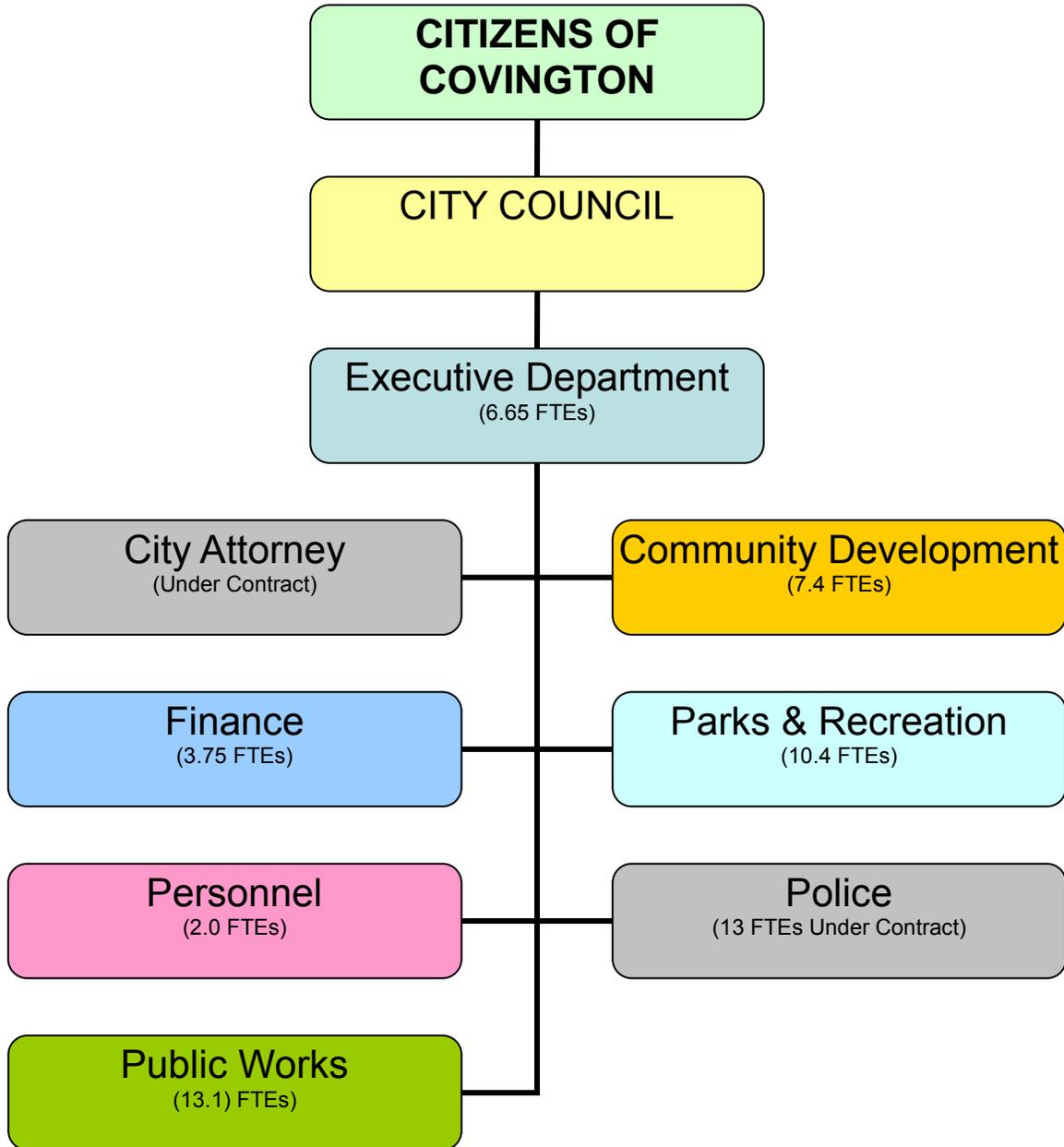
LINDSAY HAGEN

FINANCE SPECIALIST

STACI CLES

ACCOUNTING CLERK

~ **CITY OF COVINGTON** ~
ORGANIZATION CHART by FUNCTION
January 2013





ARTS COMMISSION 2013

Position	Name	Term Exp Date
1	Sandra Bisordi	05/31/2013
2	Vacant	05/31/2013
3	Jonathon Combs	05/31/2014
4	Vacant	05/31/2014
5	Ed White	05/31/2015
6	Virginia (Gina) Cook	05/31/2015
7	Leslie Cohan	05/31/2015

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

Staff Contact: Pat Patterson 253-480-2482
ppatterson@covingtonwa.gov



COVINGTON ECONOMIC DEVELOPMENT COUNCIL 2013

Position	Name	Term Exp Date
1	Josh Parnell	07/31/2014
2	Edwin Cook	07/31/2013
3	Jennifer Gilbert-Smith	07/31/2013
4	Laura Roth	07/31/2014
5	Rick Oliveira	07/31/2014
6	James Hutchinson	07/31/2014
7	Jeff Wagner	07/31/2014
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: 4th Thursday of the month at 6:30 p.m. in City Hall

Staff Contact: Richard Hart 253-480-2441
rhart@covingtonwa.gov

Chamber Contact: Rick Oliveira 253-631-6117
info@covingtonchamber.org



PARKS AND RECREATION COMMISSION 2013

Position	Name	Term Exp Date
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: 3rd Wednesday of the month at 6:30 p.m. in City Hall

Staff Contact: Scott Thomas 253-480-2481
sthomas@covingtonwa.gov



PLANNING COMMISSION 2013

Name	Term Exp Date
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: 1st and 3rd Thursdays of the month at 6:30 p.m. in City Hall

Staff Contact: Kelly Thompson 253-480-2447
kthompson@covingtonwa.gov



HUMAN SERVICES COMMISSION 2013

Position	Name	Term Exp Date
1	Fran McGregor-Hollums	03/31/2014
2	Leslie Hamada	03/31/2014
3	Sue Ray	03/31/2013
4	Mia McFarland	03/31/2013
5	Johnathan Woodcock	03/31/2013
6	Colleen Holmes	03/31/2013
7	Haris Ahmad	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: 2nd Thursday of the month at 6:30 p.m. in City Hall

Staff Contact: Victoria Throm 253-480-2411
vthrom@covingtonwa.gov

BUDGET SUMMARY AND FORECAST

ORDINANCE NO. 19-12

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COVINGTON, WASHINGTON, ADOPTING THE CY2013 OPERATING AND CAPITAL BUDGET AND IMPLEMENTING THE CY2013 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 2013 was prepared and filed with the City Clerk; and

WHEREAS, public hearings were scheduled and properly noticed for October 23, 2012, at 7:00 pm and November 27, 2012, at 7:00 pm for the purpose of making and adopting the final budget for the year 2013; 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 2013 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 2013 is hereby adopted at the fund level in its final form and content as set forth in the document entitled "City of Covington 2013 Budget" dated December 11, 2012, 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 2013, 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 2013 as set forth below:

<u>FUND</u>	<u>AMOUNT</u>
General Fund	11,523,848
Street Fund	1,204,244
Development Services Fund	2,742,131
Parks and Recreation Fund	1,712,687
Surface Water Management Fund	3,696,642
Capital Investment Program	2,036,623
Cumulative Reserve Fund	1,377,776
Contingency Fund	419,029
Real Estate Excise Tax Fund 1 st Qtr	181,560
Real Estate Excise Tax Fund 2 nd Qtr	181,560
Local Improvement District	90,735
LID Guaranty Fund	52,414
Long-Term Debt Service Fund	1,283,211
Unemployment Reserve Fund	190,499
Equipment Replacement Fund	<u>696,471</u>
Total All Funds	<u>27,389,430</u>

Section 3. The 2013 budget provides funding for and it is hereby authorized that a 2.6730% Cost of Living Adjustment (COLA) for all regular (non-contract) city employees is to take effect on January 1, 2013.

Section 4. The 2013 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 2013 Salary Schedule for authorized positions is attached hereto as Exhibit "B".

Section 6. Section 2 of Ordinance No. 14-11 is amended to read as follows:

Dedication. The City Council hereby dedicates one twelfth of utility tax collections to the maintenance and operations of City parks.

Section 7. 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 8. 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 9. This ordinance shall be in force and take effect five (5) days after its publication according to law.

Adopted by the Council on this 11th day of December, 2012.



Mayor Margaret Harto

ATTESTED:

PUBLISHED: December 14, 2012



Sharon Scott, City Clerk

EFFECTIVE: December 19, 2012

APPROVED AS TO FORM:



Sara Springer, City Attorney

2012

City of Covington
 Estimated Actuals - 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 (Actuals), January 1, 2012	\$ 3,004,967	\$ 362,630	\$ 1,562,733	\$ 232,391	\$ 1,669,938	\$ 1,462,625	\$ 1,432,524
Projected Revenues:	8,157,421	685,788	827,771	1,017,314	2,079,189	1,425,880	8,679
Projected Expenditures:	<u>(6,549,622)</u>	<u>(980,825)</u>	<u>(959,082)</u>	<u>(1,219,440)</u>	<u>(1,833,471)</u>	<u>(2,186,809)</u>	<u>-</u>
2012 Decision Packages Expenditures:	-	-	-	-	-	-	-
Fund Transfers In:	-	335,891	-	211,579	-	135,000	16,098
Fund Transfers (Out):	(1,421,190)	(16,098)	-	(27,483)	-	-	(90,000)
Excess (Deficiency) of Revenues Over Expenditures	<u>186,609</u>	<u>24,756</u>	<u>(131,311)</u>	<u>(18,030)</u>	<u>245,718</u>	<u>(625,929)</u>	<u>(65,223)</u>
Assigned Ending Fund Balance	2,536,614	-	-	-	-	73,432	-
Projected Adjusted Ending Fund Balances, December 31, 2012	<u>\$ 654,962</u>	<u>\$ 387,386</u>	<u>\$ 1,431,422</u>	<u>\$ 214,361</u>	<u>\$ 1,915,656</u>	<u>\$ 763,264</u>	<u>\$ 1,367,301</u>

2012

City of Covington
 Estimated Actuals - 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
\$ 420,149	\$ 12,582	\$ 12,582	\$ 270	\$ 52,264	\$ -	\$ 133,655	\$ 552,939
(1,120)	199,978	199,978	38,321	50	-	40,028	116,777
-	-	-	(38,591)	-	(1,281,323)	(22,350)	(96,475)
-	-	-	-	-	-	-	-
-	-	-	-	-	1,281,323	-	-
-	(212,560)	(212,560)	-	-	-	-	-
(1,120)	(12,582)	(12,582)	(270)	50	-	17,678	20,302
-	-	-	-	-	-	-	-
\$ 419,029	\$ -	\$ -	\$ -	\$ 52,314	\$ -	\$ 151,333	\$ 573,241

2013
City of Covington
 Budget Summary - All Funds
 For the Fiscal Year 2013

	General Fund	Street Fund	Development Services Fund	Parks Fund	Surface Water Management Fund	Capital Investment Program Fund	Other Funds
RESOURCES							
Beginning Fund Balance	\$ 3,191,576	\$ 387,386	\$ 1,431,422	\$ 214,361	\$ 1,915,656	\$ 836,696	\$ 2,563,218
Operating Revenues							
Taxes	7,345,140	-	-	478,000	-	17,427	363,000
Licenses and Permits	-	199,000	766,023	-	-	-	-
Intergovernmental	306,099	366,566	-	-	-	1,180,000	-
Charges for Goods and Services	396,873	4,875	542,036	457,930	1,774,986	-	-
Fines and Forfeitures	161,400	-	1,350	-	-	-	-
Miscellaneous	61,950	200	1,300	117,160	6,000	2,500	86,607
Total Operating Revenues	8,271,462	570,641	1,310,709	1,053,090	1,780,986	1,199,927	449,607
Transfers							
Fund Transfer In	60,810	246,217	-	393,236	-	-	1,337,500
Decision Cards							
Related Revenues	-	-	-	-	-	-	-
Fund Transfer In	-	-	-	52,000	-	-	-
Debt Proceeds	-	-	-	-	-	-	-
Total Decision Card Revenues	-	-	-	52,000	-	-	-
TOTAL RESOURCES	\$ 11,523,848	\$ 1,204,244	\$ 2,742,131	\$ 1,712,687	\$ 3,696,642	\$ 2,036,623	\$ 4,350,325
USES							
General Fund							
City Council	\$ 430,761	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency	50,000	-	-	-	-	-	-
Municipal Court	636,400	-	-	-	-	-	-
Executive	965,071	-	-	-	-	-	-
Finance	539,283	-	-	-	-	-	-
Legal	80,000	-	-	-	-	-	-
Personnel	364,362	-	-	-	-	-	-
Central Services	505,201	-	-	-	-	-	-
Police	3,104,925	-	-	-	-	-	-
Community Development	268,598	-	-	-	-	-	-
Street	-	923,838	-	-	-	-	-
Development Services Fund	-	-	975,102	-	-	-	-
Parks Fund	-	-	-	1,268,524	-	-	-
Surface Water Management Fund	-	-	-	-	1,685,063	-	-
Capital Investment Program Fund	-	-	-	-	-	1,272,000	-
L.I.D. 99.01 Fund	-	-	-	-	-	-	29,925
Long-Term Debt Service Fund	-	-	-	-	-	-	1,283,211
Unemployment Insurance Reserve Fund	-	-	-	-	-	-	50,000
Equipment Replacement Fund	-	-	-	-	-	-	105,549
Total Operating Expenses	6,944,601	923,838	975,102	1,268,524	1,685,063	1,272,000	1,468,685
Transfers							
Fund Transfer Out	1,532,061	1,875	-	27,483	-	-	476,344
Decision Cards							
Decision Packages Expenditures	124,083	(53,200)	52,956	217,645	46,413	-	-
Fund Transfer Out	52,000	-	-	-	-	-	-
Total Decision Card Expenditures	176,083	(53,200)	52,956	217,645	46,413	-	-
Assigned Fund Balance	2,192,423	-	-	-	-	73,432	-
Adjusted Ending Fund Balance	678,680	331,731	1,714,073	199,035	1,965,166	691,191	2,405,296
TOTAL USES	\$ 11,523,848	\$ 1,204,244	\$ 2,742,131	\$ 1,712,687	\$ 3,696,642	\$ 2,036,623	\$ 4,350,325

2013

City of Covington
Proposed Budget - By Fund
For the Fiscal Year 2013

	<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, 2013	\$ 3,191,576	\$ 387,386	\$ 1,431,422	\$ 214,361	\$ 1,915,656	\$ 836,696	\$ 1,367,301
Projected Revenues:	8,271,462	570,641	1,310,709	1,053,090	1,780,986	1,199,927	8,600
Projected Expenditures:	<u>(6,944,601)</u>	<u>(923,838)</u>	<u>(975,102)</u>	<u>(1,268,524)</u>	<u>(1,685,063)</u>	<u>(1,272,000)</u>	<u>-</u>
Fund Transfers In:	60,810	246,217	-	393,236	-	-	1,875
Fund Transfers (Out):	<u>(1,532,061)</u>	<u>(1,875)</u>	<u>-</u>	<u>(27,483)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(144,390)</u>	<u>(108,855)</u>	<u>335,607</u>	<u>150,319</u>	<u>95,923</u>	<u>(72,073)</u>	<u>10,475</u>
Base Budget Projected Ending Fund Balances, December 31, 2013	<u>\$ 3,047,186</u>	<u>\$ 278,531</u>	<u>\$ 1,767,029</u>	<u>\$ 364,680</u>	<u>\$ 2,011,579</u>	<u>\$ 764,623</u>	<u>\$ 1,377,776</u>
Decision Packages:							
Decision Packages Expenditures:	(124,083)	53,200	(52,956)	(217,645)	(46,413)	-	-
Related Revenues	-	-	-	-	-	-	-
Fund Transfers In:	-	-	-	52,000	-	-	-
Fund Transfers (Out):	<u>(52,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Proceeds:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Decision Packages	<u>(176,083)</u>	<u>53,200</u>	<u>(52,956)</u>	<u>(165,645)</u>	<u>(46,413)</u>	<u>-</u>	<u>-</u>
Assigned Ending Fund Balance	2,192,423	-	-	-	-	73,432	-
Adjusted Ending Fund Balances, December 31, 2013	<u>\$ 678,680</u>	<u>\$ 331,731</u>	<u>\$ 1,714,073</u>	<u>\$ 199,035</u>	<u>\$ 1,965,166</u>	<u>\$ 691,191</u>	<u>\$ 1,377,776</u>

2013

City of Covington
Proposed Budget - By Fund
For the Fiscal Year 2013

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
\$ 419,029	\$ -	\$ -	\$ -	\$ 52,314	\$ -	\$ 151,333	\$ 573,241
-	181,560	181,560	38,321	100	-	39,166	123,230
-	-	-	(29,925)	-	(1,283,211)	(50,000)	(105,549)
-	-	-	52,414	-	1,283,211	-	-
-	(181,560)	(181,560)	(60,810)	(52,414)	-	-	-
-	-	-	-	(52,314)	-	(10,834)	17,681
<u>\$ 419,029</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,499</u>	<u>\$ 590,922</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 419,029</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,499</u>	<u>\$ 590,922</u>



DESCRIPTION OF 2013 REVENUE SOURCES

This summary describes each of the major revenue sources that appear in the 2013 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.

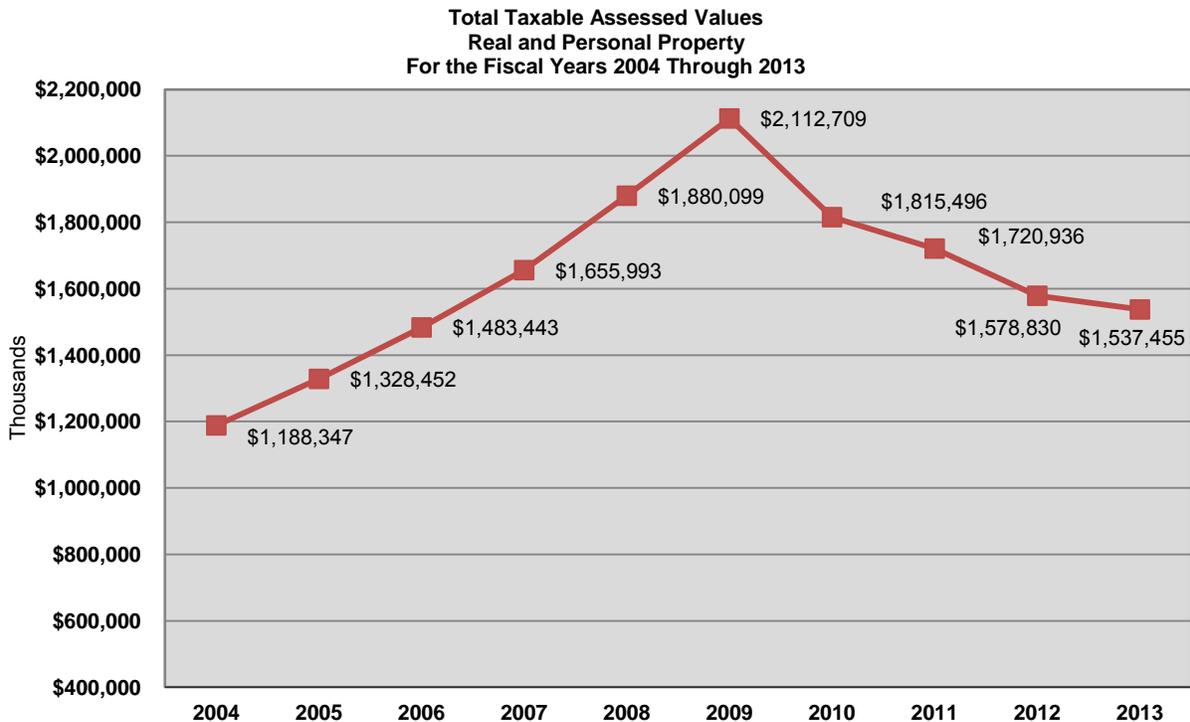
TAXES

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 2013 is \$2,340,000. The taxable assessed valuation (AV) is \$1,537,454,655 which includes \$25,957,902 in new construction. The final levy rate is \$1.54758/\$1,000 AV.

The City saw a 27% decrease in assessed value from 2009 to 2013.



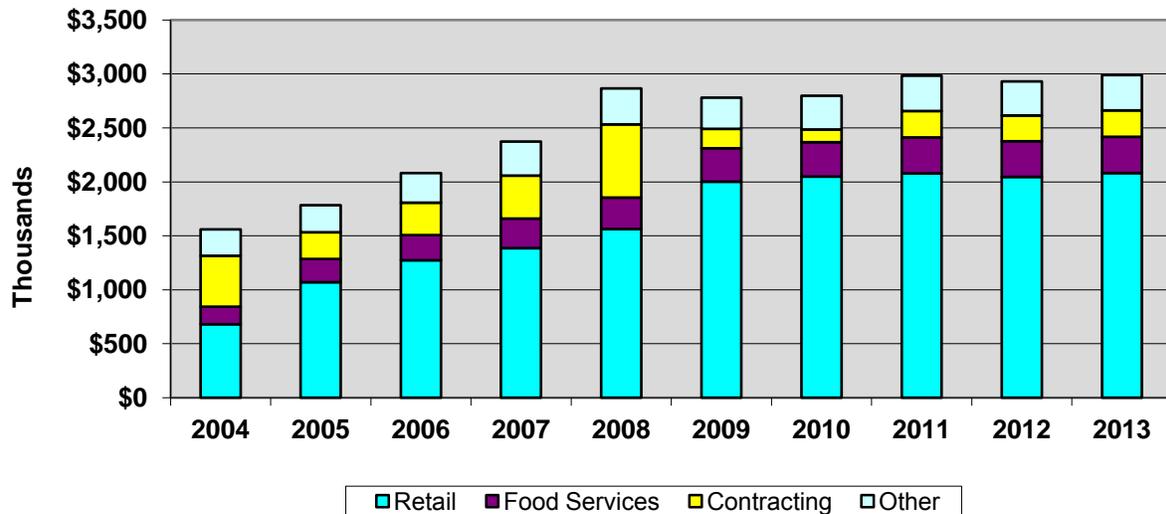
Sales Taxes

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 2013 are estimated at \$2,988,000. 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%
City of Covington	0.85%
King County/METRO	0.60%
Traffic and Traffic Congestion	0.30%
King County	0.15%
King County Criminal Justice Levy	0.10%
King County Mental Health	0.10%
Total Sales Tax Rate	<u>8.60%</u>

**Sales Tax by Classifications
For the Fiscal Years 2004 Through 2013**



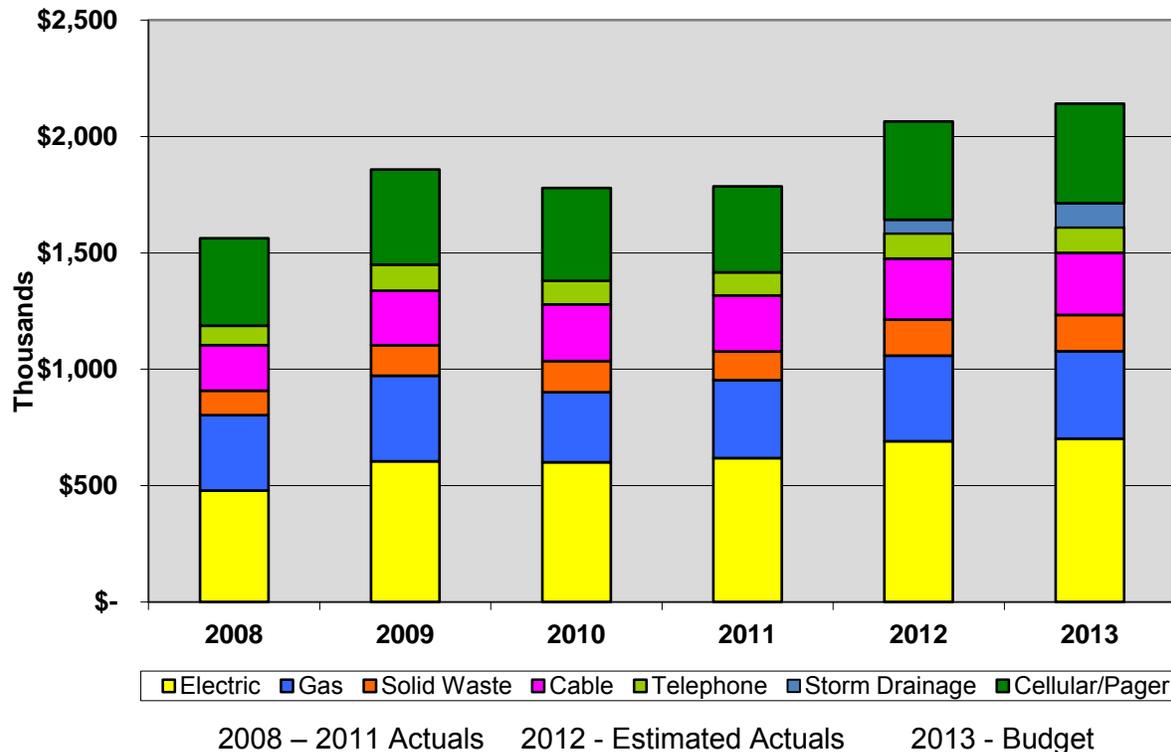
2004 - 2011 - Actuals 2012 - Estimated Actuals 2013 - Budget

Utility Taxes

General Fund/Parks Fund/Street Fund

Utility taxes are imposed on utilities such as electricity, natural gas, solid waste, cable, telephones, storm drainage, and cellular phones. In 2007, the City adopted a 5.5% utility tax. In 2011 the City increased the rate to 6%. The new rate took effect February 1, 2012. The additional 0.5% is dedicated to the maintenance and operation of City parks. In June 2012, the City began charging its own drainage utility; these taxes are remitted to the General Fund. Revenues for 2013 are estimated at \$2,140,140. Utility tax revenues are allocated between the General Fund, Parks Fund, and Street Fund.

**Utility Tax by Classification
For the Fiscal Years 2008 Through 2013**



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 2013 estimate of \$355,000 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 2013 estimates are based on estimated changes in real estate prices, new residential development increases, and new non-residential development increases.

Distribution occurs on the 10th of each month to cities in King County. The 2013 revenue estimate is \$363,000.

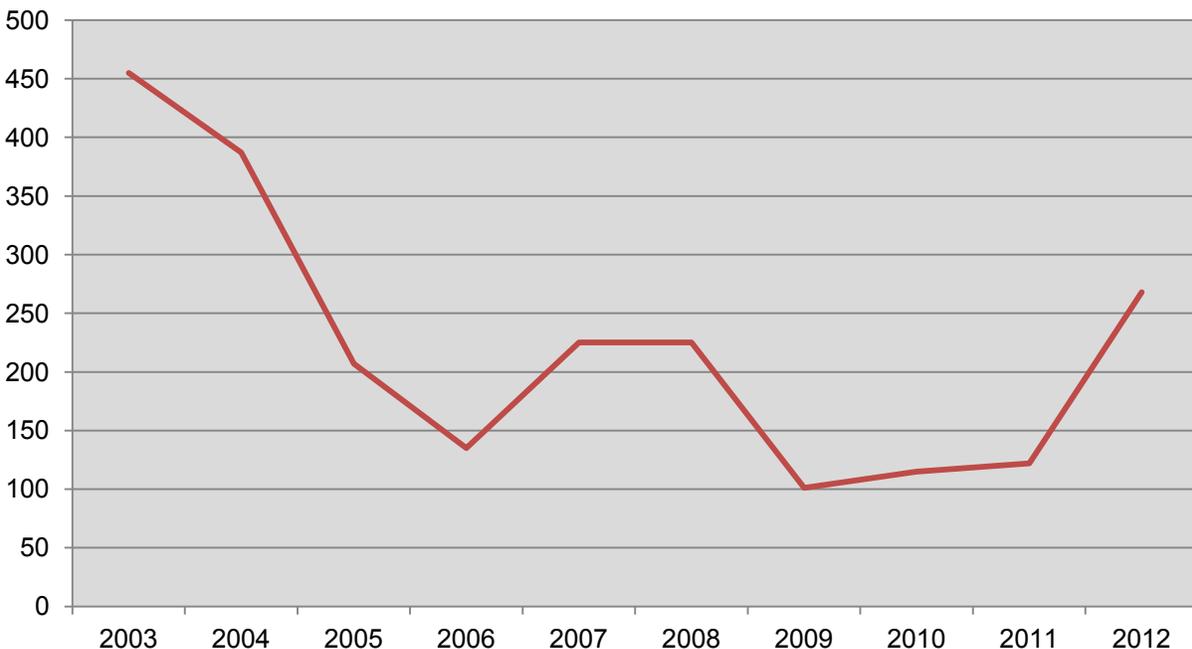
LICENSES AND PERMITS

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 2013 the estimated fees are \$199,000. Building permit revenues are based on staff estimates and are applied to the Development Services Fund. In 2013, \$710,323 is estimated based on 45 new single family permits, anticipated commercial fees, and land use revenues. A fee of \$60 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 2013 revenue estimate for this license fee is \$52,000. For 2013, all other permits and licenses such as sign permits and peddler's permits are estimated at \$3,700.

**Number of Building Permits Issued
For Fiscal Years 2003 Through 2012**



INTERGOVERNMENTAL

Liquor Excise Tax

General Fund

With the passage of ESHB 2823, the legislature will, beginning October 2012, divert all the liquor excise tax revenue that would normally have been distributed to the City for one year. The 2013 estimate of \$14,918 is based on the City's population and per capita estimates provided by Municipal Research Services Center. The only distribution the City will receive in 2013 will be in October.

Liquor Board Profits

General Fund

With the passage of initiative 1183, the state is now collecting revenue in the form of license fees from distributors and retailers. A portion of these “liquor profits” will still come to the City. The initiative provides that each recipient receive no less than it received from the liquor revolving fund during a set comparable period. What this means for the City is, we will be receiving the same distribution each year in the future with no allowances for inflation. 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 as well as enhanced public safety programs. The 2013 estimate of \$159,307 is based on 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 last day of the month. For 2013, we are estimating \$366,566.

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 2013, we are estimating \$46,424.

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 2013 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. Beginning in 2012, The Central services overhead payments are a direct reduction to the City’s Central Services Department base budget, therefore there is no revenue recorded.

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 2013 budget is estimated at \$380,225.

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 2013 budget for these fees is estimated at \$542,036.

Parks Fees

Parks Fund

These fees are collected for services related to the Aquatic Center and Recreation programs. The 2013 revenues are estimated at \$457,930.

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 2013 budget is estimated at \$1,733,000.

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 \$161,400 in revenue for 2013. In 2013 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

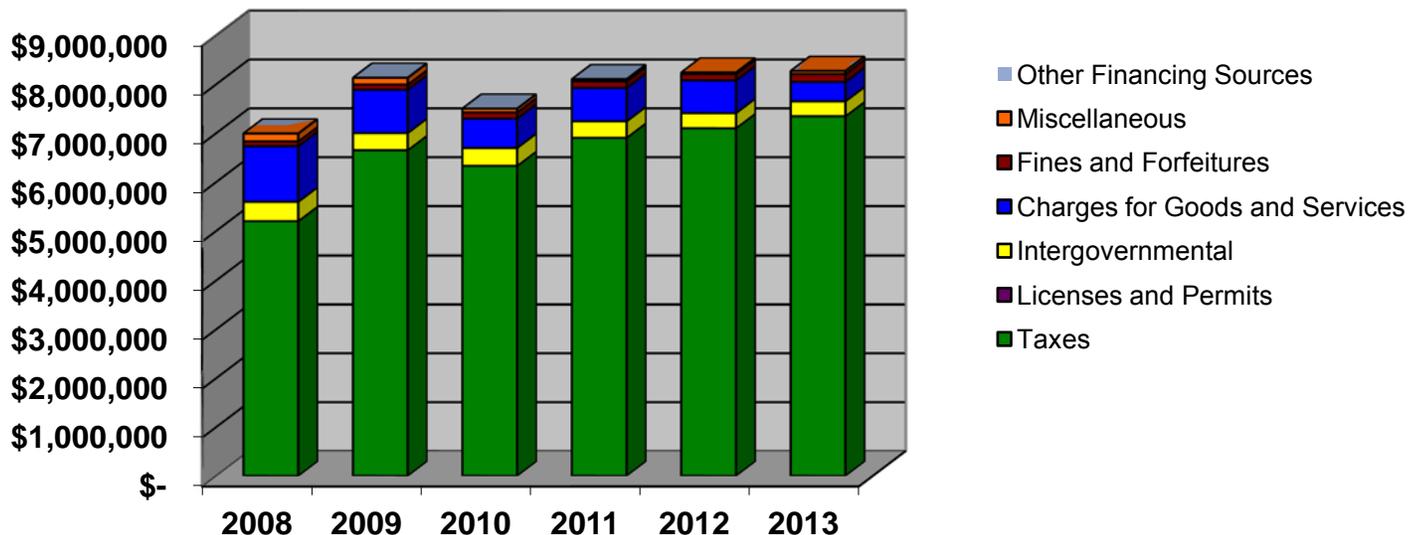
These fees are collected for services related to the issuance of permits for both residential and commercial aspects of construction. The estimate for 2013 is \$16,000.

Interest Income

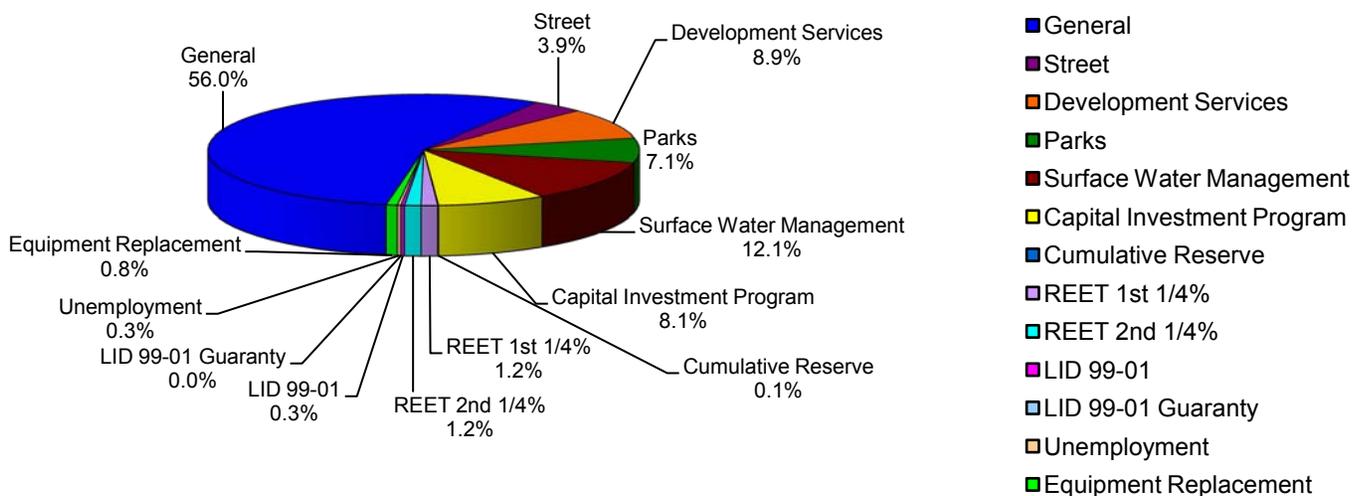
All Funds

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 2013 estimate of \$31,320 is based on annualized 2012 data, economic outlook, and the assumption that fund balances available for investing will be at 2012 levels.

General Fund Revenues



2013 Revenues All Funds



City of Covington
 Summary of Revenues - All Funds (Note 1)
 For the Fiscal Years 2011 through 2013

	2011	2012		2013		
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<u>General Fund</u>						
Taxes	\$ 7,007,557	\$ 7,100,475	\$ 7,220,223	\$ 7,345,140	\$ -	\$ 7,345,140
Intergovernmental	339,245	336,313	349,165	306,099	-	306,099
Charges for Goods and Services	675,928	668,641	369,619	396,873	-	396,873
Fines and Forfeitures	155,093	132,000	150,925	161,400	-	161,400
Miscellaneous	77,158	28,300	67,489	61,950	-	61,950
Other Financing Sources	68	-	-	-	-	-
Total General Fund	\$ 8,255,049	\$ 8,265,729	\$ 8,157,421	\$ 8,271,462	\$ -	\$ 8,271,462
<u>Street Fund</u>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	196,256	199,000	199,000	199,000	-	199,000
Intergovernmental	366,520	435,084	413,384	366,566	-	366,566
Charges for Goods and Services	-	-	41,623	4,875	-	4,875
Miscellaneous	522	300	386	200	-	200
Other Financing Sources	1,908	-	31,395	-	-	-
Total Street Fund	\$ 565,206	\$ 634,384	\$ 685,788	\$ 570,641	\$ -	\$ 570,641
<u>Development Services Fund</u>						
Licenses and Permits	\$ 617,123	\$ 638,995	\$ 586,692	\$ 766,023	\$ -	\$ 766,023
Intergovernmental	36,137	72,380	38,600	-	-	-
Charges for Goods and Services	928,003	664,933	201,346	542,036	-	542,036
Fines and Forfeitures	(328)	-	-	1,350	-	1,350
Miscellaneous	2,006	-	1,133	1,300	-	1,300
Total Development Services Fund	\$ 1,582,941	\$ 1,376,308	\$ 827,771	\$ 1,310,709	\$ -	\$ 1,310,709
<u>Parks Fund</u>						
Taxes	\$ 455,462	\$ 456,000	\$ 469,000	\$ 478,000	\$ -	\$ 478,000
Intergovernmental	2,000	12,400	2,399	-	-	-
Charges for Goods and Services	386,823	419,310	428,470	457,930	-	457,930
Miscellaneous	128,714	121,650	117,445	117,160	-	117,160
Other Financing Sources	2,881	-	-	-	-	-
Total Parks Fund	\$ 975,880	\$ 1,009,360	\$ 1,017,314	\$ 1,053,090	\$ -	\$ 1,053,090
<u>Surface Water Management Fund</u>						
Intergovernmental	\$ 82,681	\$ 144,675	\$ 122,151	\$ -	\$ -	\$ -
Charges for Goods and Services	1,661,446	1,704,052	1,736,000	1,774,986	-	1,774,986
Miscellaneous	2,181	-	5,692	6,000	-	6,000
Proprietary Income (Grants)	-	184,603	215,346	-	-	-
Total Surface Water Management Fund	\$ 1,746,308	\$ 2,033,330	\$ 2,079,189	\$ 1,780,986	\$ -	\$ 1,780,986

City of Covington
 Summary of Revenues - All Funds (Note 1)
 For the Fiscal Years 2011 through 2013

	2011	2012		2013		
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<u>Capital Investment Program Fund</u>						
Taxes	\$ 111,212	\$ -	\$ 43,991	\$ 17,427	\$ -	\$ 17,427
Intergovernmental	729,294	2,372,657	1,380,389	1,180,000	-	1,180,000
Charges for Goods and Services	54,485	-	-	-	-	-
Miscellaneous	2,128	-	1,500	2,500	-	2,500
Total Capital Investment Program Fund	\$ 897,119	\$ 2,372,657	\$ 1,425,880	\$ 1,199,927	\$ -	\$ 1,199,927
<u>Cumulative Reserve Fund</u>						
Miscellaneous	\$ 19,485	\$ 8,600	\$ 8,679	\$ 8,600	\$ -	\$ 8,600
Total Cumulative Reserve Fund	\$ 19,485	\$ 8,600	\$ 8,679	\$ 8,600	\$ -	\$ 8,600
<u>Contingency Fund</u>						
Miscellaneous	\$ 571	\$ -	\$ (1,120)	\$ -	\$ -	\$ -
Total Contingency Fund	\$ 571	\$ -	\$ (1,120)	\$ -	\$ -	\$ -
<u>Real Estate Excise Tax Fund- 1st Qtr%</u>						
Taxes	\$ 140,087	\$ 162,500	\$ 199,918	\$ 181,500	\$ -	\$ 181,500
Miscellaneous	162	300	60	60	-	60
Total Real Estate Excise Tax-1st Qtr% Fund	\$ 140,249	\$ 162,800	\$ 199,978	\$ 181,560	\$ -	\$ 181,560
<u>Real Estate Excise Tax Fund-2nd Qtr%</u>						
Taxes	\$ 140,087	\$ 162,500	\$ 199,918	\$ 181,500	\$ -	\$ 181,500
Miscellaneous	162	300	60	60	-	60
Total Real Estate Excise Tax-2nd Qtr% Fund	\$ 140,249	\$ 162,800	\$ 199,978	\$ 181,560	\$ -	\$ 181,560
<u>L.I.D. 99.01 Fund</u>						
Miscellaneous	\$ 39,669	\$ 39,669	\$ 38,321	\$ 38,321	\$ -	\$ 38,321
Total L.I.D. 99.01 Fund	\$ 39,669	\$ 39,669	\$ 38,321	\$ 38,321	\$ -	\$ 38,321
<u>L.I.D. 99.01 Guaranty Fund</u>						
Miscellaneous	\$ 96	\$ 100	\$ 50	\$ 100	\$ -	\$ 100
Total L.I.D. 99.01 Guaranty Fund	\$ 96	\$ 100	\$ 50	\$ 100	\$ -	\$ 100
<u>Unemployment Insurance Reserve Fund</u>						
Miscellaneous	\$ 37,069	\$ 38,333	\$ 40,028	\$ 39,166	\$ -	\$ 39,166
Total Unemployment Insurance Reserve Fund	\$ 37,069	\$ 38,333	\$ 40,028	\$ 39,166	\$ -	\$ 39,166

City of Covington
 Summary of Revenues - All Funds (Note 1)
 For the Fiscal Years 2011 through 2013

	2011	2012		2013		
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<u>Equipment Replacement Fund</u>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Goods and Services	-	-	-	122,930	-	122,930
Miscellaneous	99,082	108,121	107,821	300	-	300
Proprietary Income (Grants)	-	216	216	-	-	-
Other Financing Sources	-	-	8,740	-	-	-
Total Equipment Replacement Fund	\$ 99,082	\$ 108,337	\$ 116,777	\$ 123,230	\$ -	\$ 123,230
Total All Funds	<u>\$14,498,973</u>	<u>\$16,212,407</u>	<u>\$14,796,054</u>	<u>\$14,759,352</u>	<u>\$ -</u>	<u>\$14,759,352</u>

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

City of Covington
Summary of Expenditures - All Funds (Note 1)
For the Fiscal Years 2011 through 2013

	2011	2012		2013		
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<u>General Fund</u>						
Salaries and Wages	\$ 1,323,822	\$ 1,346,219	\$ 1,338,927	\$ 1,320,660	\$ 59,498	\$ 1,380,158
Personnel Benefits	470,343	515,991	477,682	477,897	20,145	498,042
Supplies	68,559	60,860	54,662	57,996	1,485	59,481
Other Services and Charges	1,215,249	1,602,934	1,504,907	1,735,916	700	1,736,616
Intergovernmental	3,429,763	3,789,360	3,524,532	3,768,465	(12,500)	3,755,965
Capital Outlay	4,297	9,825	9,825	-	54,755	54,755
Debt Service	12,638	12,650	12,665	-	-	-
Interfund Payment for Services	12,662	18,263	18,263	-	-	-
Central Services Cost Allocation	-	-	(391,841)	(416,333)	-	(416,333)
Total General Fund	\$ 6,537,333	\$ 7,356,102	\$ 6,549,622	\$ 6,944,601	\$ 124,083	\$ 7,068,684
<u>Street Fund</u>						
Salaries and Wages	\$ 245,097	\$ 302,696	\$ 286,928	\$ 281,335	\$ -	\$ 281,335
Personnel Benefits	95,534	106,159	105,962	110,866	-	110,866
Supplies	37,357	58,985	41,560	63,310	(5,000)	58,310
Other Services and Charges	248,196	386,535	336,318	338,027	(18,400)	319,627
Intergovernmental	106,274	128,300	118,500	130,300	(29,800)	100,500
Capital Outlay	7,754	-	12,600	-	-	-
Debt Service	2,014	2,075	2,231	-	-	-
Interfund Payment for Services	80,156	76,726	76,726	-	-	-
Total Street Fund	\$ 822,382	\$ 1,061,476	\$ 980,825	\$ 923,838	\$ (53,200)	\$ 870,638
<u>Development Services Fund</u>						
Salaries and Wages	\$ 454,335	\$ 469,118	\$ 477,160	\$ 432,430	\$ 47,840	\$ 480,270
Personnel Benefits	136,547	148,312	149,723	150,186	5,766	155,952
Supplies	1,967	4,967	4,509	6,884	-	6,884
Other Services and Charges	31,183	62,443	36,000	325,002	(650)	324,352
Intergovernmental	60,998	45,220	52,750	60,600	-	60,600
Interfund Payment for Services	136,451	151,868	238,940	-	-	-
Total Development Services Fund	\$ 821,481	\$ 881,928	\$ 959,082	\$ 975,102	\$ 52,956	\$ 1,028,058

City of Covington
 Summary of Expenditures - All Funds (Note 1)
 For the Fiscal Years 2011 through 2013

	2011		2012		2013	
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<u>Parks Fund</u>						
Salaries and Wages	\$ 558,884	\$ 599,059	\$ 611,754	\$ 626,697	\$ 1,128	\$ 627,825
Personnel Benefits	165,965	178,507	184,124	189,754	201	189,955
Supplies	99,014	115,145	103,672	72,670	8,683	81,353
Other Services and Charges	196,280	208,403	189,505	378,443	194,633	573,076
Intergovernmental	13,150	8,060	8,060	960	-	960
Capital Outlay	-	-	-	-	13,000	13,000
Debt Service	377	405	490	-	-	-
Interfund Payment for Services	126,831	121,835	121,835	-	-	-
Total Parks Fund	<u>\$ 1,160,501</u>	<u>\$ 1,231,414</u>	<u>\$ 1,219,440</u>	<u>\$ 1,268,524</u>	<u>\$ 217,645</u>	<u>\$ 1,486,169</u>
<u>Surface Water Management Fund</u>						
Salaries and Wages	\$ 514,968	\$ 538,312	\$ 497,431	\$ 510,502	\$ 34,576	\$ 545,078
Personnel Benefits	183,878	199,446	190,974	200,759	4,466	205,225
Supplies	22,495	43,663	28,000	42,475	500	42,975
Other Services and Charges	147,255	355,557	305,955	844,825	6,871	851,696
Intergovernmental	69,736	87,338	87,766	53,665	-	53,665
Capital Outlay	-	256,270	285,970	-	-	-
Debt Service	35,481	34,705	35,716	32,837	-	32,837
Interfund Payment for Services	399,344	392,670	401,659	-	-	-
Total Surface Water Management Fund	<u>\$ 1,373,157</u>	<u>\$ 1,907,961</u>	<u>\$ 1,833,471</u>	<u>\$ 1,685,063</u>	<u>\$ 46,413</u>	<u>\$ 1,731,476</u>
<u>Capital Investment Program Fund</u>						
Salaries and Wages	\$ -	\$ 10,000	\$ 29,756	\$ -	\$ -	\$ -
Personnel Benefits	-	-	5,451	-	-	-
Supplies	-	-	-	-	-	-
Other Services and Charges	-	1,407,641	567,815	757,000	-	757,000
Capital Outlay	-	1,689,514	1,583,787	515,000	-	515,000
Debt Service	-	-	-	-	-	-
Interfund Payment for Services	-	-	-	-	-	-
Total Capital Investment Program Fund	<u>\$ -</u>	<u>\$ 3,107,155</u>	<u>\$ 2,186,809</u>	<u>\$ 1,272,000</u>	<u>\$ -</u>	<u>\$ 1,272,000</u>
<u>L.I.D. 99-01 Fund</u>						
Other Services and Charges	\$ 490	\$ 750	\$ 750	\$ 500	\$ -	\$ 500
Debt Service	56,823	38,928	37,841	29,425	-	29,425
Total LID 99-01 Fund	<u>\$ 57,313</u>	<u>\$ 39,678</u>	<u>\$ 38,591</u>	<u>\$ 29,925</u>	<u>\$ -</u>	<u>\$ 29,925</u>

City of Covington
 Summary of Expenditures - All Funds (Note 1)
 For the Fiscal Years 2011 through 2013

	2011	2012		2013		
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<u>Long-Term Debt Service Fund</u>						
Debt Service	\$ 1,282,976	\$ 1,281,323	\$ 1,281,323	\$ 1,283,211	\$ -	\$ 1,283,211
Total Long-Term Debt Service Fund	<u>\$ 1,282,976</u>	<u>\$ 1,281,323</u>	<u>\$ 1,281,323</u>	<u>\$ 1,283,211</u>	<u>\$ -</u>	<u>\$ 1,283,211</u>
<u>Unemployment Insurance Reserve Fund</u>						
Personnel Benefits	\$ 40,479	\$ 50,000	\$ 22,350	\$ 50,000	\$ -	\$ 50,000
Total Unemployment Insurance Reserve Fund	<u>\$ 40,479</u>	<u>\$ 50,000</u>	<u>\$ 22,350</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>
<u>Equipment Replacement Fund</u>						
Supplies	\$ 20,535	\$ 17,950	\$ 21,475	\$ 17,650	\$ -	\$ 17,650
Other Services and Charges	12,189	23,391	15,000	22,925	-	22,925
Capital Outlay	-	59,940	60,000	64,974	-	64,974
Total Equipment Replacement Fund	<u>\$ 32,724</u>	<u>\$ 101,281</u>	<u>\$ 96,475</u>	<u>\$ 105,549</u>	<u>\$ -</u>	<u>\$ 105,549</u>
Total all Funds	<u>\$ 12,128,346</u>	<u>\$ 17,018,318</u>	<u>\$ 15,167,988</u>	<u>\$ 14,537,813</u>	<u>\$ 387,897</u>	<u>\$ 14,925,710</u>

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

City of Covington
Summary of Interfund Transfers - All Funds
For the Fiscal Years 2011 through 2013

	Transfer In/Out	2011		2012		2013	
		Actual	Total Amended Budget	Estimated Actuals	Proposed Budget	Decision Cards	Total Budget
General Fund	In	\$ -	\$ -	\$ -	\$ 60,810	\$ -	\$ 60,810
	Out	(1,064,340)	(1,421,190)	(1,421,190)	(1,532,061)	(52,000)	(1,584,061)
Net Total General Fund		\$ (1,064,340)	\$ (1,421,190)	\$ (1,421,190)	\$ (1,471,251)	\$ (52,000)	\$ (1,523,251)
Street Fund	In	\$ 278,582	\$ 335,891	\$ 335,891	\$ 246,217	\$ -	\$ 246,217
	Out	(251,012)	(16,098)	(16,098)	(1,875)	-	(1,875)
Net Total Street Fund		\$ 27,570	\$ 319,793	\$ 319,793	\$ 244,342	\$ -	\$ 244,342
Development Services Fund	In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Out	-	-	-	-	-	-
Net Total Development Services Fund		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parks Fund	In	\$ 211,147	\$ 211,579	\$ 211,579	\$ 393,236	\$ 52,000	\$ 445,236
	Out	(27,483)	(37,483)	(27,483)	(27,483)	-	(27,483)
Net Total Parks Fund		\$ 183,664	\$ 174,096	\$ 184,096	\$ 365,753	\$ 52,000	\$ 417,753
Surface Water Management Fund	In	\$ -	\$ 113,421	\$ -	\$ -	\$ -	\$ -
	Out	-	-	-	-	-	-
Net Total Surface Water Management Fund		\$ -	\$ 113,421	\$ -	\$ -	\$ -	\$ -
Capital Investment Program Fund	In	\$ -	\$ 145,000	\$ 135,000	\$ -	\$ -	\$ -
	Out	(34,353)	(113,421)	-	-	-	-
Net Total Capital Investment Program Fund		\$ (34,353)	\$ 31,579	\$ 135,000	\$ -	\$ -	\$ -
Cumulative Reserve Fund	In	\$ -	\$ 16,098	\$ 16,098	\$ 1,875	\$ -	\$ 1,875
	Out	-	(90,000)	(90,000)	-	-	-
Net Total Cumulative Reserve Fund		\$ -	\$ (73,902)	\$ (73,902)	\$ 1,875	\$ -	\$ 1,875
Real Estate Excise Tax Fund-1st 1/4%	In	\$ 125,506	\$ -	\$ -	\$ -	\$ -	\$ -
	Out	(323,265)	(212,560)	(212,560)	(181,560)	-	(181,560)
Net Total Real Estate Excise Tax Fund-1st 1/4%		\$ (197,759)	\$ (212,560)	\$ (212,560)	\$ (181,560)	\$ -	\$ (181,560)
Real Estate Excise Tax Fund-2nd 1/4%	In	\$ 125,506	\$ -	\$ -	\$ -	\$ -	\$ -
	Out	(323,265)	(212,560)	(212,560)	(181,560)	-	(181,560)
Net Total Real Estate Excise Tax Fund-2nd 1/4%		\$ (197,759)	\$ (212,560)	\$ (212,560)	\$ (181,560)	\$ -	\$ (181,560)
LID Fund	In	\$ -	\$ -	\$ -	\$ 52,414	\$ -	\$ 52,414
	Out	-	-	-	(60,810)	-	(60,810)
Net Total Long-Term Debt Service Fund		\$ -	\$ -	\$ -	\$ (8,396)	\$ -	\$ (8,396)
LID Guaranty Fund	In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Out	-	-	-	(52,414)	-	(52,414)
Net Total Long-Term Debt Service Fund		\$ -	\$ -	\$ -	\$ (52,414)	\$ -	\$ (52,414)
Long-Term Debt Service Fund	In	\$ 1,282,977	\$ 1,281,323	\$ 1,281,323	\$ 1,283,211	\$ -	\$ 1,283,211
	Out	-	-	-	-	-	-
Net Total Long-Term Debt Service Fund		\$ 1,282,977	\$ 1,281,323	\$ 1,281,323	\$ 1,283,211	\$ -	\$ 1,283,211
Total Interfund Transfers In		2,023,718	2,103,312	1,979,891	2,037,763	52,000	2,089,763
Total Interfund Transfers Out		(2,023,718)	(2,103,312)	(1,979,891)	(2,037,763)	(52,000)	(2,089,763)
Net Total Fund Transfers for all Funds		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of Covington
 Summary of Interfund Transfers - All Funds
 For the Fiscal Year 2013

Transfer In:

	General Fund	Street Fund	Parks Fund	Cumulative Reserve Fund	LID Fund	Long - Term Debt Service Fund	Total
Transfer Out:							
General Fund	-	\$246,217	\$ 445,236	\$ -	-	\$ 892,608	\$ 1,584,061
Street Fund	-	-	-	1,875	-	-	1,875
Parks Fund	-	-	-	-	-	27,483	27,483
Real Estate Excise Tax 1st Qtr % Fund	-	-	-	-	-	181,560	181,560
Real Estate Excise Tax 2nd Qtr % Fund	-	-	-	-	-	181,560	181,560
LID Fund	60,810	-	-	-	-	-	60,810
LID Guaranty Fund	-	-	-	-	52,414	-	52,414
Total Transfers	<u>\$ 60,810</u>	<u>\$246,217</u>	<u>\$ 445,236</u>	<u>\$ 1,875</u>	<u>\$ 52,414</u>	<u>\$ 1,283,211</u>	<u>\$ 2,089,763</u>

* Includes Decision Cards

CITY OF COVINGTON
GENERAL FUND LONG RANGE FORECAST
 2012-2018 Analysis in 000s
 BASE BUDGET

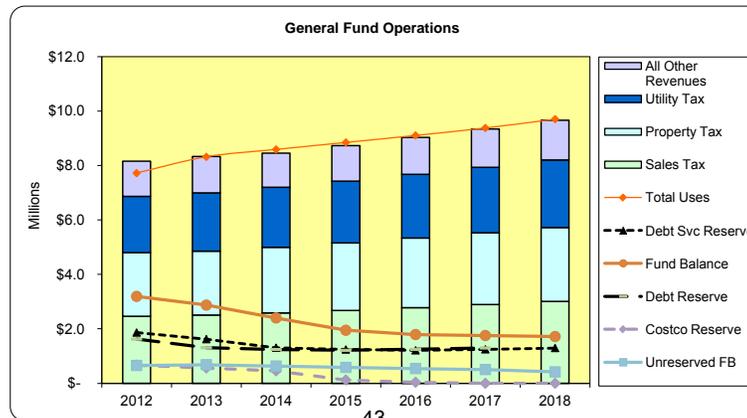
	2012	2013	2014	2015	2016	2017	2018
BEGINNING FUND BALANCE	\$ 3,005	\$ 3,192	\$ 2,871	\$ 2,400	\$ 1,948	\$ 1,791	\$ 1,754
REVENUES							
Sales Tax ¹	\$ 2,461	\$ 2,510	\$ 2,585	\$ 2,673	\$ 2,780	\$ 2,891	\$ 3,007
Property Tax	2,340	2,340	2,410	2,483	2,557	2,634	2,713
Utility Tax ²	2,065	2,140	2,204	2,270	2,339	2,409	2,481
Local Criminal Justice	354	355	369	384	399	415	432
Intergovernmental Revenue	349	306	346	356	367	378	389
Charges for Services	12	17	17	18	18	19	19
Fines & Forfeitures	151	161	169	178	187	196	206
Miscellaneous	67	62	42	43	44	46	47
Interfund Payment	358	380	271	285	299	314	329
Operating Transfer In ³	-	61	38	38	38	38	38
BASE BUDGET REVENUES	8,157	8,332	8,453	8,728	9,028	9,340	9,662
EXPENDITURES							
Salaries and Wages	1,339	1,321	1,373	1,428	1,486	1,545	1,607
Personnel Benefits	478	478	514	552	594	638	686
Supplies	55	58	60	62	63	65	67
Other Services and Charges	1,252	1,399	1,441	1,484	1,529	1,575	1,622
Intergovernmental	3,525	3,768	3,900	4,037	4,178	4,324	4,476
Capital Outlay	10	-	-	-	-	-	-
Debt Service	13	-	-	-	-	-	-
Interfund Payment for Services	18	-	-	-	-	-	-
Central Services Cost Allocation	(392)	(416)	(437)	(459)	(482)	(506)	(531)
Operating Transfer Out less debt service transfer ⁴	592	639	665	692	719	748	778
BASE BUDGET EXPENDITURES	6,889	7,247	7,516	7,796	8,087	8,389	8,704
Operating Surplus/Deficit by Year	\$ 1,268	\$ 1,085	\$ 936	\$ 932	\$ 942	\$ 950	\$ 958
OTHER FINANCING USES							
Decision Cards	-	176	189	189	189	189	196
Budget Strategies	-	-	-	-	-	-	-
Debt Service Transfer	829	893	882	859	826	798	799
TOTAL OTHER FINANCING USES	829	1,069	1,070	1,047	1,014	987	995
Annual Surplus/Deficit	\$ 439	\$ 16	\$ (134)	\$ (115)	\$ (73)	\$ (37)	\$ 158
TOTAL USES	\$ 7,718	\$ 8,316	\$ 8,586	\$ 8,843	\$ 9,101	\$ 9,376	\$ 9,700
One-time Costco payout	253	337	337	337	84	-	-
Sources over Uses	\$ 187	\$ (320)	\$ (471)	\$ (452)	\$ (157)	\$ (37)	\$ (38)
TOTAL ENDING FUND BALANCE	3,192	2,871	2,400	1,948	1,791	1,754	1,717
Cumulative net amount available for debt service.	\$ 2,694	\$ 2,514	\$ 2,189	\$ 2,100	\$ 2,037	\$ 2,047	\$ 2,095
Amount transferred to the debt service fund.	\$ 829	\$ 893	\$ 882	\$ 859	\$ 826	\$ 798	\$ 798
Remainder of debt service reserve.	\$ 1,865	\$ 1,622	\$ 1,307	\$ 1,241	\$ 1,212	\$ 1,248	\$ 1,297
COSTCO RESERVE	\$ 671	\$ 565	\$ 460	\$ 123	\$ 38	\$ -	\$ -
UNRESERVED FUND BALANCE	\$ 655	\$ 684	\$ 634	\$ 584	\$ 541	\$ 506	\$ 419
TOTAL ENDING FUND BALANCE	\$ 3,192	\$ 2,871	\$ 2,400	\$ 1,948	\$ 1,791	\$ 1,754	\$ 1,717
10% fund balance target	\$ 630	\$ 661	\$ 685	\$ 710	\$ 737	\$ 764	\$ 846
Fund balance policy	Meets 10%						
Margin above/below the 10% threshold	\$ 2,562	\$ 2,210	\$ 1,715	\$ 1,238	\$ 1,054	\$ 990	\$ 871

Notes:

- 1) This worksheet makes no assumptions as to new programs and decision cards past 2013 other than ongoing costs.
- 2) This update includes the 6% utility tax from SWM (partial for 2012) and reduces the liquor excise tax revenues for 2012 and 2013.

Footnotes:

- ¹ Sales tax is allocated at 84% of forecasted revenues to the General Fund and 16% to the Parks Fund.
- ² This represents gross receipts for utility tax collections. Transfers are made to other funds.
- ³ This transfer is from the LID Guaranty Fund.
- ⁴ Operating transfers go to Streets, Parks, SWM, and Long Term Debt.



CITY OF COVINGTON STREET FUND LONG RANGE FORECAST

2012-2018 Analysis in 000s
BASE BUDGET

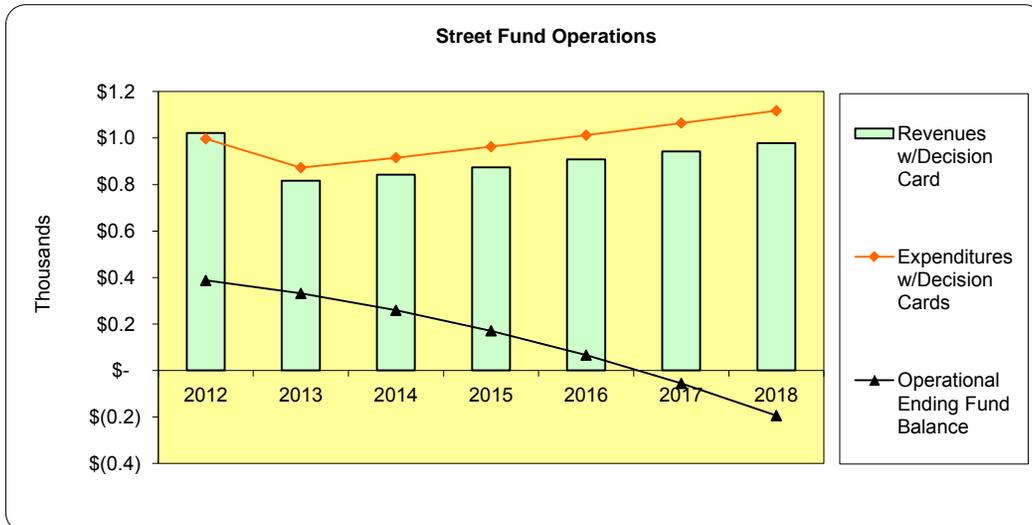
	2012	2013	2014	2015	2016	2017	2018
BEGINNING FUND BALANCE	\$ 363	\$ 387	\$ 332	\$ 259	\$ 171	\$ 66	\$ (55)
REVENUES							
Licenses and Permits	\$ 199	\$ 199	\$ 204	\$ 209	\$ 214	\$ 220	\$ 225
Street Fuel Tax	350	367	385	404	424	446	468
Intergovernmental Revenues	63	-	-	-	-	-	-
Charges for Goods and Services	42	5	-	-	-	-	-
Miscellaneous	0	0	0	0	0	0	0
BASE BUDGET SUBTOTAL	654	571	589	613	639	665	693
Operating Transfers In	336	246	254	261	269	277	285
Insurance Recoveries	31	-	-	-	-	-	-
Revenue Decision Card	-	-	-	-	-	-	-
TOTAL REVENUES	1,022	817	843	875	908	943	979
EXPENDITURES							
Salaries and Wages	287	281	293	304	316	329	342
Personnel Benefits	106	111	119	128	138	148	159
Supplies	42	63	65	67	69	71	73
Other Services and Charges	336	338	355	373	391	411	431
Intergovernmental	119	130	137	144	151	158	166
Capital Outlay	13	-	-	-	-	-	-
Debt Service: Principal	2	-	-	-	-	-	-
Interfund Payment for Services	77	-	-	-	-	-	-
Operating Transfer Out	16	2	-	-	-	-	-
BASE BUDGET SUBTOTAL	997	926	969	1,016	1,066	1,118	1,173
Decision Cards	-	(53)	(53)	(53)	(53)	(53)	(55)
Budget Strategies	-	-	-	-	-	-	-
TOTAL EXPENDITURES	997	873	916	963	1,012	1,064	1,117
Operating Surplus/Deficit by Year	\$ 25	\$ (56)	\$ (73)	\$ (88)	\$ (104)	\$ (122)	\$ (139)
ENDING FUND BALANCE	387	332	259	171	66	(55)	(194)
REET Payback ¹	-	-	-	-	-	-	-
TOTAL ENDING FUND BALANCE	387	332	259	171	66	(55)	(194)
10% fund balance target	\$ 90	\$ 92	\$ 97	\$ 102	\$ 107	\$ 112	\$ 117
Fund balance policy	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Under 10%	Under 10%	Under 10%
Margin above/below the 10% threshold	\$ 297	\$ 239	\$ 162	\$ 69	\$ (40)	\$ (167)	\$ (311)

Notes:

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

Footnotes:

¹ 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

2012-2018 Analysis in 000s
BASE BUDGET

	2012	2013	2014	2015	2016	2017	2018
BEGINNING FUND BALANCE	\$ 1,563	\$ 1,431					
REVENUES							
Licenses & Permits	\$ 587	\$ 766					
Intergovernmental Revenues	39	-					
Charges for Goods & Services	201	542					
Miscellaneous Revenues	1	3					
Operating Transfer In	-	-					
TOTAL REVENUES¹	828	1,311					
EXPENDITURES							
Salaries and Wages	477	432					
Personnel Benefits	150	150					
Supplies	5	7					
Other Services and Charges	36	325					
Intergovernmental	53	61					
Other Financing	-	-					
Interfund Payment for Services	239	-					
BASE EXPENDITURES	959	975					
Decision Cards	-	53					
TOTAL EXPENDITURES	959	1,028					
Operating Surplus/Deficit by Year	(131)	283	-	-	-	-	-
Operating Transfer	-	-	-	-	-	-	-
Ending Fund Balance	\$ 1,431	\$ 1,714	\$ -				
Fund balance target	\$ 124	\$ 197	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance policy	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%
Margin above/below the 10% threshold	\$ 1,307	\$ 1,517	\$ -	\$ -	\$ -	\$ -	\$ -

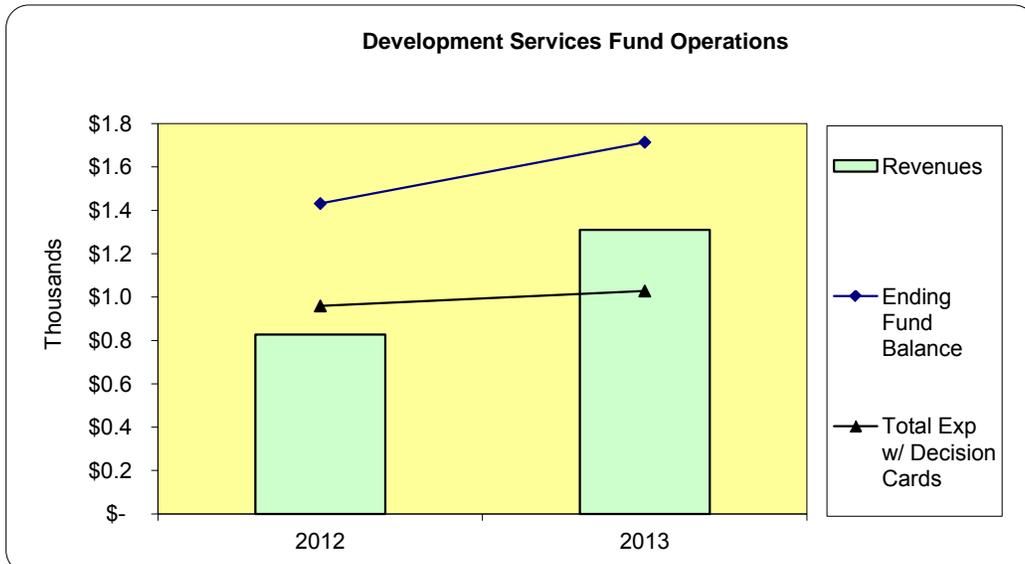
Due to the nature of Development Services being a working capital fund where projects cross years and the source of revenue is based solidly on economic cycles, accurate forecasting becomes speculative beyond 2013.

Notes:

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

Footnotes:

¹ Reflects all revenues related to Development Review.



CITY OF COVINGTON

PARKS & RECREATION SERVICES FUND LONG RANGE FORECAST

2012-2018 Analysis in 000s

BASE BUDGET

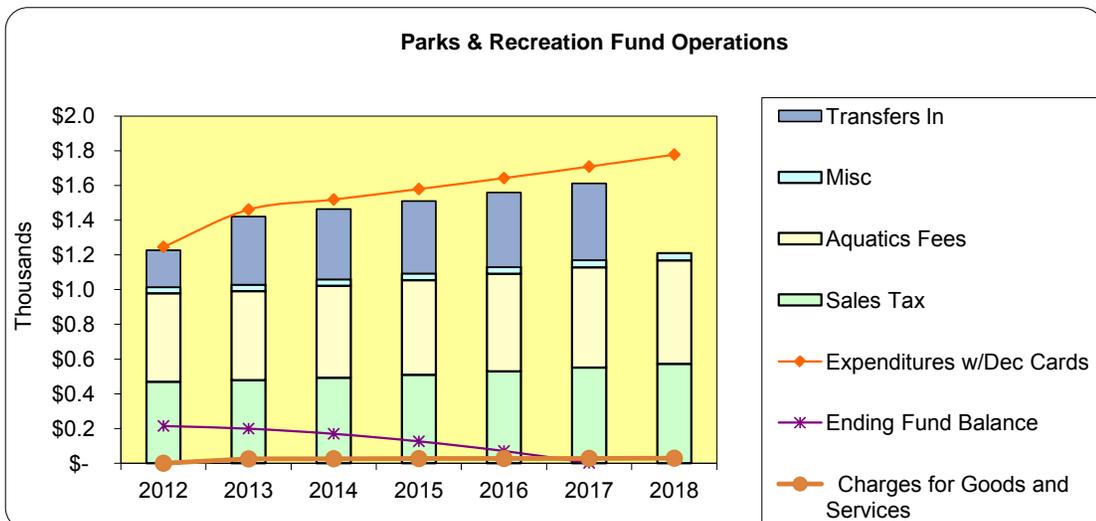
	2012	2013	2014	2015	2016	2017	2018
BEGINNING FUND BALANCE	232	215	200	170	126	71	2
REVENUES							
Sales Tax ¹	\$ 469	\$ 478	\$ 492	\$ 509	\$ 529	\$ 551	\$ 573
Intergovernmental Revenues	2	-	-	-	-	-	-
Charges for Goods and Services	-	25	26	27	27	28	29
Aquatics Fees	510	514	529	545	562	579	596
Athletics & Recreation	-	-	-	-	-	-	-
Miscellaneous	36	36	37	38	39	41	42
Other Financing Sources	-	-	-	-	-	-	-
BASE BUDGET SUBTOTAL	<u>1,017</u>	<u>1,053</u>	<u>1,085</u>	<u>1,119</u>	<u>1,158</u>	<u>1,198</u>	<u>1,239</u>
Operating Transfers In	212	393	405	417	430	443	456
TOTAL REVENUES	<u>1,229</u>	<u>1,446</u>	<u>1,490</u>	<u>1,536</u>	<u>1,588</u>	<u>1,640</u>	<u>1,695</u>
EXPENDITURES							
Salaries and Wages	612	627	652	678	705	733	762
Personnel Benefits	184	190	204	219	236	253	272
Supplies	104	73	75	77	79	82	84
Other Services and Charges	190	378	390	401	414	426	439
Intergovernmental	8	1	1	1	1	1	1
Capital Outlay	-	-	-	-	-	-	-
Operating Transfer	27	27	27	27	27	27	27
Interfund Payment for Services	122	-	-	-	-	-	-
BASE BUDGET SUBTOTAL	<u>1,246</u>	<u>1,296</u>	<u>1,349</u>	<u>1,404</u>	<u>1,462</u>	<u>1,523</u>	<u>1,586</u>
Decision Cards	-	166	171	176	181	186	192
Budget Strategies	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>1,246</u>	<u>1,462</u>	<u>1,519</u>	<u>1,580</u>	<u>1,643</u>	<u>1,709</u>	<u>1,778</u>
Operating Surplus/Deficit by Year	(18)	(15)	(30)	(44)	(56)	(69)	(83)
ENDING FUND BALANCE	215	200	170	126	71	2	(81)
10% fund balance target	\$ 125	\$ 130	\$ 135	\$ 140	\$ 146	\$ 152	\$ 159
Fund balance policy	Meets 10%	Meets 10%	Meets 10%	Under 10%	Under 10%	Under 10%	Under 10%
Margin above/below the 10% threshold	\$ 90	\$ 70	\$ 35	\$ (14)	\$ (75)	\$ (150)	\$ (240)

Notes:

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

Footnotes:

¹ Sales tax is allocated at 84% of forecasted revenues to the General Fund and 16% to the Parks



CITY OF COVINGTON

SURFACE WATER MANAGEMENT FUND LONG RANGE FORECAST

2012-2018 Analysis in 000s

BASE BUDGET

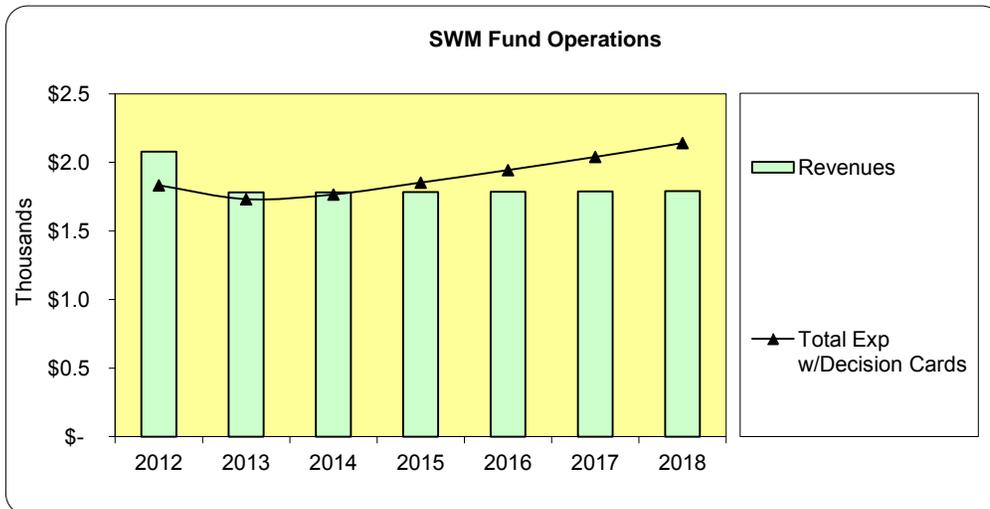
	2012	2013	2014	2015	2016	2017	2018
BEGINNING FUND BALANCE	\$ 1,670	\$ 1,917	\$ 1,966	\$ 1,983	\$ 1,915	\$ 1,758	\$ 1,507
REVENUES							
Customer Charges ¹	\$ 1,736	\$ 1,733	\$ 1,733	\$ 1,733	\$ 1,733	\$ 1,733	\$ 1,733
Intergovernmental Revenues	122	42	44	45	47	49	51
Grant Revenue	215	-	-	-	-	-	-
Misc	6	6	6	6	7	7	7
TOTAL REVENUES	<u>2,079</u>	<u>1,781</u>	<u>1,783</u>	<u>1,785</u>	<u>1,787</u>	<u>1,789</u>	<u>1,791</u>
Transfers In	-	-	-	-	-	-	-
TOTAL SOURCES	<u>2,079</u>	<u>1,781</u>	<u>1,783</u>	<u>1,785</u>	<u>1,787</u>	<u>1,789</u>	<u>1,791</u>
EXPENDITURES							
Salaries and Wages	497	511	531	552	574	597	621
Personnel Benefits	191	201	216	232	249	268	288
Supplies	28	42	45	47	49	52	54
Other Services and Charges	306	845	887	931	978	1,027	1,078
Intergovernmental	88	54	56	59	62	65	68
Capital Outlay	286	-	-	-	-	-	-
Debt Service: Principal	2	-	-	-	-	-	-
Debt Service: Interest	33	33	31	31	31	31	31
Interfund Payment for Services	402	-	-	-	-	-	-
BASE BUDGET TOTAL	<u>1,833</u>	<u>1,685</u>	<u>1,766</u>	<u>1,853</u>	<u>1,944</u>	<u>2,040</u>	<u>2,141</u>
Decision Card	-	46	-	-	-	-	-
Budget Strategies	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>1,833</u>	<u>1,731</u>	<u>1,766</u>	<u>1,853</u>	<u>1,944</u>	<u>2,040</u>	<u>2,141</u>
Operating Surplus/Deficit by Year	247	50	17	(68)	(157)	(251)	(350)
TOTAL ENDING FUND BALANCE	1,917	1,966	1,983	1,915	1,758	1,507	1,157
10% fund balance target	\$ 140	\$ 165	\$ 173	\$ 182	\$ 191	\$ 201	\$ 211
Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%
Margin above the 10% threshold	\$ 1,777	\$ 1,801	\$ 1,810	\$ 1,733	\$ 1,567	\$ 1,306	\$ 946

Notes:

- 1) This worksheet makes no assumptions as to new programs and decision cards past 2012 other than ongoing costs.
- 1) This worksheet reflects the utility tax transfer out (partial in 2012) to the general fund.

Footnotes:

¹ This reflects ongoing 0% increases.



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

Beginning in 2012 through 2016, the City is paying traffic mitigation fee exemption.

2012 ACCOMPLISHMENTS

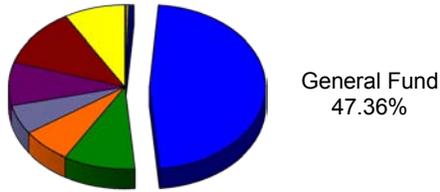
- ✓ Adopted a 2013 budget that maintained service and staffing levels and reduced expenses by more than \$60,000
- ✓ Secured a "right of first offer" to purchase Covington Elementary School
- ✓ Received an AWC Municipal Excellence Award for Destination Covington
- ✓ Directed a process to brand the community for economic development purposes
- ✓ Continued collaboration and involvement with neighboring cities, utility districts and regional associations

2013 GOALS

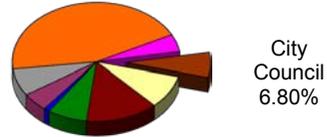
- ❖ Economic Development: Encourage and support a business community that is committed to Covington for the long-term and offers diverse products and services, family wage jobs, and a healthy tax base to support public services
- ❖ Town Center: Establish Covington Town Center as a vibrant residential, commercial, educational, 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

2013 Budget All Funds

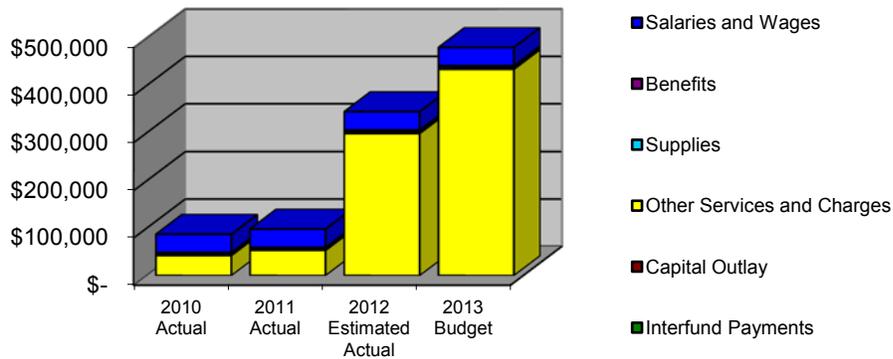


Total General Fund Budget



Uses of Funds:	2010 Actual	2011 Actual	2012 Estimated Actual	2013 Budget
Salaries and Wages	\$ 38,400	\$ 38,400	\$ 38,400	\$ 38,400
Benefits	3,318	3,365	3,425	3,431
Supplies	3,092	3,206	4,215	4,185
Other Services and Charges	42,351	53,203	298,813	434,495
Capital Outlay	-	-	-	-
Interfund Payments	-	-	-	-
Total Operating Expenses	<u>87,161</u>	<u>98,174</u>	<u>344,853</u>	<u>480,511</u>
Operating Transfer Out	<u>973,047</u>	<u>1,064,339</u>	<u>1,421,190</u>	<u>1,584,061</u>
Total Uses	<u>\$ 1,060,208</u>	<u>\$ 1,162,513</u>	<u>\$ 1,766,043</u>	<u>\$ 2,064,572</u>

Total Operating Expenditures by Year



CITY COUNCIL

<u>Account Number</u>	<u>Description</u>	<u>2013 Budget</u>
001-110-597-00-00-00	Operating Transfer Out Expenditure	\$ 1,584,061 <u>1,584,061</u>
001-110-511-60-11-00	Regular Wages Salaries and Wages	<u>38,400</u> <u>38,400</u>
001-110-511-60-21-01	Social Security Replacement	2,150
001-110-511-60-21-02	Medicare	557
001-110-511-60-21-05	Industrial Insurance	629
001-110-511-60-21-07	Life/LTD Insurance	<u>95</u>
	Personnel Benefits	<u>3,431</u>
001-110-511-60-31-01	Office Supplies	300
001-110-511-60-31-08	Honorarium	2,185
001-110-511-60-31-11	Meeting Expenses	<u>1,700</u>
	Supplies	<u>4,185</u>
001-110-511-60-41-10	Professional Services	7,100
001-110-511-60-43-01	Travel Expense (non-taxable)	1,500
001-110-511-60-43-03	Travel Expense (taxable)	250
001-110-511-60-49-01	Dues/Memberships	35,243
001-110-511-60-49-05	Training/Workshops	3,500
001-110-511-60-49-10	Contingency	50,000
001-110-558-70-49-23	Traffic Mitigation Fee Exempt	<u>336,902</u>
	Other Services and Charges	<u>434,495</u>
	Grand Total	<u>\$ 2,064,572</u>



MUNICIPAL COURT

Mission Statement

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

Department Overview

The City currently contracts for court services through King County and jail services through King County and SCORE. 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 2013. All services are provided by contract.

2012 ACCOMPLISHMENTS

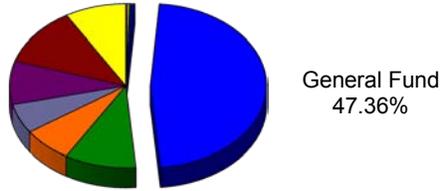
- ✓ Continued to explore alternatives to reduce court service costs
- ✓ Implemented new contracts with King County and SCORE, the South Correctional Entity, reducing jail costs even further

2013 GOALS

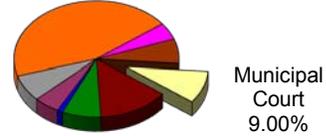
- ❖ Continue to explore alternatives to reduce court service costs
- ❖ Continue to monitor jail service contract and research cost saving measures

MUNICIPAL COURT

2013 Budget All Funds

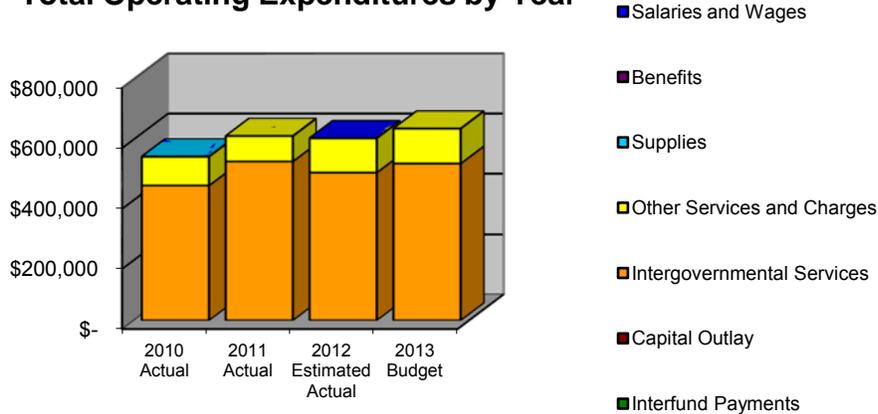


Total General Fund Budget



Uses of Funds:	2010	2011	2012	2013
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ -	\$ -	\$ -	\$ -
Benefits	-	-	-	-
Supplies	273	-	-	-
Other Services and Charges	96,186	84,678	114,500	116,400
Intergovernmental Services	446,920	526,989	490,000	520,000
Capital Outlay	-	-	-	-
Interfund Payments	-	-	-	-
Total Uses	<u>\$543,379</u>	<u>\$ 611,667</u>	<u>\$ 604,500</u>	<u>\$ 636,400</u>

Total Operating Expenditures by Year



MUNICIPAL COURT

<u>Account Number</u>	<u>Description</u>	<u>2013 Budget</u>
001-120-515-30-41-10	Prosecuting Attorney	\$ 54,000
001-120-515-91-41-10	Public Defender	<u>62,400</u>
	Other Services and Charges	<u>116,400</u>
001-120-512-50-51-02	Court Services	300,000
001-120-523-60-51-03	Jail Costs	<u>220,000</u>
	Intergovernmental Services	<u>520,000</u>
	Grand Total	<u>\$ 636,400</u>



EXECUTIVE

Mission Statement

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

Department Overview

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

Major Activities

- Manage and supervise all departments to achieve adopted City goals 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

2012 ACCOMPLISHMENTS

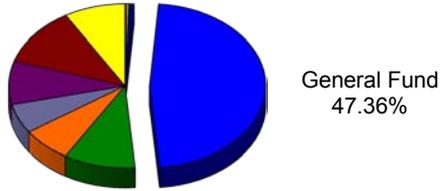
- ✓ Proposed a 2013 budget that maintained service and staffing levels and reduced expenses by more than \$60,000
- ✓ Created Budget Priorities and Advisory Committee to educate and engage the community regarding mandated services, discretionary services, and the crucial role of the town center
- ✓ Completed the Northern Gateway Area Study Phase I
- ✓ Hired a new lobbyist
- ✓ Lobbied the Legislature successfully for \$1.6 million in state funds
- ✓ Negotiated a new, lower cost animal-control contract

2013 GOALS

- ❖ Implement direction from the 2013 City Council Summit
- ❖ Continue to lobby Congress and the Legislature per the City's 2013 Legislative agenda

EXECUTIVE

2013 Budget All Funds

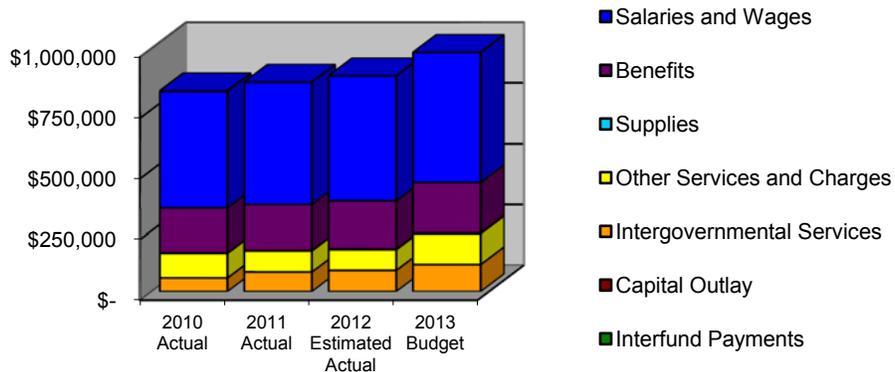


Total General Fund Budget



Uses of Funds:	2010	2011	2012	2013
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 481,090	\$ 502,586	\$ 513,722	\$ 535,137
Benefits	184,549	188,926	197,191	208,350
Supplies	1,230	1,078	2,698	2,300
Other Services and Charges	101,524	87,010	85,100	126,315
Intergovernmental Services	56,487	80,940	87,716	111,569
Capital Outlay	-	-	-	-
Interfund Payments	-	-	-	-
Total Uses	\$ 824,880	\$ 860,540	\$ 886,427	\$ 983,671

Total Operating Expenditures by Year



EXECUTIVE

Account Number	Description	2013 Budget
001-130-513-10-11-00	Regular Wages	\$ 535,137
	Salaries and Wages	<u>535,137</u>
001-130-513-10-21-01	Social Security Replacement	30,264
001-130-513-10-21-02	Medicare	7,837
001-130-513-10-21-03	PERS Replacement	40,135
001-130-513-10-21-04	Unemployment Compensation	6,690
001-130-513-10-21-05	Industrial Insurance	2,391
001-130-513-10-21-06	Medical/Dental/Vision	94,777
001-130-513-10-21-07	Life/LTD Insurance	7,465
001-130-513-10-21-10	Car Allowance	4,800
001-130-513-10-21-11	Cell Phone Allowance	500
001-130-513-10-21-12	457 Employer Contributions	9,963
001-130-513-10-21-14	VEBA Contributions	<u>3,528</u>
	Personnel Benefits	<u>208,350</u>
001-130-513-10-31-01	Office Supplies	1,050
001-130-513-10-31-11	Meeting Expenses	1,000
001-130-513-10-31-13	Uniforms	<u>250</u>
	Supplies	<u>2,300</u>
001-130-511-30-42-09	Advertising/Legal Notices	8,200
001-130-513-10-41-10	Professional Services	105,205
001-130-513-10-42-06	Postage	410
001-130-513-10-43-01	Travel Expense (non-taxable)	3,645
001-130-513-10-43-03	Travel Expense (taxable)	630
001-130-513-10-49-01	Dues/Memberships	2,835
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>4,690</u>
	Other Services and Charges	<u>126,315</u>
001-130-514-40-51-01	Election Costs	29,500
001-130-514-90-51-01	Voter Registration	26,500
001-130-554-30-51-01	Animal Control Services	<u>55,569</u>
	Intergovernmental Services	<u>111,569</u>
	Grand Total	<u>\$ 983,671</u>



FINANCE

Mission Statement

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

Department Overview

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

Major Activities

- Accounts Payable/Receivable
- Payroll
- 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

2012 ACCOMPLISHMENTS

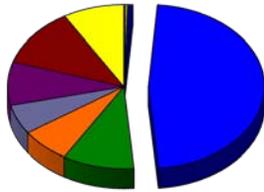
- ✓ Provided timely and accurate financial reporting
- ✓ Performed long- and short-range financial analysis and modeling
- ✓ Received clean audit opinion from State Auditor's Office
- ✓ Received 2011 CAFR award from GFOA
- ✓ Successfully transitioned to new version of financial software and BARScodes.
- ✓ City-wide training

2013 GOALS

- ❖ Develop and implement a public engagement process regarding city service levels
- ❖ Submit 2012 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 on creation and implementation of Transportation Benefit District and researching possible funding options

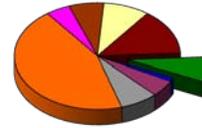
FINANCE

2013 Budget All Funds



General Fund
47.36%

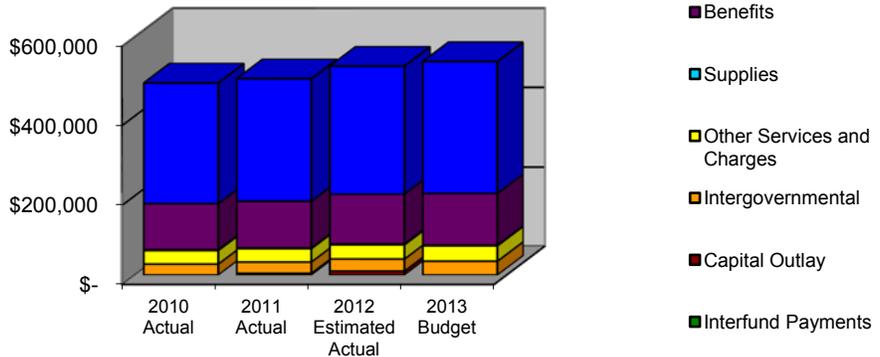
Total General Fund Budget



Finance
7.61%

Uses of Funds:	2010	2011	2012	2013
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 303,504	\$ 307,989	\$ 322,003	\$ 331,905
Benefits	116,545	118,282	125,552	130,818
Supplies	1,895	1,806	2,651	1,650
Other Services and Charges	34,222	33,665	35,840	38,755
Intergovernmental	27,721	28,606	30,500	35,000
Capital Outlay	-	4,297	9,825	-
Interfund Payments	-	-	-	-
Total Operating Expenses	<u>483,887</u>	<u>494,645</u>	<u>526,371</u>	<u>538,128</u>
Operating Transfer Out	-	-	-	-
Total Uses	<u>\$ 483,887</u>	<u>\$ 494,645</u>	<u>\$ 526,371</u>	<u>\$ 538,128</u>

Total Operating Expenditures by Year



FINANCE

<u>Account Number</u>	<u>Description</u>	<u>2013 Budget</u>
001-140-514-20-11-00	Regular Wages	\$ 331,905
	Salaries and Wages	<u>331,905</u>
001-140-514-20-21-01	Social Security Replacement	18,720
001-140-514-20-21-02	Medicare	4,847
001-140-514-20-21-03	PERS Replacement	24,893
001-140-514-20-21-04	Unemployment Compensation	4,149
001-140-514-20-21-05	Industrial Insurance	1,349
001-140-514-20-21-06	Medical/Dental/Vision	67,986
001-140-514-20-21-07	Life/LTD Insurance	4,458
001-140-514-20-21-10	Car Allowance	2,400
001-140-514-20-21-14	VEBA Contributions	<u>2,016</u>
	Personnel Benefits	<u>130,818</u>
001-140-514-20-31-01	Office Supplies	<u>1,650</u>
	Supplies	<u>1,650</u>
001-140-514-20-41-01	Accounting Services	12,650
001-140-514-20-42-06	Postage	1,520
001-140-514-20-43-01	Travel Expense (non-taxable)	3,525
001-140-514-20-43-03	Travel Expense (taxable)	100
001-140-514-20-45-02	Office Equipment Lease	1,500
001-140-514-20-48-05	Equipment/Software Maint Agmt	15,275
001-140-514-20-49-01	Dues/Memberships	785
001-140-514-20-49-02	Subscriptions/Publications	825
001-140-514-20-49-05	Training/Workshops	<u>2,575</u>
	Other Services and Charges	<u>38,755</u>
001-140-514-20-51-01	State Examiner - Audit Fees	<u>35,000</u>
	Intergovernmental Services	<u>35,000</u>
	Grand Total	<u>\$ 538,128</u>



LEGAL SERVICES

Mission Statement

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

Department Overview

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

Major Activities

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

Significant Budget Issues

None

2012 ACCOMPLISHMENTS

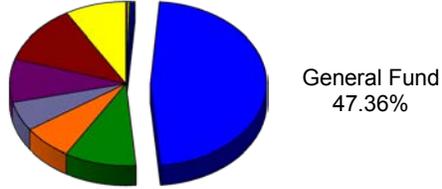
- ✓ Successfully addressed Cingular litigation, resulting in favorable outcome for city
- ✓ Continued to minimize land use litigation and liability through effective claim analysis and negotiation

2013 GOALS

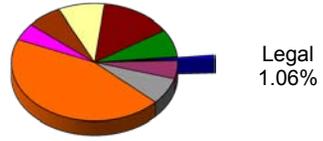
- ❖ Continue to minimize land use litigation and liability through effective claim analysis and negotiation

LEGAL SERVICES

2013 Budget All Funds

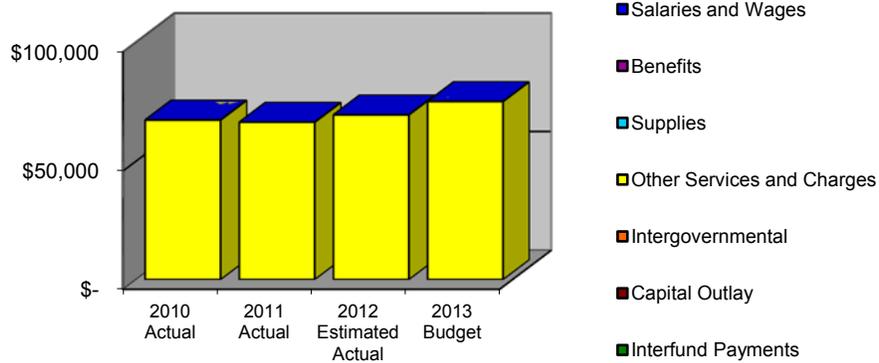


Total General Fund Budget



Uses of Funds:	2010 Actual	2011 Actual	2012 Estimated Actual	2013 Budget
Salaries and Wages	\$ -	\$ -	\$ -	\$ -
Benefits	-	-	-	-
Supplies	-	-	-	-
Other Services and Charges	67,172	66,253	69,350	75,000
Intergovernmental	-	-	-	-
Capital Outlay	-	-	-	-
Interfund Payments	-	-	-	-
Total Uses	<u>\$ 67,172</u>	<u>\$ 66,253</u>	<u>\$ 69,350</u>	<u>\$ 75,000</u>

Total Operating Expenditures by Year



LEGAL

<u>Account Number</u>	<u>Description</u>	<u>2013 Budget</u>
001-160-515-20-41-05	Attorney/Legal Services	\$ 75,000
	Other Services and Charges	75,000
	Grand Total	\$ 75,000



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

2012 ACCOMPLISHMENTS

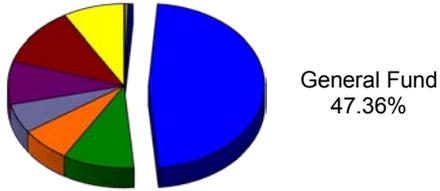
- ✓ Adopted comprehensive Compensation Program
- ✓ Adopted revised Employee Handbook
- ✓ Implemented new Employee Recognition Program
- ✓ Implemented new employee Promotion-in-place Program
- ✓ Adopted Human Services Commission Master Plan
- ✓ Facilitated 2013-2014 human services agency funding cycle with the Human Services Commission

2013 GOALS

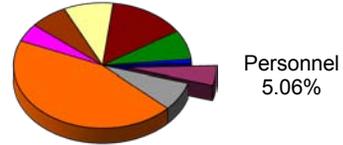
- ❖ Complete citywide salary survey
- ❖ Review and update Safety Handbook
- ❖ Review and update Volunteer Handbook
- ❖ Execute citywide employee satisfaction and retention survey
- ❖ Develop citywide Employee Suggestion Program
- ❖ Develop and implement new format for Purple Light Nights® Campaign kickoff to increase domestic violence awareness
- ❖ Develop and implement self-defense seminars and scholarships for domestic violence victims

PERSONNEL

2013 Budget All Funds

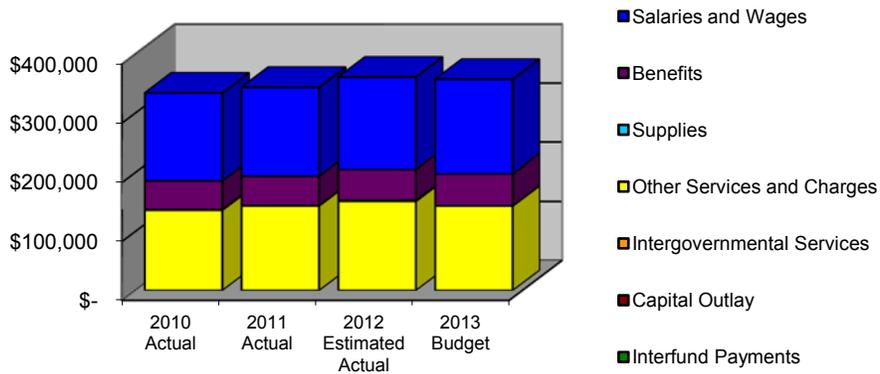


Total General Fund Budget



Uses of Funds:	2010	2011	2012	2013
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 148,358	\$ 150,212	\$ 156,316	\$ 159,879
Benefits	48,521	49,282	51,911	53,698
Supplies	1,279	932	1,693	600
Other Services and Charges	136,140	143,565	151,312	143,325
Intergovernmental Services	-	-	-	-
Capital Outlay	-	-	-	-
Interfund Payments	-	-	-	-
Total Uses	\$ 334,298	\$ 343,991	\$ 361,232	\$ 357,502

Total Operating Expenditures by Year



PERSONNEL

Account Number	Description	2013 Budget
001-165-518-10-11-00	Regular Wages	\$ 159,879
	Salaries and Wages	<u>159,879</u>
001-165-518-10-21-01	Social Security Replacement	8,953
001-165-518-10-21-02	Medicare	2,319
001-165-518-10-21-03	PERS Replacement	11,991
001-165-518-10-21-04	Unemployment Compensation	1,998
001-165-518-10-21-05	Industrial Insurance	719
001-165-518-10-21-06	Medical/Dental/Vision	24,514
001-165-518-10-21-07	Life/LTD Insurance	2,196
001-165-518-10-21-14	VEBA Contributions	<u>1,008</u>
	Personnel Benefits	<u>53,698</u>
001-165-518-10-31-01	Office Supplies	200
001-165-518-10-31-11	Meeting Expenses	<u>400</u>
	Supplies	<u>600</u>
001-165-517-90-49-17	Employee Wellness Program	500
001-165-518-10-41-10	Professional Services	4,615
001-165-518-10-41-16	Human Services	105,000
001-165-518-10-42-06	Postage	400
001-165-518-10-42-09	Advertising/Legal Notices	2,500
001-165-518-10-43-01	Travel Expense (non-taxable)	2,075
001-165-518-10-48-02	Minor Housing Repair Services	25,625
001-165-518-10-49-01	Dues/Memberships	400
001-165-518-10-49-02	Subscriptions/Publications	610
001-165-518-10-49-05	Training/Workshops	1,300
001-165-518-10-49-19	Human Services Commission	<u>300</u>
	Other Services and Charges	<u>143,325</u>
	Grand Total	<u>\$ 357,502</u>



CENTRAL SERVICES

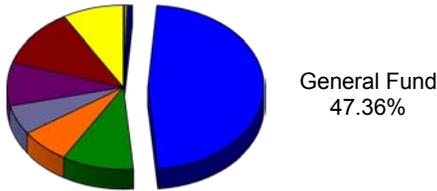
Department Overview

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

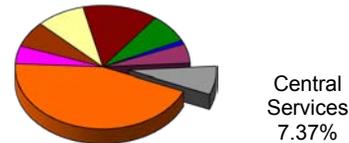
Significant Budget Issues

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

2013 Budget All Funds

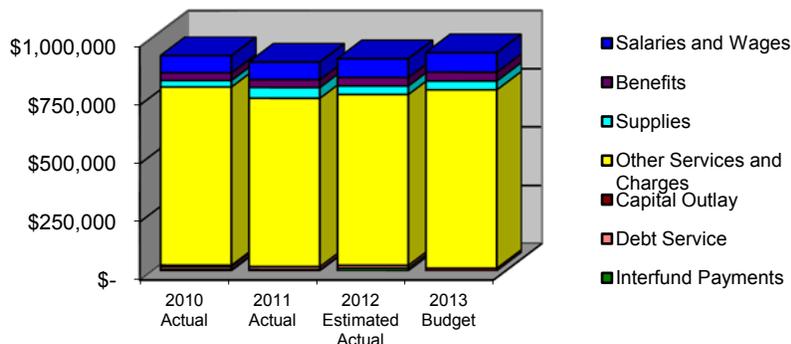


Total General Fund Budget



	2010 Actual	2011 Actual	2012 Estimated Actual	2013 Budget
Uses of Funds:				
Salaries and Wages	\$ 74,064	\$ 75,989	\$ 81,097	\$ 84,161
Benefits	32,797	33,545	36,171	37,844
Supplies	28,063	45,946	36,478	38,065
Other Services and Charges	764,557	722,140	732,471	764,764
Capital Outlay	5,973	-	-	12,290
Debt Service	11,661	12,638	12,665	-
Interfund Payments	7,275	6,398	12,092	-
Central Services Cost Alloc	-	-	(391,841)	(416,333)
Total Uses	\$ 924,390	\$ 896,656	\$ 519,133	\$ 520,791

Total Operating Expenditures by Year



CENTRAL SERVICES

Account Number	Description	2013 Budget
001-180-500-00-00-00	Central Services Interfund Pym Expenditure	\$ (416,333) <u>(416,333)</u>
001-180-518-80-11-00	Regular Wages - IT Salaries and Wages	<u>84,161</u> <u>84,161</u>
001-180-518-80-21-01	Social Security Replacement-IT	4,713
001-180-518-80-21-02	Medicare - IT	1,220
001-180-518-80-21-03	PERS Replacement - IT	6,312
001-180-518-80-21-04	Unemployment Compensation - IT	1,052
001-180-518-80-21-05	Industrial Insurance - IT	360
001-180-518-80-21-06	Medical/Dental/Vision - IT	22,562
001-180-518-80-21-07	Life/LTD Insurance - IT	1,121
001-180-518-80-21-14	VEBA Contributions - IT Personnel Benefits	<u>504</u> <u>37,844</u>
001-180-518-40-31-01	Office Supplies	13,950
001-180-518-40-31-05	Operating Supplies	7,295
001-180-518-40-31-11	Meeting Expenses	50
001-180-518-40-34-03	Items for Resale	50
001-180-518-40-35-00	Small Tools/Minor Equipment	2,020
001-180-518-80-31-05	Operating Supplies - IT	1,000
001-180-518-80-35-00	Small Tools/Minor Equipment-IT	9,900
001-180-525-60-31-01	Office Supplies - EM	250
001-180-525-60-31-05	Operating Supplies - EM	2,000
001-180-525-60-31-11	Meeting Expenses - EM	250
001-180-525-60-35-00	Small Tools/Minor Equipment-EM	50
001-180-548-60-31-05	ER Supplies	100
001-180-548-60-32-00	ER Fuel Supplies	<u>1,150</u> <u>38,065</u>
001-180-518-30-41-10	Professional Services	146,580
001-180-518-30-46-01	Property Insurance	15,855
001-180-518-30-48-01	Repairs/Maintenance of Equip	800
001-180-518-30-48-02	Repairs/Maintenance of Bldg	3,000
001-180-518-30-48-05	Equipment/Software Maint Agmt	7,660
001-180-518-40-41-10	Professional Services	4,800
001-180-518-40-42-01	Communications	18,480
001-180-518-40-42-06	Postage	50
001-180-518-40-45-01	Building Lease	339,487
001-180-518-40-45-02	Office Equipment Lease	20,220
001-180-518-40-47-01	Utility Services	32,620

CENTRAL SERVICES

Account Number	Description	2013 Budget
001-180-518-40-48-05	Equipment/Software Maint Agmt	1,375
001-180-518-40-49-01	Dues/Memberships	3,255
001-180-518-40-49-21	Annual Permits	500
001-180-518-80-41-10	Professional Services - IT	435
001-180-518-80-42-01	Communications - IT	940
001-180-518-80-43-01	Travel Expense (non-tax) - IT	200
001-180-518-80-48-01	Repairs/Maintenance Equip - IT	800
001-180-518-80-48-05	Equip/Software Maint Agmt - IT	2,260
001-180-518-80-49-01	Dues/Memberships - IT	75
001-180-518-80-49-02	Subscriptions/Publications -IT	40
001-180-518-80-49-05	Training/Workshops - IT	800
001-180-518-90-46-01	Liability Insurance	85,558
001-180-525-60-41-10	Professional Services - EM	1,000
001-180-525-60-42-01	Communications - EM	900
001-180-525-60-42-06	Postage - EM	100
001-180-525-60-43-01	Travel Expense (non-tax) - EM	100
001-180-525-60-43-03	Travel Expense (taxable) - EM	250
001-180-525-60-48-01	Repairs/Maintenance Equip - EM	1,000
001-180-525-60-49-01	Dues/Memberships - EM	765
001-180-525-60-49-05	Training/Workshops - EM	825
001-180-548-60-45-04	Equipment Replacement Cost	13,484
001-180-548-60-48-01	ER Repairs/Maintenance	4,050
001-180-554-90-41-10	Recycling Promotion	56,500
	Other Services and Charges	<u>764,764</u>
001-180-594-18-64-06	Machinery/Equipment	<u>12,290</u>
	Capital Outlay	<u>12,290</u>
	Grand Total	<u><u>\$ 520,791</u></u>



LAW ENFORCEMENT

Mission Statement

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

Department Overview

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

Major Activities

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

Significant Budget Issues

None

2012 ACCOMPLISHMENTS

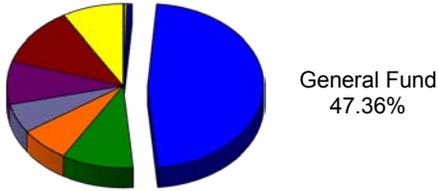
- ✓ Partnered with City and Civic groups for Covington Days Festival and Parade
- ✓ Participated in regional "school active shooter scenario" with Maple Valley Police, King County Sheriff's Office and area fire departments at Tahoma Middle School
- ✓ Participated in the annual Shop With a Cop program at the Covington Wal-Mart
- ✓ Three residents attended annual joint Covington/Maple Valley/King County 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
- ✓ Instituted City of Covington "Citizen Police Volunteer" Program to assist the Covington Police Department with several duties

2013 GOALS

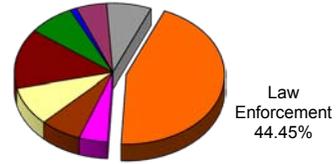
- ❖ Support city Budget Priority Advisory Committee process
- ❖ Continue acquiring Active Shooter equipment and obtain additional training
- ❖ Continue emphasis patrols targeting current crime trends such as graffiti, tagging and evidence of any gang activity
- ❖ Participate in the Clean Covington program
- ❖ 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
- ❖ Expand duties of Citizen Police Volunteer Program

LAW ENFORCEMENT

2013 Budget All Funds

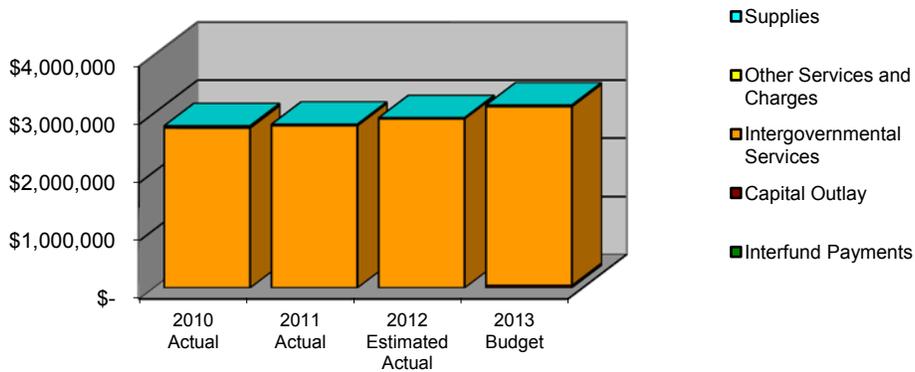


Total General Fund Budget



Uses of Funds:	2010 Actual	2011 Actual	2012 Estimated Actual	2013 Budget
Supplies	\$ 27,762	\$ 15,041	\$ 6,140	\$ 8,575
Other Services and Charges	6,816	6,628	7,485	15,045
Intergovernmental Services	2,748,536	2,787,413	2,908,866	3,076,055
Capital Outlay	-	-	-	42,465
Interfund Payments	1,338	1,338	175	-
Total Uses	<u>\$2,784,452</u>	<u>\$2,810,420</u>	<u>\$2,922,666</u>	<u>\$3,142,140</u>

Total Operating Expenditures by Year



LAW ENFORCEMENT

Account Number	Description	2013 Budget
001-210-521-20-31-01	Office Supplies	\$ 450
001-210-521-20-31-05	Operating Supplies	925
001-210-521-20-31-11	Meeting Expenses	75
001-210-521-20-35-00	Small Tools/Minor Equipment	5,600
001-210-548-60-31-05	ER Supplies	25
001-210-548-60-32-00	ER Fuel	1,500
	Supplies	<u>8,575</u>
001-210-521-10-41-10	Professional Services	1,500
001-210-521-10-49-01	Dues/Memberships	255
001-210-521-20-42-01	Communications	4,000
001-210-521-20-42-06	Postage	125
001-210-521-20-48-05	Equipment/Software Maint Agmt	1,465
001-210-521-40-49-05	Training/Workshops	1,800
001-210-548-60-45-04	Equipment Replacement Cost	5,000
001-210-548-60-48-01	ER Repairs/Maintenance	900
	Other Services and Charges	<u>15,045</u>
001-210-521-20-51-01	Police Services Contract	<u>3,076,055</u>
	Intergovernmental Services	<u>3,076,055</u>
001-210-594-21-64-06	Machinery/Equipment	<u>42,465</u>
	Capital Outlay	<u>42,465</u>
	Grand Total	<u>\$ 3,142,140</u>



COMMUNITY DEVELOPMENT

Mission Statement

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

Division Overview

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

Major Activities

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

Significant Budget Issues

None

2012 ACCOMPLISHMENTS

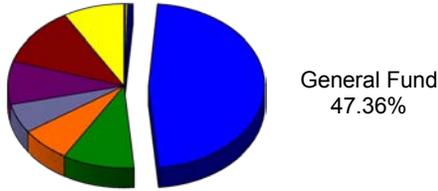
- ✓ Managed the annexation process with King County for the portion of the northern notch outside of Covington's UGA. Although it was not considered by King County, staff and the planning commission spent many hours putting together data, providing input to elected officials and holding public hearings
- ✓ Completed Phase 1 of the "Northern Gateway" subarea plan and study
- ✓ Process Comp Plan amendments through Planning Commission and Council as part of annual docket process
- ✓ Adopted the multi-family tax exemption ordinance for the Town Center and Mixed Housing Office Zones
- ✓ Updated and amended the Wireless Communication Facilities Ordinance
- ✓ Participated in the Budget and Priorities Advisory Committee regarding the department's budget and level of service

2013 GOALS

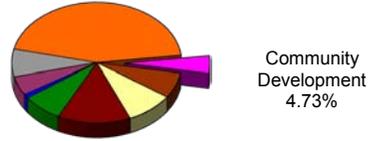
- ❖ Develop and implement shoreline regulations
- ❖ Plan and hold a "Target Covington" event
- ❖ Complete Phase II of the Hawk Property subarea plan (also known as, Southern portion of the Northern Gateway study area)
- ❖ Amend the sign ordinance to include provisions for civic, government, and non-profit signage with the city and in accordance with city programming needs
- ❖ Start scoping the preliminary work plan for the GMA 2014 required Comprehensive Plan update

COMMUNITY DEVELOPMENT

2013 Budget All Funds

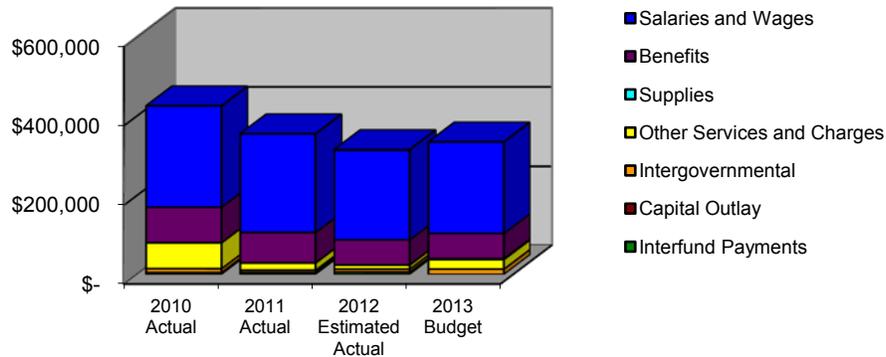


Total General Fund Budget



Uses of Funds:	2010	2011	2012	2013
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 255,563	\$ 248,645	\$ 227,389	\$ 230,676
Benefits	90,245	76,943	63,432	63,901
Supplies	296	550	787	2,371
Other Services and Charges	65,438	18,106	10,036	24,252
Intergovernmental	9,780	5,816	7,450	13,341
Capital Outlay	-	-	-	-
Interfund Payments	4,708	4,926	5,996	-
Total Uses	\$ 426,030	\$ 354,986	\$ 315,090	\$ 334,541

Total Operating Expenditures by Year



COMMUNITY DEVELOPMENT

Account Number	Description	2013 Budget
001-250-524-60-11-00	Regular Wages - CE	\$ 49,119
001-250-558-60-11-00	Regular Wages - PL	181,557
	Salaries and Wages	<u>230,676</u>
001-250-524-60-21-01	Social Security Replacement-CE	2,751
001-250-524-60-21-02	Medicare - CE	712
001-250-524-60-21-04	Unemployment Compensation - CE	614
001-250-524-60-21-05	Industrial Insurance - CE	898
001-250-558-60-21-01	Social Security Replacement-PL	10,307
001-250-558-60-21-02	Medicare - PL	2,669
001-250-558-60-21-03	PERS Replacement - PL	13,616
001-250-558-60-21-04	Unemployment Compensation - PL	2,270
001-250-558-60-21-05	Industrial Insurance - PL	648
001-250-558-60-21-06	Medical/Dental/Vision - PL	23,514
001-250-558-60-21-07	Life/LTD Insurance - PL	2,349
001-250-558-60-21-10	Car Allowance - PL	2,520
001-250-558-60-21-14	VEBA Contributions - PL	1,033
	Personnel Benefits	<u>63,901</u>
001-250-524-60-31-13	Uniforms - CE	370
001-250-524-60-35-00	Small Tools/Minor Equipment-CE	250
001-250-548-60-31-05	ER Supplies	150
001-250-548-60-32-00	ER Fuel	1,000
001-250-558-60-31-01	Office Supplies - PL	416
001-250-558-60-31-11	Meeting Expenses - PL	150
001-250-558-60-31-13	Uniforms - PL	35
	Supplies	<u>2,371</u>
001-250-524-60-41-02	Engineering Services - CE	500
001-250-524-60-41-10	Professional Services - CE	3,600
001-250-524-60-42-01	Communications - CE	905
001-250-524-60-42-06	Postage - CE	150
001-250-524-60-43-01	Travel Expense (non-tax) - CE	300
001-250-524-60-43-03	Travel Expense (taxable) - CE	25
001-250-524-60-49-01	Dues/Memberships - CE	115
001-250-524-60-49-04	Printing/Binding - CE	500
001-250-524-60-49-05	Training/Workshops - CE	510
001-250-548-60-45-04	Equipment Replacement Cost	4,668
001-250-548-60-48-01	ER Repairs/Maintenance	850
001-250-558-60-41-10	Professional Services - PL	2,000
001-250-558-60-42-06	Postage - PL	600
001-250-558-60-43-01	Travel Expense (non-tax) - PL	905

COMMUNITY DEVELOPMENT

Account Number	Description	2013 Budget
001-250-558-60-43-03	Travel Expense (taxable) - PL	2,142
001-250-558-60-49-01	Dues/Memberships - PL	953
001-250-558-60-49-02	Subscriptions/Publications -PL	88
001-250-558-60-49-04	Printing/Binding - PL	600
001-250-558-60-49-05	Training/Workshops - PL	2,441
001-250-558-60-49-19	Planning Commission - PL	400
001-250-558-70-41-10	Professional Services - ED	<u>2,000</u>
	Other Services and Charges	<u>24,252</u>
001-250-522-30-51-01	Fire Investigation Services	10,100
001-250-558-60-51-01	Professional Services - PL	<u>3,241</u>
	Intergovernmental Services	<u>13,341</u>
	Grand Total	<u>\$ 334,541</u>



STREET

Mission Statement

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

Fund Overview

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

Major Activities

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

Significant Budget Issues

Beginning in 2013, Interfund Payments are reported in Other Services and Charges.

2012 ACCOMPLISHMENTS

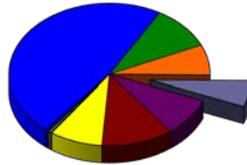
- ✓ January snow/ice event response
- ✓ Recovery of snow/ice event expenses from FEMA
- ✓ Provided vegetation and site distance control throughout the City
- ✓ Fleet replacements/upgrades
- ✓ Joint asphalt patching with Maple Valley
- ✓ Joint asphalt sealing with Maple Valley
- ✓ City Christmas tree damage mitigation/replacement
- ✓ Streamlined weekly mow route

2013 GOALS

- ❖ Snow/ice response
- ❖ Enhance landscaping along SE 272nd Street and the 180th Avenue SE/SE Wax Road roundabout
- ❖ On-call flagging contract

STREET

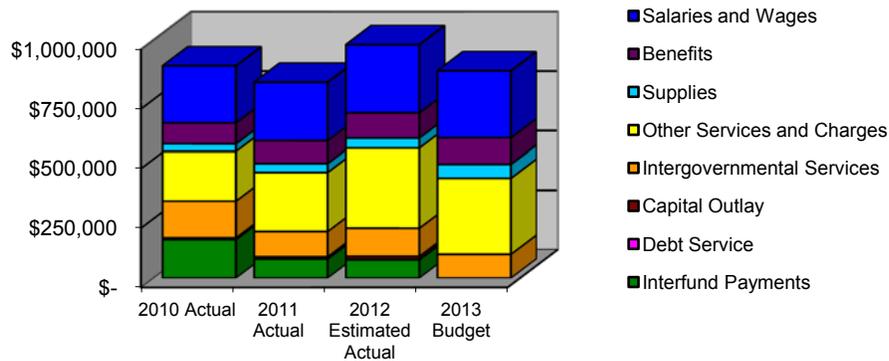
2013 Budget All Funds



Street
5.83%

Uses of Funds:	2010	2011	2012	2013
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 239,700	\$ 245,097	\$ 286,928	\$ 281,335
Benefits	87,888	95,534	105,962	110,866
Supplies	31,537	37,357	41,560	58,310
Other Services and Charges	208,358	248,196	336,318	319,627
Intergovernmental Services	154,223	106,274	118,500	100,500
Capital Outlay	5,661	7,754	12,600	-
Debt Service	2,097	2,014	2,231	-
Interfund Payments	161,995	80,156	76,726	-
Total Operating Expenses	<u>891,459</u>	<u>822,382</u>	<u>980,825</u>	<u>870,638</u>
Operating Transfer Out	-	251,012	16,098	1,875
Total Uses	<u>\$ 891,459</u>	<u>\$ 1,073,394</u>	<u>\$ 996,923</u>	<u>\$ 872,513</u>

Total Operating Expenditures by Year



STREET

Account Number	Description	2013 Budget
101-000-597-00-00-00	Operating Transfer Out Expenditure	\$ 1,875 <u>1,875</u>
101-000-543-10-11-00	Regular Wages	273,335
101-000-543-10-12-00	Overtime Wages	<u>8,000</u>
	Salaries and Wages	<u>281,335</u>
101-000-543-10-21-01	Social Security Replacement	15,822
101-000-543-10-21-02	Medicare	4,097
101-000-543-10-21-03	PERS Replacement	21,098
101-000-543-10-21-04	Unemployment Compensation	3,517
101-000-543-10-21-05	Industrial Insurance	5,385
101-000-543-10-21-06	Medical/Dental/Vision	54,862
101-000-543-10-21-07	Life/LTD Insurance	3,373
101-000-543-10-21-10	Car Allowance	1,200
101-000-543-10-21-14	VEBA Contributions	<u>1,512</u>
	Personnel Benefits	<u>110,866</u>
101-000-542-30-31-05	Operating Supplies Maintenance	15,500
101-000-542-66-31-05	Operating Supplies Snow/Ice	7,500
101-000-543-30-31-01	Office Supplies	1,405
101-000-543-30-31-05	Operating Supplies General	19,690
101-000-543-30-31-11	Meeting Expenses	250
101-000-543-30-31-13	Uniforms	1,600
101-000-543-30-32-00	Fuel	1,420
101-000-543-30-35-00	Small Tools/Minor Equipment	6,750
101-000-548-60-31-05	ER Supplies	735
101-000-548-60-32-00	ER Fuel	<u>3,460</u>
	Supplies	<u>58,310</u>
101-000-542-30-45-04	Equipment Rental Maintenance	4,000
101-000-542-63-47-01	Street Lighting Electricity	103,000
101-000-542-64-47-01	Traffic Signal Electricity	7,000
101-000-542-70-47-01	Roadside Water Services	1,500
101-000-542-70-48-16	Roadway Maintenance	50,600
101-000-543-30-41-10	Professional Services	12,400
101-000-543-30-41-21	Cent Svcs Overhead Allocation	49,959
101-000-543-30-42-01	Communications	3,917
101-000-543-30-42-06	Postage	100
101-000-543-30-42-09	Advertising/Legal Notices	400
101-000-543-30-43-01	Travel Expense (non-taxable)	890
101-000-543-30-43-03	Travel Expense (taxable)	550

STREET

Account Number	Description	2013 Budget
101-000-543-30-45-02	Office Equipment Lease	1,270
101-000-543-30-45-04	Equipment Rental General	9,000
101-000-543-30-47-03	Waste Disposal General	2,300
101-000-543-30-48-01	Repairs/Maintenance of Equip	1,000
101-000-543-30-48-05	Equipment/Software Maint Agmt	2,100
101-000-543-30-49-01	Dues/Memberships	998
101-000-543-30-49-02	Subscriptions/Publications	40
101-000-543-30-49-04	Printing/Binding	250
101-000-543-30-49-05	Training/Workshops	4,585
101-000-543-50-41-10	Professional Services Facility	1,400
101-000-543-50-45-01	Building Lease	6,920
101-000-543-50-47-01	Utility Services Facility	1,740
101-000-543-50-47-03	Waste Disposal Facility	2,700
101-000-543-50-48-02	Repairs/Maintenance of Bldg	1,200
101-000-544-20-41-02	Engineering Services	21,900
101-000-544-40-41-10	Traffic Concurrency	3,000
101-000-548-60-45-04	Equipment Replacement Cost	19,083
101-000-548-60-48-01	ER Repairs/Maintenance	5,825
	Other Services and Charges	<u>319,627</u>
101-000-542-50-51-01	Structure Maintenance-Bridges	2,500
101-000-542-64-51-01	Traffic Control Devices	88,350
101-000-542-70-51-01	Roadside Maintenance	2,000
101-000-543-30-51-01	Intergovernmental Services	7,650
	Intergovernmental Services	<u>100,500</u>
	Grand Total	<u>\$ 872,513</u>



DEVELOPMENT SERVICES

Mission Statement

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

Fund Overview

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

Major Activities

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

Significant Budget Issues

Beginning in 2013, Interfund Payments are reported in Other Services and Charges.

2012 ACCOMPLISHMENTS

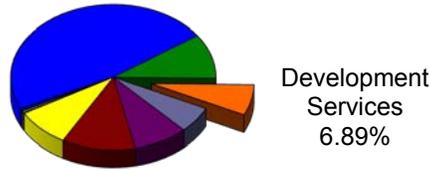
- ✓ Implemented new permit tracking system to help improve processing permits, such as business licenses and fire operational permits and tracking citizen action requests and public records requests
- ✓ Provided ongoing SEPA administration
- ✓ Monitored development impacts in adjacent cities through SEPA
- ✓ Issued Notice to Proceed for Construction for various development projects such as the Kentwood Plaza, Covington Professional Arts Building, and Valley Medical Urgent Care
- ✓ Continued staff time tracking system for future fee updates
- ✓ Monitored revenue and permit fees
- ✓ Supported Phase 1 of the “Northern Gateway” subarea plan

2013 GOALS

- ✓ Continue to monitor impacts of adjacent development through SEPA process
- ✓ Adopt amendments to the SEPA regulations in accordance with the amendments by the State Department of Ecology
- ✓ Adopt a clearing and grading ordinance that considers Covington’s topography, soil conditions and lot dimension requirements
- ✓ Create informational handouts and update permit applications associated with new adopted ordinances and procedures
- ✓ Provide continued support for Phase II of the “Northern Gateway” subarea plan

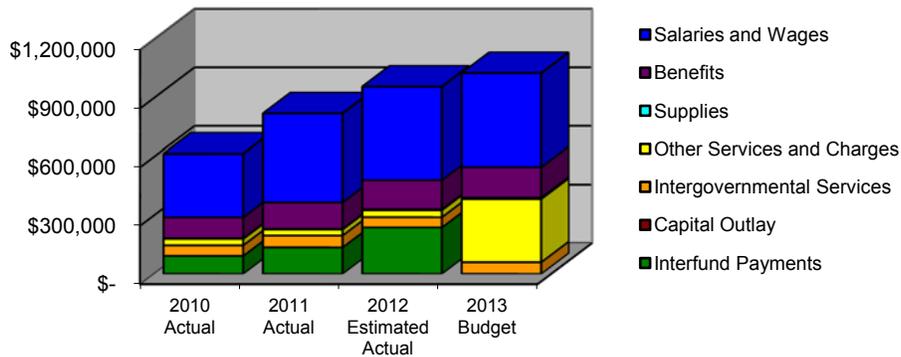
DEVELOPMENT SERVICES

2013 Budget All Funds



Uses of Funds:	2010	2011	2012	2013
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 325,508	\$ 454,335	\$ 477,160	\$ 480,270
Benefits	107,406	136,547	149,723	155,952
Supplies	3,092	1,967	4,509	6,884
Other Services and Charges	32,950	31,183	36,000	324,352
Intergovernmental Services	54,271	60,998	52,750	60,600
Capital Outlay	-	-	-	-
Interfund Payments	92,866	136,452	238,940	-
Total Uses	\$ 616,093	\$ 821,482	\$ 959,082	\$ 1,028,058

Total Operating Expenditures by Year



DEVELOPMENT SERVICES

Account Number	Description	2013 Budget
130-260-558-50-11-00	Regular Wages	\$ 480,270
	Salaries and Wages	<u>480,270</u>
130-260-558-50-21-01	Social Security Replacement	26,955
130-260-558-50-21-02	Medicare	6,980
130-260-558-50-21-03	PERS Replacement	32,433
130-260-558-50-21-04	Unemployment Compensation	6,003
130-260-558-50-21-05	Industrial Insurance	7,253
130-260-558-50-21-06	Medical/Dental/Vision	67,230
130-260-558-50-21-07	Life/LTD Insurance	5,574
130-260-558-50-21-10	Car Allowance	1,080
130-260-558-50-21-14	VEBA Contributions	<u>2,444</u>
	Personnel Benefits	<u>155,952</u>
130-260-548-60-31-05	ER Supplies	300
130-260-548-60-32-00	ER Fuel	2,000
130-260-558-50-31-01	Office Supplies	3,444
130-260-558-50-31-05	Operating Supplies	100
130-260-558-50-31-11	Meeting Expenses	25
130-260-558-50-31-13	Uniforms	615
130-260-558-50-35-00	Small Tools/Minor Equipment	<u>400</u>
	Supplies	<u>6,884</u>
130-260-548-60-45-04	Equipment Replacement Cost	8,820
130-260-548-60-48-01	ER Repairs/Maintenance	1,700
130-260-558-50-41-10	Professional Services	36,000
130-260-558-50-41-20	Interfund Service Payment	130,248
130-260-558-50-41-21	Cent Svcs Overhead Allocation	129,653
130-260-558-50-42-01	Communications	2,160
130-260-558-50-42-06	Postage	700
130-260-558-50-42-09	Advertising/Legal Notices	400
130-260-558-50-43-01	Travel Expense (non-taxable)	560
130-260-558-50-43-03	Travel Expense (taxable)	1,910
130-260-558-50-48-05	Equipment/Software Maint Agmt	7,500
130-260-558-50-49-01	Dues/Memberships	1,147
130-260-558-50-49-02	Subscriptions/Publications	200
130-260-558-50-49-05	Training/Workshops	<u>3,354</u>
	Other Services and Charges	<u>324,352</u>

DEVELOPMENT SERVICES

<u>Account Number</u>	<u>Description</u>	<u>2013 Budget</u>
130-260-522-30-51-01	Fire Services	55,000
130-260-558-50-51-01	Intergovernmental Services	<u>5,600</u>
	Intergovernmental Services	<u>60,600</u>
	Grand Total	<u>\$ 1,028,058</u>



PARKS MAINTENANCE

Mission Statement

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

Division Overview

The 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

Beginning in 2013, Interfund Payments are reported in Other Services and Charges, and the budget includes maintenance for the Covington Community Park. .

2012 ACCOMPLISHMENTS

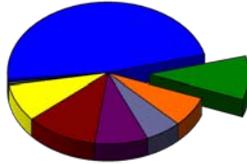
- ✓ Continued high standard of maintenance in spite of reduced staffing
- ✓ Installed cherry trees at Friendship Park for Arbor Day celebration
- ✓ Utilized volunteers in parks for routine maintenance and special projects
- ✓ Received Tree City USA certification for the 10th consecutive year
- ✓ Assisted in Summer Concert Series
- ✓ Recovery of city parks following the January 2012 snow/ice event
- ✓ Installed new landscaping at the Aquatic Center
- ✓ Assisted in design and construction process of Covington Community Park
- ✓ Implemented new asset management/work order tracking software

2013 GOALS

- ❖ Continue management of volunteers in parks for maintenance
- ❖ Write and solicit bids for Covington Community Park maintenance contract
- ❖ Prepare for opening of Covington Community Park in 2013
- ❖ Manage Covington Community Park maintenance contract
- ❖ Continue high standard of parks maintenance
- ❖ Receive Tree City USA certification again

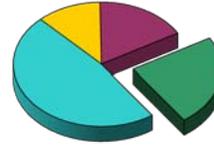
PARKS MAINTENANCE

2013 Budget All Funds



Parks
9.96%

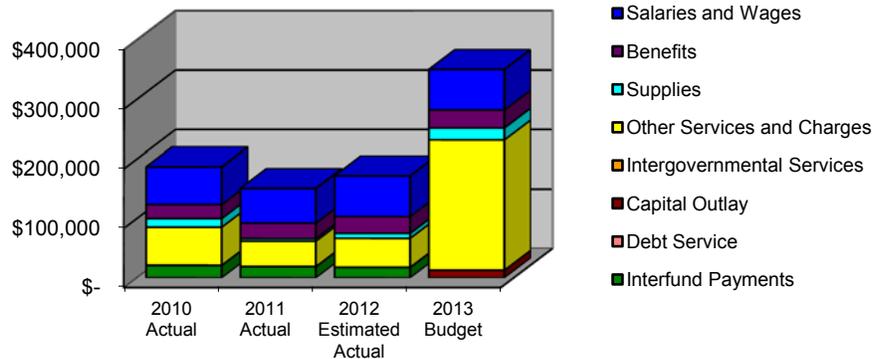
Total Parks Fund Budget



Parks
Maintenance
23.57%

Uses of Funds:	2010	2011	2012	2013
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 63,175	\$ 58,358	\$ 68,395	\$ 68,343
Benefits	23,624	26,058	28,254	30,295
Supplies	14,574	4,264	8,420	19,993
Other Services and Charges	64,174	42,792	48,753	218,707
Intergovernmental Services	-	-	-	-
Capital Outlay	-	-	-	13,000
Debt Service	445	377	490	-
Interfund Payments	20,828	18,789	17,432	-
Total Operating Expenses	<u>186,820</u>	<u>150,638</u>	<u>171,744</u>	<u>350,338</u>
Operating Transfer Out	-	-	-	-
Total Uses	<u>\$ 186,820</u>	<u>\$ 150,638</u>	<u>\$ 171,744</u>	<u>\$ 350,338</u>

Total Operating Expenditures by Year



PARKS MAINTENANCE

Account Number	Description	2013 Budget
140-270-576-80-11-00	Regular Wages	\$ 65,215
140-270-576-80-12-00	Overtime Wages	3,128
	Salaries and Wages	<u>68,343</u>
140-270-576-80-21-01	Social Security Replacement	3,826
140-270-576-80-21-02	Medicare	991
140-270-576-80-21-03	PERS Replacement	5,126
140-270-576-80-21-04	Unemployment Compensation	854
140-270-576-80-21-05	Industrial Insurance	1,818
140-270-576-80-21-06	Medical/Dental/Vision	16,446
140-270-576-80-21-07	Life/LTD Insurance	831
140-270-576-80-21-14	VEBA Contributions	403
	Personnel Benefits	<u>30,295</u>
140-270-548-60-31-05	ER Supplies	350
140-270-548-60-32-00	ER Fuel	1,730
140-270-576-80-31-01	Office Supplies	400
140-270-576-80-31-05	Operating Supplies	11,020
140-270-576-80-31-11	Meeting Expenses	250
140-270-576-80-31-13	Uniforms	450
140-270-576-80-32-00	Fuel	710
140-270-576-80-35-00	Small Tools/Minor Equipment	5,083
	Supplies	<u>19,993</u>
140-270-548-60-45-04	Equipment Replacement Cost	8,908
140-270-548-60-48-01	ER Repairs/Maintenance	2,630
140-270-576-80-41-10	Professional Services	132,400
140-270-576-80-41-21	Cent Svcs Overhead Allocation	7,184
140-270-576-80-42-01	Communications	1,986
140-270-576-80-43-01	Travel Expense (non-taxable)	100
140-270-576-80-43-03	Travel Expense (taxable)	150
140-270-576-80-45-01	Building Lease	3,460
140-270-576-80-45-04	Equipment Rental	4,500
140-270-576-80-47-01	Utility Services	14,370
140-270-576-80-47-03	Waste Disposal	4,683
140-270-576-80-48-01	Repairs/Maintenance of Equip	16,500
140-270-576-80-48-02	Repairs/Maintenance of Bldg	3,600
140-270-576-80-48-11	Park Maintenance	17,000
140-270-576-80-49-01	Dues/Memberships	536
140-270-576-80-49-05	Training/Workshops	700
	Other Services and Charges	<u>218,707</u>

PARKS MAINTENANCE

<u>Account Number</u>	<u>Description</u>	<u>2013 Budget</u>
140-270-594-76-64-06	Machinery/Equipment	<u>13,000</u>
	Capital Outlay	<u>13,000</u>
	Grand Total	<u>\$ 350,338</u>



AQUATICS

Mission Statement

To enhance the quality of life of residents and visitors by providing safe and healthy opportunities for aquatic instruction, recreation, fitness, and safety education.

Division Overview

The Aquatics Division is part of the Parks and Recreation Department. The division provides swim instruction, water safety education, water fitness classes, and 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 a safe and healthy place to swim
- Provide diverse aquatic programs
- 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

Beginning in 2013, Interfund Payments are reported in Other Services and Charges.

2012 ACCOMPLISHMENTS

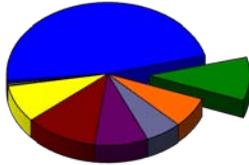
- ✓ Provided a safe environment for aquatic programs
- ✓ Increased annual attendance by over 10,000 visits, exceeded goal with a record setting in-water attendance of 92,949
- ✓ Celebrated the Aquatic Center's 35th year anniversary
- ✓ Updated Aquatics Staff to 2012 American Red Cross Lifeguarding standards
- ✓ Developed and implemented a facility use agreement and handbook for teams and groups
- ✓ Successfully targeted programs to local businesses and home school organizations
- ✓ Completed necessary maintenance and repairs to the facility, including repairs to pool, locker rooms, and boiler

2013 GOALS

- ❖ Continue to provide a safe environment for aquatic programs
- ❖ Continue to strategically structure programming to increase participation, increase revenue, and better meet aquatic needs of the community
- ❖ Achieve 70% cost recovery
- ❖ Increase marketing to boost participation and revenue
- ❖ Increase the Aquatic Center's online presence to promote programs
- ❖ Target outreach to senior citizen organizations and groups to promote programs
- ❖ Complete \$400K facility improvement project (Covington Aquatic Center)
- ❖ With Tahoma School District, prepare a new lease agreement for adoption

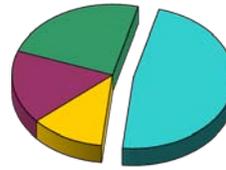
AQUATICS

2013 Budget All Funds



Parks
9.96%

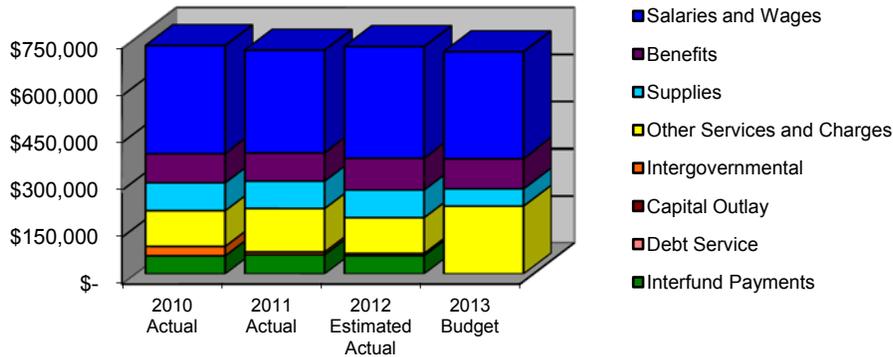
Total Parks Fund Budget



Aquatics
47.61%

Uses of Funds:	2010	2011	2012	2013
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 343,711	\$ 326,562	\$ 354,632	\$ 339,513
Benefits	92,509	89,676	101,363	96,162
Supplies	89,025	87,436	88,370	55,160
Other Services and Charges	113,973	138,941	114,280	216,716
Intergovernmental	30,108	8,774	7,100	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Interfund Payments	58,030	61,381	58,459	-
Total Operating Expenses	<u>727,356</u>	<u>712,770</u>	<u>724,204</u>	<u>707,551</u>
Operating Transfer Out	<u>27,484</u>	<u>27,484</u>	<u>27,483</u>	<u>27,483</u>
Total Uses	<u>\$ 754,840</u>	<u>\$ 740,254</u>	<u>\$ 751,687</u>	<u>\$ 735,034</u>

Total Operating Expenditures by Year



AQUATICS

Account Number	Description	2013 Budget
140-271-597-00-00-00	Operating Transfer Out Expenditure	\$ 27,483 <u>27,483</u>
140-271-576-20-11-00	Regular Wages Salaries and Wages	<u>339,513</u> <u>339,513</u>
140-271-576-20-21-01	Social Security Replacement	19,013
140-271-576-20-21-02	Medicare	4,922
140-271-576-20-21-03	PERS Replacement	25,464
140-271-576-20-21-04	Unemployment Compensation	4,244
140-271-576-20-21-05	Industrial Insurance	14,809
140-271-576-20-21-06	Medical/Dental/Vision	24,651
140-271-576-20-21-07	Life/LTD Insurance	2,051
140-271-576-20-21-14	VEBA Contributions Personnel Benefits	<u>1,008</u> <u>96,162</u>
140-271-576-20-31-01	Office Supplies	270
140-271-576-20-31-05	Operating Supplies	35,270
140-271-576-20-31-08	Honorarium	1,240
140-271-576-20-31-10	Program Supplies	3,400
140-271-576-20-31-11	Meeting Expenses	30
140-271-576-20-31-13	Uniforms	1,000
140-271-576-20-34-03	Items for Resale	5,140
140-271-576-20-35-00	Small Tools/Minor Equipment Supplies	<u>8,810</u> <u>55,160</u>
140-271-576-20-41-01	Accounting Services	13,000
140-271-576-20-41-10	Professional Services	4,800
140-271-576-20-41-21	Cent Svcs Overhead Allocation	59,266
140-271-576-20-42-01	Communications	7,000
140-271-576-20-42-06	Postage	500
140-271-576-20-42-09	Advertising/Legal Notices	2,040
140-271-576-20-43-01	Travel Expense (non-taxable)	2,100
140-271-576-20-43-03	Travel Expense (taxable)	100
140-271-576-20-44-05	Taxes and Operating Assessment	7,640
140-271-576-20-45-04	Equipment Rental	2,080
140-271-576-20-47-01	Utility Services	84,300
140-271-576-20-47-03	Waste Disposal	2,900
140-271-576-20-48-01	Repairs/Maintenance of Equip	17,740
140-271-576-20-48-02	Repairs/Maintenance of Bldg	10,400
140-271-576-20-49-01	Dues/Memberships	410
140-271-576-20-49-05	Training/Workshops	1,330

AQUATICS

<u>Account Number</u>	<u>Description</u>	<u>2013 Budget</u>
140-271-576-20-49-21	Annual Permits	<u>1,110</u>
	Other Services and Charges	<u>216,716</u>
	Grand Total	<u>\$ 735,034</u>



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 and recreation programming 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 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
- Provide programming in Covington Community Park

Significant Budget Issues

Beginning in 2013, Interfund Payments are reported in Other Services and Charges.

2012 ACCOMPLISHMENTS

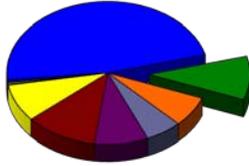
- ✓ Developed the Covington Summer Concert Series
- ✓ Managed sixteen acts of entertainment for the Covington Days Festival
- ✓ Implemented contracted recreation programming
- ✓ Expanded and increased participation in the Covington KidsFest
- ✓ Coordinated the Kentwood Open Gym program for 1500 participant visits
- ✓ Provided entertainment for the Community Tree Lighting event
- ✓ Lighted Community Tree in support of Purple Light Nights
- ✓ Increased event marketing and signage
- ✓ Provided the Student Art Show, Covington Days Festival Art Show and City Hall Art Gallery program

2013 GOALS

- ✓ Continue to implement the recreation component of the Parks, Recreation and Open Space (PROS) Plan
- ✓ Plan and organize the grand opening of Covington Community Park
- ✓ Expand and promote recreation programs and activities
- ✓ Develop and implement the city's public art policy
- ✓ Establish an entertainment sponsorship program in support of recreation programming, the Summer Concert Series and the Covington KidsFest

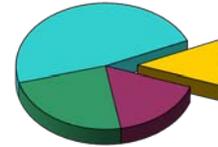
RECREATION AND SPECIAL EVENTS

2013 Budget All Funds



Parks
9.96%

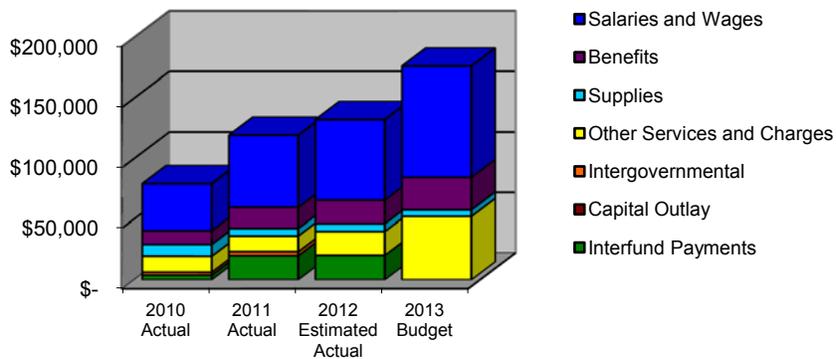
Total Parks Fund Budget



Recreation
11.88%

Uses of Funds:	2010	2011	2012	2013
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 38,818	\$ 59,736	\$ 66,760	\$ 91,907
Benefits	11,276	17,360	19,456	26,915
Supplies	9,695	6,181	6,350	5,400
Other Services and Charges	13,210	12,948	19,690	52,341
Intergovernmental	2,432	3,347	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Interfund Payments	3,953	19,997	20,298	-
Total Uses	\$ 79,384	\$ 119,569	\$ 132,554	\$ 176,563

Total Operating Expenditures by Year



RECREATION AND SPECIAL EVENTS

Account Number	Description	2013 Budget
140-274-573-90-11-00	Regular Wages	\$ 91,907
	Salaries and Wages	<u>91,907</u>
140-274-573-90-21-01	Social Security Replacement	5,146
140-274-573-90-21-02	Medicare	1,333
140-274-573-90-21-03	PERS Replacement	6,893
140-274-573-90-21-04	Unemployment Compensation	1,149
140-274-573-90-21-05	Industrial Insurance	2,064
140-274-573-90-21-06	Medical/Dental/Vision	8,691
140-274-573-90-21-07	Life/LTD Insurance	1,135
140-274-573-90-21-14	VEBA Contributions	<u>504</u>
	Personnel Benefits	<u>26,915</u>
140-274-573-90-31-01	Office Supplies	150
140-274-573-90-31-10	Program Supplies	4,550
140-274-573-90-31-11	Meeting Expenses	100
140-274-573-90-31-13	Uniforms	200
140-274-573-90-35-00	Small Tools/Minor Equipment	<u>400</u>
	Supplies	<u>5,400</u>
140-274-573-90-41-10	Professional Services	8,460
140-274-573-90-41-21	Cent Svcs Overhead Allocation	29,236
140-274-573-90-42-06	Postage	1,100
140-274-573-90-43-01	Travel Expense (non-taxable)	450
140-274-573-90-43-03	Travel Expense (taxable)	80
140-274-573-90-45-01	Building Lease	1,900
140-274-573-90-45-04	Equipment Rental	3,960
140-274-573-90-47-01	Utility Services	175
140-274-573-90-49-01	Dues/Memberships	385
140-274-573-90-49-05	Training/Workshops	400
140-274-573-90-49-18	Community Events	4,700
140-274-573-90-49-19	Arts Commission	350
140-274-573-90-49-21	Annual Permits	<u>1,145</u>
	Other Services and Charges	<u>52,341</u>
	Grand Total	<u>\$ 176,563</u>



PARKS

Mission Statement

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

Division Overview

The 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

Beginning in 2013, Interfund Payments are reported in Other Services and Charges.

2012 ACCOMPLISHMENTS

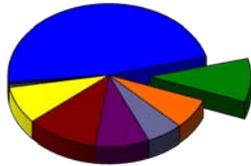
- ✓ Supported the Budget Priorities Advisory Committee (BPAC)
- ✓ Secured King Conservation District funding for Covington Community Park
- ✓ Completed design and bid set for the first phase of construction at Covington Community Park
- ✓ Nearly completed construction of the first phase of Covington Community Park
- ✓ Supported completion of the King County feasibility study for the "Tri-city Trail"
- ✓ Collaborated with Public Works and Community Development to complete a draft of the Covington Urban Forestry Strategic Plan
- ✓ Reorganized department staffing to increase support of recreation programming

2013 GOALS

- ❖ Complete construction of the first phase of Covington Community Park
- ❖ Celebrate grand opening of Covington Community Park
- ❖ Develop field use policies and fees for Covington Community Park
- ❖ Work with King County to establish the trail corridor and acquisition priorities for the "Covington Highlands/Tri-city Trail"
- ❖ Adoption of the Covington Urban Forestry Strategic Plan
- ❖ Update the Parks Capital Improvement Program
- ❖ Support development of Town Center

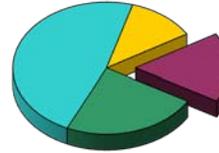
PARKS

2013 Budget All Funds



Parks
9.96%

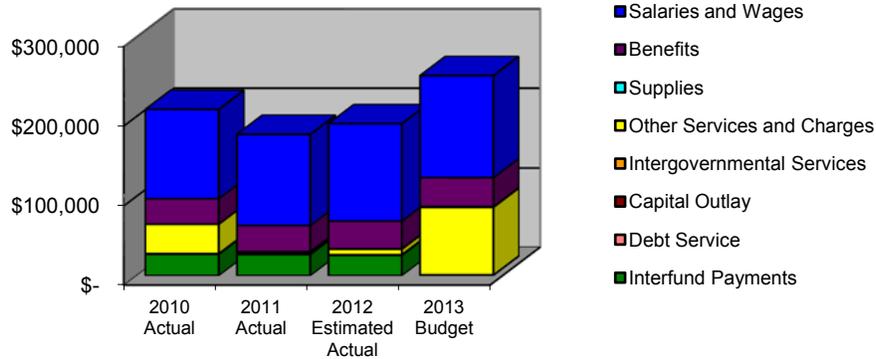
Total Parks Fund Budget



Parks
16.94%

Uses of Funds:	2010	2011	2012	2013
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 111,723	\$ 114,228	\$ 121,967	\$ 128,062
Benefits	32,169	32,872	35,051	36,583
Supplies	215	1,133	532	800
Other Services and Charges	36,868	1,599	6,782	85,312
Intergovernmental Services	1,086	1,029	960	960
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Interfund Payments	26,933	26,663	25,646	-
Total Uses	\$ 208,994	\$ 177,524	\$ 190,938	\$ 251,717

Total Operating Expenditures by Year



PARKS

Account Number	Description	2013 Budget
140-275-518-20-11-00	Regular Wages	\$ 128,062
	Salaries and Wages	<u>128,062</u>
140-275-518-20-21-01	Social Security Replacement	7,306
140-275-518-20-21-02	Medicare	1,892
140-275-518-20-21-03	PERS Replacement	9,605
140-275-518-20-21-04	Unemployment Compensation	1,601
140-275-518-20-21-05	Industrial Insurance	1,795
140-275-518-20-21-06	Medical/Dental/Vision	10,113
140-275-518-20-21-07	Life/LTD Insurance	1,367
140-275-518-20-21-10	Car Allowance	2,400
140-275-518-20-21-14	VEBA Contributions	<u>504</u>
	Personnel Benefits	<u>36,583</u>
140-275-518-20-31-01	Office Supplies	200
140-275-518-20-31-11	Meeting Expenses	250
140-275-518-20-31-13	Uniforms	150
140-275-518-20-35-00	Small Tools/Minor Equipment	<u>200</u>
	Supplies	<u>800</u>
140-275-518-20-41-10	Professional Services	57,000
140-275-518-20-41-21	Cent Svcs Overhead Allocation	25,422
140-275-518-20-42-06	Postage	50
140-275-518-20-43-01	Travel Expense (non-taxable)	775
140-275-518-20-43-03	Travel Expense (taxable)	75
140-275-518-20-49-01	Dues/Memberships	750
140-275-518-20-49-05	Training/Workshops	760
140-275-518-20-49-19	Parks Commission	<u>480</u>
	Other Services and Charges	<u>85,312</u>
140-275-518-20-51-01	Intergovernmental Services	<u>960</u>
	Intergovernmental Services	<u>960</u>
	Grand Total	<u>\$ 251,717</u>



SURFACE WATER MANAGEMENT

Mission Statement

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

Fund Overview

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

Major Activities

- Maintenance and repair to 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

Beginning in 2013, Interfund Payments are reported in Other Services and Charges.

2012 ACCOMPLISHMENTS

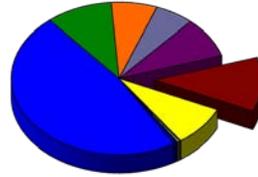
- ✓ Purchased and implemented new asset management software
- ✓ Constructed Aqua Vista storm CIP
- ✓ NPDES compliance
- ✓ ILA management of two joint contracts with Maple Valley
- ✓ 100% replacement of stormwater vault filters
- ✓ Continued high standard of stormwater pond maintenance

2013 GOALS

- ❖ Storm pond rehabilitation CIP project
- ❖ Wetlands/tree survey
- ❖ Design Woodlands pond storm CIP project – water leaching from hill above pond
- ❖ Continue NPDES compliance
- ❖ Continue management of the ILA with Maple Valley and potentially Black Diamond
- ❖ In-house sweeping feasibility study
- ❖ Continue high standard of stormwater pond maintenance

SURFACE WATER MANAGEMENT

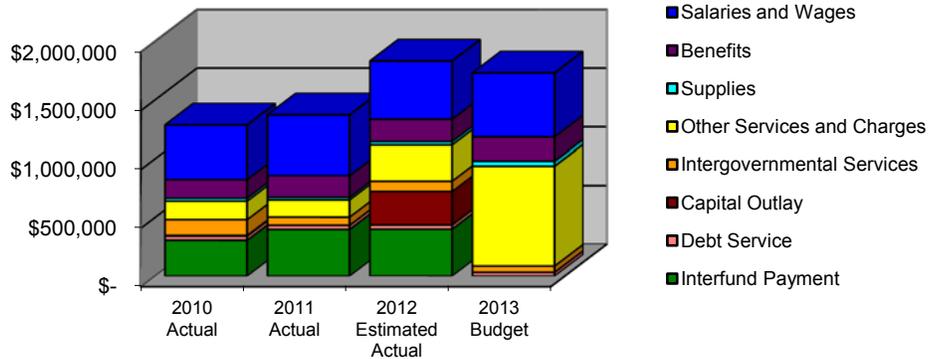
2013 Budget All Funds



Surface Water Management
11.60%

Uses of Funds:	2010	2011	2012	2013
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 462,459	\$ 514,968	\$ 497,431	\$ 545,078
Benefits	158,414	183,878	190,974	205,225
Supplies	24,867	22,495	28,000	42,975
Other Services and Charges	158,411	147,255	305,955	851,696
Intergovernmental Services	134,967	69,736	87,766	53,665
Capital Outlay	5,661	-	285,970	-
Debt Service	35,538	35,482	35,716	32,837
Interfund Payment	306,695	399,343	401,659	-
Total Operating Expenses	<u>1,287,012</u>	<u>1,373,157</u>	<u>1,833,471</u>	<u>1,731,476</u>
Transfer Out	53,500	-	-	-
Total Uses	<u>\$ 1,340,512</u>	<u>\$ 1,373,157</u>	<u>\$ 1,833,471</u>	<u>\$ 1,731,476</u>

Total Operating Expenditures by Year



SURFACE WATER MANAGEMENT

Account Number	Description	2013 Budget
411-000-531-30-11-00	Regular Wages	\$ 536,578
411-000-531-30-12-00	Overtime Wages	8,500
	Salaries and Wages	<u>545,078</u>
411-000-531-30-21-01	Social Security Replacement	30,457
411-000-531-30-21-02	Medicare	7,885
411-000-531-30-21-03	PERS Replacement	38,287
411-000-531-30-21-04	Unemployment Compensation	6,783
411-000-531-30-21-05	Industrial Insurance	13,104
411-000-531-30-21-06	Medical/Dental/Vision	97,536
411-000-531-30-21-07	Life/LTD Insurance	6,798
411-000-531-30-21-10	Car Allowance	1,200
411-000-531-30-21-14	VEBA Contributions	3,175
	Personnel Benefits	<u>205,225</u>
411-000-531-30-31-01	Office Supplies	2,475
411-000-531-30-31-05	Operating Supplies	20,430
411-000-531-30-31-11	Meeting Expenses	250
411-000-531-30-31-13	Uniforms	3,650
411-000-531-30-32-00	Fuel	1,420
411-000-531-30-35-00	Small Tools/Minor Equipment	7,750
411-000-548-60-31-05	ER Supplies	1,240
411-000-548-60-32-00	ER Fuel	5,760
	Supplies	<u>42,975</u>
411-000-531-30-41-02	Engineering Services	5,000
411-000-531-30-41-10	Professional Services	74,400
411-000-531-30-41-20	Interfund Service Payment	249,977
411-000-531-30-41-21	Cent Svcs Overhead Allocation	122,616
411-000-531-30-42-01	Communications	8,100
411-000-531-30-42-06	Postage	350
411-000-531-30-42-09	Advertising/Legal Notices	400
411-000-531-30-43-01	Travel Expense (non-taxable)	890
411-000-531-30-43-03	Travel Expense (taxable)	550
411-000-531-30-44-05	Taxes and Operating Assessment	138,924
411-000-531-30-45-01	Building Lease	6,920
411-000-531-30-45-02	Office Equipment Lease	1,900
411-000-531-30-45-04	Equipment Rental	11,000
411-000-531-30-47-01	Utility Services	1,740
411-000-531-30-47-03	Waste Disposal	5,000
411-000-531-30-48-01	Repairs/Maintenance of Equip	1,000
411-000-531-30-48-02	Repairs/Maintenance of Bldg	1,200
411-000-531-30-48-05	Equipment/Software Maint Agmt	2,400

SURFACE WATER MANAGEMENT

Account Number	Description	2013 Budget
411-000-531-30-49-01	Dues/Memberships	852
411-000-531-30-49-04	Printing/Binding	400
411-000-531-30-49-05	Training/Workshops	7,445
411-000-542-67-41-10	Street Cleaning	120,220
411-000-548-60-45-04	Equipment Replacement Cost	28,892
411-000-548-60-48-01	ER Repairs/Maintenance	<u>8,020</u>
	Other Services and Charges	<u>798,196</u>
411-000-531-30-51-01	Intergovernmental Services	<u>53,665</u>
	Intergovernmental Services	<u>53,665</u>
411-000-592-31-83-05	SWM Debt Service Interest	<u>32,837</u>
	Debt Service: Interest	<u>32,837</u>
411-202-595-10-41-02	Engineering Services	<u>53,500</u>
	Other Services and Charges	<u>53,500</u>
	Grand Total	<u>\$ 1,731,476</u>



CAPITAL INVESTMENT PROGRAM

Mission Statement

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

Fund Overview

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

Major Activities

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

Significant Budget Issues

The legislative allocation for SR 516 will be able to fund the next phase of improvements from Jenkins Creek to at least 185th Avenue SE through the ROW phase. A grant will be necessary to construct the project and submittals should be ready for the 2013 grant cycles. Grant acquisition success continues to support SWM and Transportation CIP projects and remains vital for the Capital Investment Program.

2012 ACCOMPLISHMENTS

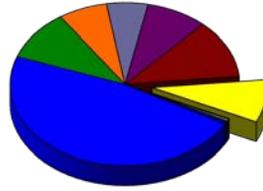
- ✓ CIP 1039 project acceptance and closeout
- ✓ Construct Aqua Vista drainage project
- ✓ Covington Community Park Construction
- ✓ Begin design of CIP 1127
- ✓ Successful grant and legislative funding

2013 GOALS

- ❖ 240th and Wax Road overlays
- ❖ On-call consultant for engineering
- ❖ Construct citywide safety project
- ❖ Design 156th Ave rehabilitation project
- ❖ Begin ROW phase for CIP 1127

CAPITAL INVESTMENT PROGRAM

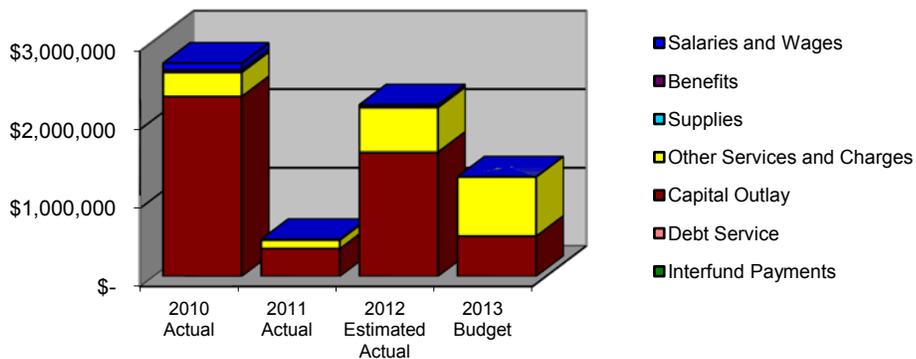
2013 Budget All Funds



Capital Investment Program
8.52%

Uses of Funds:	2010 Actual	2011 Actual	2012 Estimated Actual	2013 Budget
Salaries and Wages	\$ 85,197	\$ 5,322	\$ 29,756	\$ -
Benefits	32,326	1,935	5,451	-
Supplies	-	36	-	-
Other Services and Charges	306,718	108,652	567,815	757,000
Capital Outlay	2,294,110	356,483	1,583,787	515,000
Debt Service	-	-	-	-
Interfund Payments	-	-	-	-
Total Operating Expenses	<u>2,718,351</u>	<u>472,428</u>	<u>2,186,809</u>	<u>1,272,000</u>
Operating Transfer Out	<u>41,521</u>	<u>34,353</u>	-	-
Total Uses	<u>\$ 2,759,872</u>	<u>\$ 506,781</u>	<u>\$ 2,186,809</u>	<u>\$ 1,272,000</u>

Total Operating Expenditures by Year



Major Capital Improvement Project Priorities

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

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

2. **CIP 1057 156th Avenue SE between vicinities of SE 272nd Street and SE 261st Place**

This project will design and construct the pavement rehabilitation of 156th Avenue SE in the vicinity of SE 272nd Street and the vicinity of SE 261st Place. There is no widening associated with this project. The project will consist of pulverizing the existing roadway and overlaying with new asphalt. ADA ramps will be upgraded as warranted.



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

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

4. **CIP 1124 185th Place SE Extension from Wax Road/180th Ave SE to SE 272nd Street**

This project connects SE Wax Road/180th Avenue SE to SE 272nd Street via a new route and alignment designated as 185th 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.

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

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

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

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

CIP 1010 - COVINGTON COMMUNITY PARK

<u>Account Number</u>	<u>Description</u>	<u>2013 Budget</u>
810-000-594-76-41-04	Construction Administration	\$ 2,000
	Other Services and Charges	<u>2,000</u>
810-000-594-76-63-00	Other Improvements	<u>10,000</u>
	Capital Outlay	<u>10,000</u>
	Grand Total	<u>\$ 12,000</u>

CIP 1029 - ANNUAL TRAFFIC SAFETY PROJECTS

<u>Account Number</u>	<u>Description</u>	<u>2013 Budget</u>
822-000-595-10-41-02	Engineering Services	\$ 31,000
822-000-595-90-41-04	Construction Administration	19,000
	Other Services and Charges	<u>50,000</u>
822-000-595-30-63-00	Roadway Improvements	<u>200,000</u>
	Capital Outlay	<u>200,000</u>
	Grand Total	<u>\$ 250,000</u>

CIP 1057 - 156TH AVE SE (SR516 - SE 251ST ST)

<u>Account Number</u>	<u>Description</u>	<u>2013 Budget</u>
861-000-595-10-41-02	Engineering Services	\$ 40,000
861-000-595-90-41-04	Construction Administration	<u>35,000</u>
	Other Services and Charges	<u>75,000</u>
861-000-595-30-63-00	Roadway Improvements	<u>305,000</u>
	Capital Outlay	<u>305,000</u>
	Grand Total	<u>\$ 380,000</u>

CIP 1127 - SR516 WIDENING AT JENKINS CREEK

<u>Account Number</u>	<u>Description</u>	<u>2013 Budget</u>
865-000-595-10-41-02	Engineering Services	\$ 630,000
	Other Services and Charges	630,000
	Grand Total	\$ 630,000



LOCAL IMPROVEMENT DISTRICT NO. 99-01

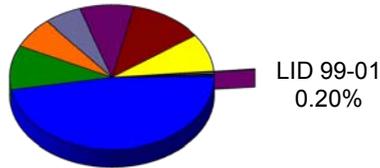
Fund Overview

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

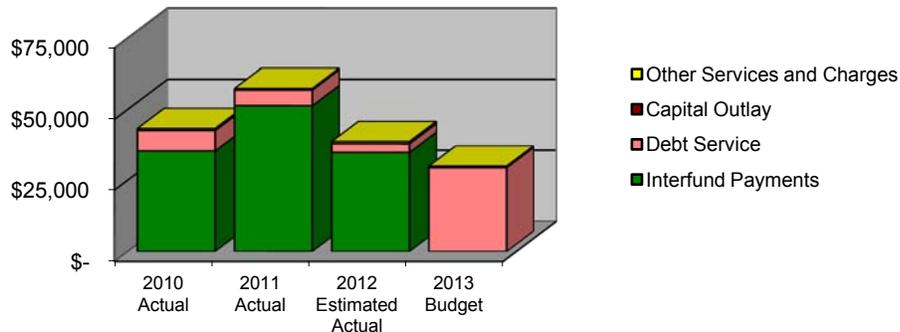
If any of the accounts associated with this bond issue default, the City has established a guaranty fund, which is 10% of the entire bond issue.

2013 Budget All Funds



Uses of Funds:	2010	2011	2012	2013
	Actual	Actual	Estimated Actual	Budget
Other Services and Charges	\$ 697	\$ 490	\$ 750	\$ 500
Capital Outlay	-	-	-	-
Debt Service	7,179	5,483	3,019	29,425
Interfund Payments	35,321	51,340	34,822	-
Total Operating Expenses	<u>43,197</u>	<u>57,313</u>	<u>38,591</u>	<u>29,925</u>
Operating Transfer Out	-	-	-	60,810
Other Decreases in Fund Balance	-	-	-	-
Total Uses	<u>\$ 43,197</u>	<u>\$ 57,313</u>	<u>\$ 38,591</u>	<u>\$ 90,735</u>

Total Operating Expenditures by Year



LOCAL IMPROVEMENT DISTRICT 99-01

<u>Account Number</u>	<u>Description</u>	<u>2013 Budget</u>
330-000-597-00-00-00	Operating Transfer Out Expenditure	\$ 60,810 <u>60,810</u>
330-000-595-90-41-10	Professional Services Other Services and Charges	<u>500</u> <u>500</u>
330-000-591-95-73-07	LID Principal Payment Debt Service: Principal	<u>28,075</u> <u>28,075</u>
330-000-592-95-83-07	LID Interest Payment Debt Service: Interest	<u>1,350</u> <u>1,350</u>
	Grand Total	<u>\$ 90,735</u>



LONG-TERM DEBT SERVICE

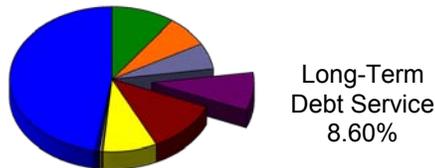
Fund Overview

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

Significant Budget Issues

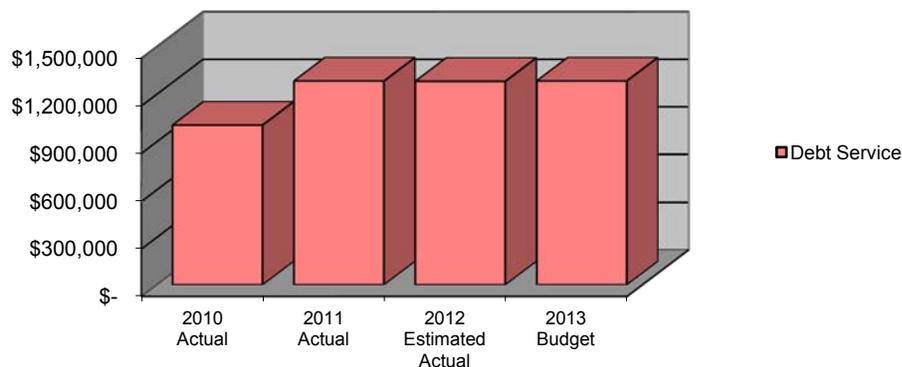
None

2013 Budget All Funds



Uses of Funds:	2010 Actual	2011 Actual	2012 Estimated Actual	2013 Budget
Debt Service	\$ 1,004,450	\$ 1,282,976	\$ 1,281,323	\$ 1,283,211
Total Uses	<u>\$1,004,450</u>	<u>\$1,282,976</u>	<u>\$ 1,281,323</u>	<u>\$1,283,211</u>

Total Operating Expenditures by Year



LONG-TERM DEBT SERVICE

Account Number	Description	2013 Budget
202-000-591-95-71-01	2007T GO Bond Principal	\$ 545,000
202-000-591-95-71-03	2008 GO Bond Principal	18,314
202-000-591-95-78-00	PWTF Principal	<u>214,896</u>
	Debt Service: Principal	<u>778,210</u>
202-000-592-95-83-01	2007T Interest payment	68,254
202-000-592-95-83-02	2007A Interest Payment	414,684
202-000-592-95-83-03	2008 GO Interest Payment	9,169
202-000-592-95-83-04	PWTF Interest	<u>12,894</u>
	Debt Service: Interest	<u>505,001</u>
	Grand Total	<u>\$ 1,283,211</u>



INTERNAL SERVICE UNEMPLOYMENT INSURANCE BENEFIT

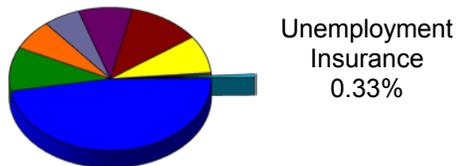
Fund Overview

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

Significant Budget Issues

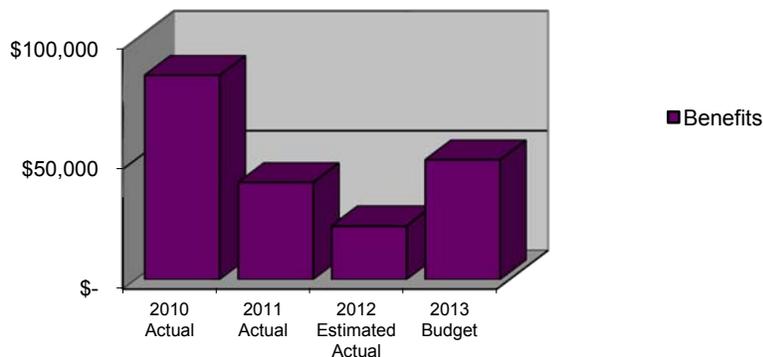
Due to reductions in staff in 2009 and 2010 our unemployment compensation payments increased.

2013 Budget All Funds



Uses of Funds:	2010 Actual	2011 Actual	2012 Estimated Actual	2013 Budget
Benefits	\$ 85,204	\$ 40,479	\$ 22,350	\$ 50,000
Total Uses	<u>\$ 85,204</u>	<u>\$ 40,479</u>	<u>\$ 22,350</u>	<u>\$ 50,000</u>

Total Operating Expenditures by Year



**INTERNAL SERVICE
UNEMPLOYMENT INSURANCE BENEFIT**

<u>Account Number</u>	<u>Description</u>	<u>2013 Budget</u>
501-000-514-10-21-04	Unemployment Compensation	\$ 50,000
	Personnel Benefits	50,000
	Grand Total	\$ 50,000



INTERNAL SERVICE EQUIPMENT REPLACEMENT

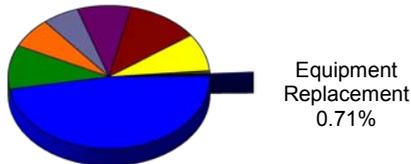
Fund Overview

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

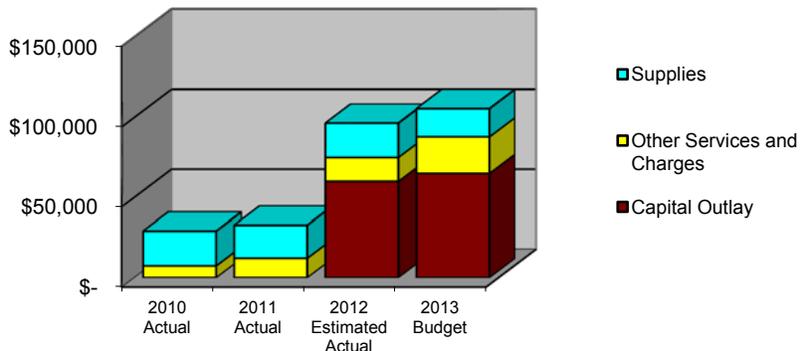
- Inspect, maintain, and repair of City fleet
- Purchase new and replacement vehicles as per schedule
- Maintain updated records for City fleet
- Complete a comprehensive Fleet Policy

2013 Budget All Funds



	2010 Actual	2011 Actual	2012 Estimated Actual	2013 Budget
Uses of Funds:				
Supplies	\$ 21,645	\$ 20,535	\$ 21,475	\$ 17,650
Other Services and Charges	7,401	12,189	15,000	22,925
Capital Outlay	-	-	60,000	64,974
Total Uses	<u>\$ 29,046</u>	<u>\$ 32,724</u>	<u>\$ 96,475</u>	<u>\$ 105,549</u>

Total Operating Expenditures by Year



INTERNAL SERVICE EQUIPMENT REPLACEMENT

Account Number	Description	2013 Budget
502-000-548-60-31-05	Operating Supplies	\$ 2,800
502-000-548-60-32-00	Fuel	<u>14,850</u>
	Supplies	<u>17,650</u>
502-000-548-60-48-01	Repairs/Maintenance of Equip	<u>22,925</u>
	Other Services and Charges	<u>22,925</u>
502-000-594-18-64-06	Machinery/Equipment	<u>64,974</u>
	Capital Outlay	<u>64,974</u>
	Grand Total	<u>\$ 105,549</u>

City of Covington
2013 Budget
Decision Cards

General Fund

No.	Title/Description	Initiating		Amount Requested		Amount Funded		Notes/Comments
		Fund	Dept.	One-Time	Ongoing	One-Time	Ongoing	
1	Cost of Living Adjustment Cut	GF	Exec	-	(39,348)	-	-	Total cost is \$(93,985) allocated as follows: General Fund \$(39,348), Street Fund \$(8,078), Development Services Fund \$(12,758), Parks Fund \$(18,799), SWM Fund \$(15,002)
2	Economic Development Resource	GF	Exec	-	75,688	-	-	
3	Proposed Base Budget Reductions	GF	Exec	-	(253,355)	(12,500)	(48,690)	
4	Town Center Economic Impact and Infrastructure Study	GF	Exec	35,000	-	35,000	-	
5	Transfer Out to Parks Fund for Parks CIP Update	GF	Exec	52,000	-	52,000	-	
7	Plotter Printer Lease	GF	Cent Svcs	-	5,040	-	5,040	Total cost is \$1,990 allocated as follows: General Fund \$5,040, Street Fund \$(1,200), Development Services Fund \$(650), SWM Fund \$(1,200)
8	Workstation Rotation Increase	GF	Cent Svcs	-	2,400	-	2,400	
9	Redundant Server	GF	Cent Svcs	11,390	-	12,290	-	
10	Police Officer (1 FTE)	GF	Police	-	163,700	-	-	
11	Prisoner Transport Van	GF	Police	42,465	7,250	42,465	7,250	
12	Senior Planner (0.75 FTE)	GF	Comm	-	80,828	-	80,828	
Net Total General Fund				140,855	42,203	129,255	46,828	
Summary:								
Total Expenditures				77,465	42,203	77,255	46,828	
Total Related Revenue				-	-	-	-	
Total Transfers-in				-	-	-	-	
Total Transfers-out				52,000	-	52,000	-	
Total Interfund Loan Receipts				-	-	-	-	
Total Interfund Loan Disbursements				-	-	-	-	
Debt Proceeds				-	-	-	-	
Net Total General Fund				129,465	42,203	129,255	46,828	

Street Fund

No.	Title/Description	Initiating		Amount Requested		Amount Funded		Notes/Comments
		Fund	Dept.	One-Time	Ongoing	One-Time	Ongoing	
1	Cost of Living Adjustment Cut	ST	ST	-	(8,078)	-	-	Total cost is \$(93,985) allocated as follows: General Fund \$(39,348), Street Fund \$(8,078), Development Services Fund \$(12,758), Parks Fund \$(18,799), SWM Fund \$(15,002)
2	Proposed Base Budget Reductions	ST	ST	-	(52,000)	-	(52,000)	
3	Plotter Printer Lease	ST	ST	-	(1,200)	-	(1,200)	Total cost is \$1,990 allocated as follows: General Fund \$5,040, Street Fund \$(1,200), Development Services Fund \$(650), SWM Fund \$(1,200)
4	Covington Community Park Maintenance - Option 3	ST	ST	-	(6,360)	-	-	Total cost is \$169,365 allocated as follows: Parks Fund \$175,725, Street Fund \$(6,360)
Net Total Street Fund				-	(67,638)	-	(53,200)	
Summary:								
Total Expenditures				-	(67,638)	-	(53,200)	
Total Related Revenue				-	-	-	-	
Total Transfers-in				-	-	-	-	
Total Transfers-out				-	-	-	-	
Total Interfund Loan Receipts				-	-	-	-	
Total Interfund Loan Disbursements				-	-	-	-	
Debt Proceeds				-	-	-	-	
Net Total Street Fund				-	(67,638)	-	(53,200)	

Development Services Fund

No.	Title/Description	Initiating		Amount Requested		Amount Funded		Notes/Comments
		Fund	Dept.	One-Time	Ongoing	One-Time	Ongoing	
1	Cost of Living Adjustment Cut	DS	Dev Svcs	-	(12,758)	-	-	Total cost is \$(93,985) allocated as follows: General Fund \$(39,348), Street Fund \$(8,078), Development Services Fund \$(12,758), Parks Fund \$(18,799), SWM Fund \$(15,002)
2	Temporary Associate Planner	DS	Dev Svcs	53,606	-	53,606	-	
3	Plotter Printer Lease	ST	ST	-	(650)	-	(650)	Total cost is \$1,990 allocated as follows: General Fund \$5,040, Street Fund \$(1,200), Development Services Fund \$(650), SWM Fund \$(1,200)
Net Total Development Services				53,606	(13,408)	53,606	(650)	
Summary:								
Total Expenditures				53,606	(13,408)	53,606	(650)	
Total Related Revenue				-	-	-	-	
Total Transfers-in				-	-	-	-	
Total Transfers-out				-	-	-	-	
Total Interfund Loan Receipts				-	-	-	-	
Total Interfund Loan Disbursements				-	-	-	-	
Debt Proceeds				-	-	-	-	
Net Total Development Services				53,606	(13,408)	53,606	(650)	

Parks Fund

No.	Title/Description	Initiating		Amount Requested		Amount Funded		Notes/Comments
		Fund	Dept.	One-Time	Ongoing	One-Time	Ongoing	
1	Cost of Living Adjustment Cut	Parks		-	(18,799)	-	-	Total cost is \$(93,985) allocated as follows: General Fund \$(39,348), Street Fund \$(8,078), Development Services Fund \$(12,758), Parks Fund \$(18,799), SWM Fund \$(15,002)
2	Proposed Base Budget Reductions	Parks		-	(27,251)	-	-	
3	Covington Community Park Maintenance - Option 1	Parks	Pks Maint	65,000	126,725	-	-	
4	Covington Community Park Maintenance - Option 2	Parks	Pks Maint	13,000	152,645	13,000	152,645	This card reflects the reduction that needs to be made in the Parks Fund
5	Covington Community Park Maintenance - Option 3	Parks	Pks Maint	-	175,725	-	-	Total cost is \$169,365 allocated as follows: Parks Fund \$175,725, Street Fund \$(6,360)
6	Parks CIP Update	Parks	Parks	52,000	-	52,000	-	
	Transfer from General Fund			(52,000)	-	(52,000)	-	
Net Total Parks Fund				78,000	409,045	13,000	152,645	
Summary:								
Total Expenditures				130,000	409,045	65,000	152,645	
Total Related Revenue				-	-	-	-	
Total Transfers-in				(52,000)	-	(52,000)	-	
Total Transfers-out				-	-	-	-	
Total Interfund Loan Receipts				-	-	-	-	
Total Interfund Loan Disbursements				-	-	-	-	
Debt Proceeds				-	-	-	-	
Net Total Parks Fund				78,000	409,045	13,000	152,645	

City of Covington
2013 Budget
Decision Cards

Surface Water Management Fund

No.	Title/Description	Initiating		Amount Requested		Amount Funded		Notes/Comments
		Fund	Dept.	One-Time	Ongoing	One-Time	Ongoing	
1	Cost of Living Adjustment Cut	SWM	SWM	-	(15,002)	-	-	Total cost is \$(93,985) allocated as follows: General Fund \$(39,348), Street Fund \$(8,078), Development Services Fund \$(12,758), Parks Fund \$(18,799), SWM Fund \$(15,002)
2	Seasonal Maintenance Workers	SWM	SWM	47,613	-	47,613	-	If not grant funded
3	Mini Excavator	SWM	SWM	-	37,750	-	-	
4	Plotter Printer Lease	ST	ST	-	(1,200)	-	(1,200)	Total cost is \$1,990 allocated as follows: General Fund \$5,040, Street Fund \$(1,200), Development Services Fund \$(650), SWM Fund \$(1,200)
Net Total Surface Water Management Fund				47,613	21,548	47,613	(1,200)	
Summary:								
Total Expenditures				47,613	21,548	47,613	(1,200)	
Total Related Revenue				-	-	-	-	
Total Transfers-in				-	-	-	-	
Total Transfers-out				-	-	-	-	
Total Interfund Loan Receipts				-	-	-	-	
Total Interfund Loan Disbursements				-	-	-	-	
Debt Proceeds				-	-	-	-	
Net Total Surface Water Management Fund				47,613	21,548	47,613	(1,200)	

Net Total Decision Cards For All Funds **308,684 391,750 243,474 144,423**

Summary of Decision Cards For All Funds

Total Expenditures			308,684	391,750	243,474	144,423	
Total Related Revenue			-	-	-	-	
Total Transfers-in			(52,000)	-	(52,000)	-	
Total Transfers-out			52,000	-	52,000	-	
Total Interfund Loan Receipts			-	-	-	-	
Total Interfund Loan Disbursements			-	-	-	-	
Debt Proceeds			-	-	-	-	
Net Total Decision Cards for all Funds:			308,684	391,750	243,474	144,423	

STATISTICAL

Covington's place in the State of Washington



Overview

- Incorporated 1997
- Type of Government: Council-Manager
- 43 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 42% since 1997 to current 17,760
- Ranked 57 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 2012. Number of acres has increased from 12 acres in 2000 to 135 in 2012

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

	<u>2013</u>	<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>
Function										
General Government	13	13	13	13	13	13	12	12	14	9
Community Development	7	8	6	10	16	16	15	15	4	15
Public Safety (Note 1)	-	-	-	-	-	-	-	-	-	-
Highways and Streets	12	12	10	13	14	14	11	11	5	5
Culture and Recreation	<u>11</u>	<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>
Total	<u>43</u>	<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>

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 2013

Position	Salary Range Annual	
City Manager	\$ 141,826	- \$ 169,347
Community Development Director	\$ 112,342	- \$ 134,141
Finance Director	\$ 112,342	- \$ 134,141
Parks & Recreation Director	\$ 112,342	- \$ 134,141
Public Works Director	\$ 112,342	- \$ 134,141
Senior City Engineer	\$ 97,071	- \$ 115,907
Building Official	\$ 91,576	- \$ 109,347
City Engineer	\$ 91,576	- \$ 109,347
Development Review Engineer	\$ 81,503	- \$ 97,319
City Clerk/Executive Assistant	\$ 76,889	- \$ 91,809
Personnel Manager	\$ 74,714	- \$ 89,213
Senior Accountant	\$ 72,537	- \$ 86,614
Maintenance Supervisor	\$ 72,537	- \$ 86,614
Community Relations Coordinator	\$ 72,537	- \$ 86,614
Plans Examiner/Building Inspector	\$ 72,537	- \$ 86,614
Recreation Manager	\$ 72,537	- \$ 86,614
Senior Information Systems Administrator	\$ 70,484	- \$ 84,162
Senior Planner	\$ 70,484	- \$ 84,162
Accountant	\$ 68,431	- \$ 81,709
Aquatic Supervisor	\$ 68,431	- \$ 81,709
Engineering Tech III	\$ 68,431	- \$ 81,709
Permit Center Coordinator	\$ 64,558	- \$ 77,085
Construction Inspector	\$ 64,558	- \$ 77,085
Associate Planner	\$ 62,730	- \$ 74,903

City of Covington
Employee Positions/Salary Range Schedule
For the Fiscal Year 2013

Position	Salary Range Annual	
Code Enforcement Officer	\$ 60,904	- \$ 72,722
Senior Maintenance Worker	\$ 60,904	- \$ 72,722
Senior Deputy City Clerk	\$ 59,180	- \$ 70,664
Personnel & HS Analyst	\$ 59,180	- \$ 70,664
Finance Specialist	\$ 57,457	- \$ 68,607
Maintenance Worker	\$ 57,457	- \$ 68,607
Deputy City Clerk	\$ 55,830	- \$ 66,664
Engineering Technician II	\$ 55,830	- \$ 66,664
Office Supervisor/PW	\$ 55,830	- \$ 66,664
Assistant Planner	\$ 54,205	- \$ 64,723
Accounting Clerk	\$ 51,135	- \$ 61,057
Aquatics Specialist	\$ 51,135	- \$ 61,057
Engineering Tech I	\$ 51,135	- \$ 61,057
Office Technician II - PW or EO	\$ 44,222	- \$ 52,803
Management Assistant	\$ 39,358	- \$ 46,995
Specialty Instructor	\$ 32,293	- \$ 38,559
Water Safety Instructor	\$ 32,293	- \$ 38,559
Recreation Assistant	\$ 32,293	- \$ 38,559
Aquatics Lead	\$ 27,216	- \$ 32,497
Lifeguard	\$ 25,007	- \$ 29,860
Maintenance Worker (Seasonal)	\$ 26,937	- \$ 32,164
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)		
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
2013	566,151,464	929,017,114	747,801	-	25,245,781	16,292,495	-	1,537,454,655	25,957,902

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

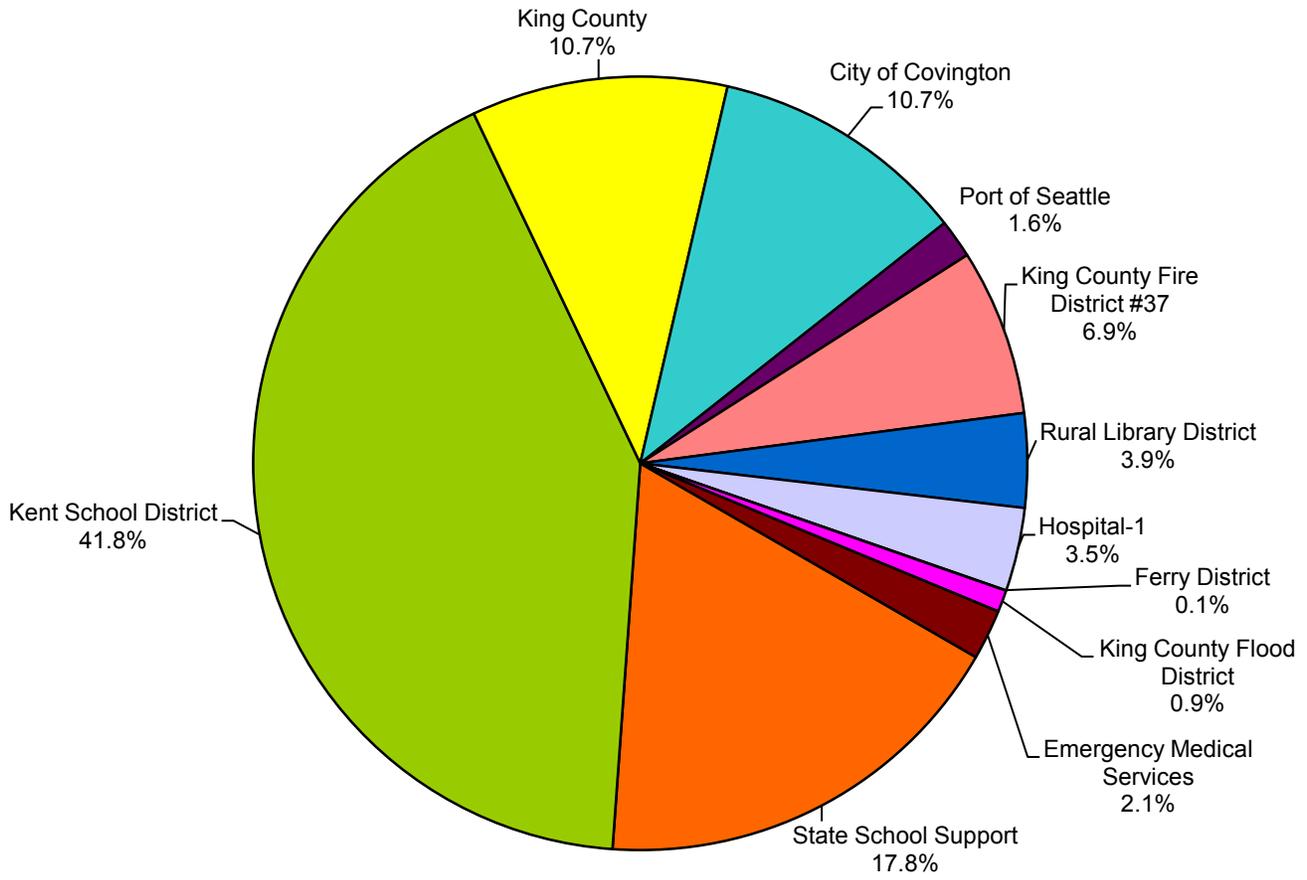
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
State School Fund	\$ 2.75678	\$ 2.68951	\$ 2.49787	\$ 2.32535	\$ 2.13233	\$ 1.96268	\$ 2.22253	\$ 2.27990	\$ 2.42266	\$ 2.56720
Kent School District										
Special Levy	2.70217	2.74299	2.65755	2.58756	2.39044	2.30024	2.80694	3.25368	3.55234	3.84665
Bond Levy	1.78690	1.83877	1.73553	1.28303	1.73225	1.52691	1.72361	1.84496	1.74641	1.86073
Building Fund Levy	0.22810	0.21633	0.20026	0.30500	0.27067	0.24237	0.27800	0.28828	0.30111	0.32081
King County										
Regular Levies										
Current Expense	0.99253	0.94845	0.89604	0.84558	0.76686	0.69697	0.80597	0.84638	0.89508	1.00051
County River Improvement	0.01064	0.01039	0.00986	0.00922	-	-	-	-	-	-
Inter-county River	0.00021	0.00020	0.00019	0.00017	0.00015	0.00013	0.00015	0.00015	0.00016	0.00016
Veteran's Aid	0.00900	0.00879	0.00834	0.00780	0.00706	0.00643	0.00746	0.00778	0.00819	0.00846
Mental Health	0.02000	0.01954	0.01854	0.01733	0.01570	0.01430	0.01657	0.01746	0.01838	0.01899
Transportation	-	-	-	-	-	-	0.06501	0.06884	0.07500	0.07500
Councilmanic Bond Redemption	0.05091	0.07210	0.07076	0.06208	0.05923	0.05661	0.06714	0.07479	0.08150	-
AFIS (voted)	0.05050	0.04933	0.05000	0.05680	0.05146	0.04473	0.04571	0.03528	0.03530	0.05920
Children/Family Justice Center	-	-	-	-	-	-	-	-	-	0.07000
Zoo/Open Space/Trails	-	-	-	-	0.05000	0.04749	0.05451	0.05821	0.06308	0.06595
Veterans/Human Services	-	-	-	-	0.04232	0.03856	0.04468	0.04708	0.05000	0.05243
Parks (voted)	0.04900	0.04785	0.04542	0.04244	0.05000	0.04749	0.05451	0.05821	0.06308	0.06595
Conservation Futures	0.05922	0.05791	0.05488	0.05135	0.04641	0.04246	0.04918	0.05191	0.05483	0.05613
Bond Fund Unlimited	0.18945	0.16773	0.17466	0.15007	0.11851	0.10255	0.07410	0.07207	0.07128	0.06772
City of Covington	1.28369	1.24664	1.20452	1.15224	1.04814	0.98104	1.15290	1.36485	1.48090	1.54758
Port of Seattle										
General Fund	0.09073	0.10079	0.08259	0.09552	0.10447	0.19700	0.21597	0.10061	0.10278	0.10430
Bond Fund	0.16329	0.15242	0.15071	0.13606	0.11912	-	-	0.12305	0.12704	0.12894
King County Fire District #37	1.29833	1.50000	1.42180	1.35107	1.35000	1.35001	1.35000	1.00000	1.00000	1.00000
King County Fire District #37 Reserve	-	-	-	-	0.15000	0.14999	0.15000	-	-	-
Rural Library District	0.49246	0.48288	0.45884	0.43295	0.39186	0.36118	0.42188	0.50000	0.50000	0.50000
Rural Library District- G.O. Bonds	0.04407	0.04967	0.07540	0.06732	0.06150	0.05618	0.06338	0.06622	0.06992	0.06743
Hospital-1	0.09200	0.09039	0.05900	0.55652	0.50854	0.47141	0.53290	0.55753	0.50000	0.50000
Hospital-1 G.O. Bonds	-	-	-	-	-	-	-	-	-	-
Ferry District	-	-	-	-	0.05500	0.05018	0.00348	0.00360	0.00372	0.00378
King County Flood District	-	-	-	-	0.10000	0.09123	0.10514	0.10976	0.11616	0.13210
Emergency Medical Services	0.23717	0.23182	0.21982	0.20621	0.30000	0.27404	0.30000	0.30000	0.30000	0.30000
Total Levy Rate	\$ 12.60715	\$ 12.72450	\$ 12.09258	\$ 11.74167	\$ 11.92202	\$ 11.11218	\$ 12.61172	\$ 13.13060	\$ 13.63892	\$ 14.42002

**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)
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	1.36485	2,348,820	2,348,820	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
2013	1,537,454,655	7,221,230	-	Note 1	-	1,530,233,425	1.54758	2,368,159	2,368,159	10,356,404	1,519,877,021

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

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



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

Total 2013 Assessed Value (A.V.) 1,530,233,425

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%	\$ 22,953,501	\$ 22,953,501	\$ -	\$ -	\$ -	\$ -
2.50%	-	-	38,255,836	38,255,836	38,255,836	-
7.50%	-	-	-	-	-	114,767,507
Less Outstanding Debt	\$10,269,367	-	-	-	-	\$10,269,367
Remaining Debt Capacity	\$ 12,684,134	\$ 22,953,501	\$ 38,255,836	\$38,255,836	\$ 38,255,836	\$ 104,498,140

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, 2012

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	
2013	563,314	492,107	-	1,348	214,896	12,894	1,284,559
2014	589,054	462,646	-	1,348	214,896	11,819	1,279,763
2015	619,824	431,438	-	1,348	214,896	10,745	1,278,250
2016	650,625	403,267	-	1,348	214,896	9,670	1,279,806
2017	676,458	375,659	-	1,348	214,896	8,596	1,276,956
2018-2022	3,851,016	1,414,020	28,073	5,278	1,074,479	26,862	6,399,728
2023-2027	4,568,473	578,591	-	-	429,792	3,223	5,580,078
Total	\$ 11,518,763	\$ 4,157,729	\$ 28,073	\$ 12,015	\$ 2,578,750	\$ 83,809	\$ 18,379,140

City Bond Ratings

On January 1, 2013 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	-
Samoaian	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
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
2012	268	56,526,914

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Function										
City Manager (Note 1)										
Citizen Action Requests	212	194	275	281	268	347	401	N/A	N/A	N/A
Community Room Rentals	181	141	160	295	283	230	232	N/A	N/A	N/A
Contacts by Citizens (Phone and Walk-in)	10,802	11,894	11,279	13,088	15,116	12,984	12,014	N/A	N/A	N/A
Finance (Note 1)										
AP Checks Processed	1,757	1,738	1,794	1,772	1,758	1,600	1,829	1,689	1,513	1,397
AP Invoices Processed	2,796	2,797	2,931	3,166	2,994	2,638	2,982	2,339	2,290	2,171
AP \$ (in Millions)	10	7	10	10	20	17	10	6	8	8
AR Invoices/Statements Processed	614	838	753	827	751	902	1,020	826	624	493
Payroll Checks Processed	2,194	2,007	1,976	2,161	2,201	1,950	1,900	1,787	1,211	1,012
City Clerk (Note 1)										
Public Disclosure Requests	97	85	88	97	255	288	255	205	N/A	N/A
Covington Connection E-mails Received	93	78	116	178	186	243	219	194	N/A	N/A
Media Pitches (fka Press Releases)	40	36	57	40	71	62	47	59	N/A	N/A
Contracts/Agreements	76	61	45	63	66	35	93	64	N/A	N/A
Ordinances/Resolutions Passed	30	32	49	38	49	65	130	113	N/A	N/A
Community Development										
No. of Permits Issued	268	122	115	131	209	225	135	207	387	455
Estimated Value (in Millions)	57	39	15	8	49	89	25	36	78	93
Public Safety (Note 2)										
No. of Calls for Service	4,289	3,803	4,196	4,135	4,026	3,837	4,098	3,982	3,720	3,429
Reported Crimes	1,417	1,418	1,638	1,311	1,631	1,591	1,385	1,338	1,292	1,246
Traffic Citations	1,055	5,925	1,170	1,470	1,451	1,795	1,956	1,776	970	1,252
No. of Arrests										
Adults	441	578	602	585	403	418	368	356	289	376
Juveniles	101	80	114	148	117	86	122	141	145	139
Culture and Recreation (Note 3)										
Number of Parks	5	5	5	5	5	5	5	4	4	2
Park Acreage	135	135	135	135	135	135	135	135	135	109
Participants at Recreation Swims	23,556	20,527	22,068	18,949	21,920	15,351	33,684	32,838	-	-
Participants in Aquatic Activities	43,343	36,135	37,657	37,235	36,437	35,576	39,064	33,787	-	-
Aquatic Center Rental Hours	1,302	1,227	1,395	1,271	1,235	1,125	1,211	1,229	-	-
In-Water Attendance	92,949	81,197	87,620	81,599	83,057	73,427	96,958	91,195	-	-
Public Works (Note 1)										
Catch Basins Cleaned	248	184	956	2,265	2,265	2,100	1,841	N/A	N/A	N/A
Slope Mowing Miles	20	24	37	210	96	48	71	N/A	N/A	N/A
Landscape Mowing Miles	80	78	100	71	65	86	22	N/A	N/A	N/A
Miles of Streets Swept	2,056	843	2,274	2,054	2,290	1,192	1,754	N/A	N/A	N/A
Tons of Asphalt Used	87	269	58	95	100	94	155	N/A	N/A	N/A
Work Orders Completed	N/A	1,460	1,519	1,461	1,368	1,267	656	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
Sales Tax Revenue Payers by Industry

	Fiscal Year 2012			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Unknown	5	0.1%	\$ 9,380	0.3%
Agriculture, Forestry, Fishing	13	0.3%	3,770	0.1%
Mining	5	0.1%	290	0.0%
Utilities	4	0.1%	157	0.0%
Construction	1,201	23.5%	330,526	10.2%
Manufacturing	299	5.9%	16,322	0.5%
Wholesale Trade	714	14.0%	48,899	1.5%
Retail Trade	1,425	27.9%	2,210,346	68.5%
Transportation and Warehousing	14	0.3%	392	0.0%
Information	171	3.4%	82,002	2.5%
Finance and Insurance	52	1.0%	6,958	0.2%
Real Estate, Rental, Leasing	134	2.6%	17,583	0.5%
Prof, Sci, Technical Svcs	230	4.5%	19,244	0.6%
Company Management	1	0.0%	-	0.0%
Admin, Supp, Remed Svcs	427	8.4%	29,637	0.9%
Educational Services	28	0.5%	507	0.0%
Health Care Social Assistance	37	0.7%	3,454	0.1%
Arts, Entertain, Recreation	33	0.6%	30,594	0.9%
Accommodation and Food Svcs	70	1.4%	348,720	10.8%
Other Services	229	4.5%	39,750	1.2%
Public Administration	8	0.2%	27,684	0.9%
	5,100	100.0%	\$ 3,226,215	100.0%

Source: Taxtools Database by Microflex, Inc.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not provided. The categories presented are intended to provide alternate information regarding the sources of the state's revenues.

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 the current period 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. 64
7 Member Elected City Councilmembers Mayor Appointed From Within the Council		Fire Protection: Annexed Into Fire District #37	
Number of Employees	43	Police Protection: Contracted Through King County	
Population (1)	17,760	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

APPENDIX

CITY OF COVINGTON

Vision, Mission and Goals

VISION

Covington: Unmatched quality of life

MISSION

Covington is a destination community where citizens, businesses and civic leaders collaborate to preserve and foster a strong sense of unity.

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.

Town Center: Establish Covington Town Center as a vibrant residential, commercial, educational, 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.