

The City of
COVINGTON
WASHINGTON



2014 Budget

**CITY OF COVINGTON
2014 BUDGET
Table of Contents**

	<u>Page</u>
<u>INTRODUCTORY</u>	
2014 BUDGET MESSAGE	1
READER’S GUIDE	7
BUDGET PROCESS	8
CITY OFFICIALS/CITY STAFF	13
ORGANIZATIONAL CHART	14
COMMISSIONS AND COMMITTEES	
Arts Commission	15
Covington Economic Development Council	16
Parks and Recreation Commission	17
Planning Commission	18
Human Services Commission	19
<u>BUDGET SUMMARY AND FORECAST</u>	
2014 BUDGET ORDINANCE	20
PROJECTED 2013 YEAR END FUND BALANCES – BY FUND	23
2014 BUDGET SUMMARY – ALL FUNDS	25
ADOPTED 2014 BUDGET – BY FUND	26
DESCRIPTION OF 2014 REVENUE SOURCES	28
2014 REVENUE ESTIMATES GRAPHS	34
SUMMARY OF REVENUES – ALL FUNDS – FY 2012 THRU 2014	35
SUMMARY OF EXPENDITURES/APPROPRIATIONS	38
ALL FUNDS – FY 2012 THRU 2014	
SUMMARY OF INTERFUND TRANSFERS – ALL FUNDS	41
SIX YEAR FINANCIAL PLANNING MODEL	
General Fund	43
Street Fund	44
Development Services Fund	45
Parks Fund	46
Surface Water Management Fund	47

Table of Contents (continued)

	<u>Page</u>
<u>DEPARTMENT BUDGETS</u>	
GENERAL FUND	
City Council	48
Municipal Court	51
Executive.....	54
Finance	57
Legal Services.....	60
Personnel.....	63
Central Services	66
Law Enforcement	70
Community Development	73
STREET FUND.....	77
DEVELOPMENT SERVICES FUND	81
PARKS FUND	
Parks Maintenance.....	84
Aquatics	87
Recreation and Special Events.....	90
Parks.....	93
SURFACE WATER MANAGEMENT FUND	96
CAPITAL INVESTMENT PROGRAM FUND	100
LOCAL IMPROVEMENT DISTRICT 99-01 FUND.....	110
LONG-TERM DEBT SERVICE FUND.....	112
INTERNAL SERVICE UNEMPLOYMENT INSURANCE FUND	114
INTERNAL SERVICE EQUIPMENT REPLACEMENT FUND.....	116
DECISION CARD SUMMARY – ALL FUNDS	118
<u>STATISTICAL</u>	
CITY OVERVIEW.....	121
EMPLOYEES BY FUNCTION	122
EMPLOYEES POSITIONS/SALARY RANGE SCHEDULE	123
ASSESSED VALUES OF REAL AND PERSONAL PROPERTY	125
PROPERTY TAX RATES PER \$1,000 OF ASSESSED VALUE	126
PROPERTY TAX LEVY	127
2014 PROPERTY TAX BREAKDOWN GRAPH.....	128
SCHEDULE OF LIMIT ON DEBT (DEBT CAPACITY).....	129
POPULATION STATISTICS.....	130
HOUSING STATISTICS.....	131

Table of Contents (continued)

	<u>Page</u>
WORKLOAD INDICATORS	132
SALES TAX PAYERS BY INDUSTRY.....	133
PRINCIPAL PROPERTY TAX PAYERS.....	134
MISCELLANEOUS STATISTICS	135

APPENDIX

VISION, MISSION, AND GOALS	136
FINANCIAL MANAGEMENT POLICIES.....	137
GLOSSARY	156

INTRODUCTORY



City of Covington

16720 SE 271st St. #100
Covington, WA 98042

City Hall 253-480-2400
Fax 253-480-2401
www.covingtonwa.gov

October 8, 2013

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

It is my pleasure to present the 2014 Preliminary Operating and Capital Budget. This budget encompasses and implements council policies and conforms to state law.

Covington has been very fortunate in 2013: sales tax revenue continues to come in at a record pace, priority projects are starting to come together and the City Council has addressed potential means to create much needed resources for transportation. Previous budget messages focused on how best to manage little to no revenue increase while expenditures continued to escalate. For 2014 however, the focus is on how to manage increased revenues while realizing that the recovery is still fragile. While the temptation is great to create new ongoing programs, that strategy will cause fiscal issues down the road. Instead, my strategy is to direct the increase in revenue mainly toward one-time expenditures that are either mandated or provide a direct benefit to the city in terms of efficiencies.

The forecast for the General Fund looks good for the foreseeable future. The Street Fund and Parks Fund however, are struggling. For Streets, the City Council created a Transportation Benefit District (TBD) earlier this year. A sales tax initiative (Proposition 1) is on the ballot in November for voters to decide on how they want to fund transportation. For Parks, an infusion of General Fund money is being allocated to cover one-time costs for 2014. The Development Services Fund is also projected to spend into fund balance as development ebbs, but there is a substantial fund balance to handle the fluctuations in activity. Additionally, the Surface Water Management Fund (SWM) is projected to deficit spend due mainly to one-time capital expenditures. The upcoming rate study for SWM will provide guidance on a rate increase as well as use of large fund balance for capital.

Programs associated with the TBD are not included in the proposed budget but decision cards have been prepared that can be added to the proposed budget after November 5th if Proposition 1 is successful. Likewise, cuts to balance the Street Fund if Proposition 1 is unsuccessful have not been included in the proposed budget. The City Council would begin conversations on implementing a balancing strategy beginning with the upcoming council summit in early 2014. Until a decision is reached the Street Fund would rely on fund balance and existing revenues for support.

One other informational item concerns health benefits. The Association of Washington Cities which administers the city's health plan has been working diligently to contain rising healthcare costs. Through their efforts, the city will not incur any increase in health care costs for 2014. The city is fortunate in that both the low cost of living adjustment (COLA) (1.2 percent) and zero increase in health benefits are happening in the same budget period. However, they are unique circumstances and likely will not happen again.

Economic Outlook¹

On a national level, the economy is still getting mixed reviews. The government shutdown is impacting the stock market which until recently was hitting new highs. Unemployment is still 7.4 percent but does not reflect the number of people that have given up looking for work. Auto sales are up nationwide along with existing home sales.

¹ Economic information is supplied by the *Puget Sound Economic Forecaster*, Volume 21 Number 3 September 2013

The Puget Sound region is doing much better than the nation. Currently, the annual percent change in employment growth is 2.8 percent but is expected to decline slightly in 2014 to 2.3 percent. This is due to Boeing no longer hiring. However, the forecast for the Puget Sound region is that it will outpace the nation in the next ten years by creating 320,000 new jobs.

Retail sales continue their torrid pace. The Department of Revenue reports that retail sales are rising at the fastest rate since the late 1990s. That is evident in Covington where the city is currently forecasting retail sales tax to be 12.5 percent above 2013 budget projections. In the Puget Sound region, retail sales are expected to hit a 7.1 percent pace through the end of the year. This pace is being fueled by a rebound in contracting activity.

The consumer price index for the Puget Sound is forecast to drop slightly in 2013 to 1.5 percent and increase again slightly to 1.9 percent in 2014. It's uncertain what impact, if any, the government shutdown will have on Covington. However, at this point, the city is doing well. Sales tax collections are at high levels, real estate excise tax (REET) collections show signs of strengthening in the residential market and other revenues are following suit.

Budget Process

The 2014 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 2014, directors were encouraged to be thoughtful with the number of decision cards they submit. Beginning in August, the finance team and I met with individual directors to review base budgets and decision cards. Once these meetings were completed and the preliminary forecast was reviewed, the senior accountant and I met to discuss which decision cards would move forward.

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

- Favor one-time over ongoing programs (due to the still-fragile nature of economy)
- Address imminent mandates (like the comprehensive plan update)
- Maintain what we have (people, programs, and infrastructure)
- Implement the TBD if approved
- Support the Parks and Recreation Priorities Advisory Committee (PRePAC) process
- Achieve efficiencies (via investments in equipment and technology)

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

2014 Budget Strategies

- Use fund balance only in cases where funds have deficits to cover (for 2014 that would be the Street Fund, Development Services Fund, and Surface Water Management).
- Set aside monies received from the solid waste franchise fee as part of the balancing strategy for Streets if Proposition 1 fails
- Utilize the PRePAC process to help prioritize parks, recreation, and facilities and develop funding strategies
- Complete the SWM rate study which will address future operating and capital needs

Funds Overview

There are two decision cards I am recommending which are across several funds. They are: 1) implementation of the salary survey results which impacts employees only (councilmembers' positions will be addressed separately) (total cost \$7,645 ongoing, General Fund \$2,800, Street Fund \$100 and SWM Fund \$4,745); and 2) upgrade of the employee dental plan (total cost \$1,215 ongoing, General Fund \$516, Street Fund \$141, Development Services Fund \$177, Parks Fund \$130, and SWM Fund \$251).

General Fund

The General Fund is the largest city fund and provides for the day-to-day operations of city government.

In 2014, we are forecasting a 2.7 percent total increase in revenues over 2013 estimates for the entire fund.

- Property tax for 2014 is estimated to be \$2.43 million. This includes a one percent increase plus new construction.
- Sales tax revenue for 2014 is expected to increase by 4 percent over 2013 estimated collections. Both construction revenue and retail sales have been increasing. Total sales tax collections for 2013 are estimated to be \$3.36 million, with the General Fund receiving 84 percent (\$2.82 million) and the Parks Fund 16 percent (\$538,000).
- Utility tax collections for 2013 are estimated at \$2.06 million (3.6 percent below forecast). For 2014, the forecast was revised downward by 2.8 percent.
- Other sources of revenue total \$1.5 million with \$434,000 being paid to the General Fund in the form of interfund payments from other funds.

On the operating expenditure side, the budget is 1.7 percent, or \$121,000, lower than estimated actuals for 2013. This is due to a reduction in consultant work tied to a reimbursement agreement.

I am recommending 15 decision cards totaling \$252,566 – \$197,925 in one-time costs and \$54,641 in ongoing costs. The decision cards are: 1) council chamber microphones (\$5,025 one-time); 2) small business assistance center, in partnership with Green River Community College and other local jurisdictions which help pay for two business advisors (\$10,000 ongoing); 3) Adobe Creative Suite 5.5 Design Standard to better help the Communications and Marketing Manager (\$1,100 one-time); 4) implementation of salary survey results (discussed above); 5) upgrade of dental plan (discussed above); 6) part-time office technician I for Finance (\$2,200 one-time, \$8,925 ongoing); 7) additional attorney hours (\$17,400 ongoing); 8) carpet replacement fund (\$7,800 ongoing); 9) network monitoring and threat detection (\$1,500 ongoing); 10) network license upgrade (\$1,500 one-time); 11) server monitoring (\$700 ongoing); 12) comprehensive emergency management plan update (\$50,000 one-time, will be seeking grant funding); 13) Comprehensive Plan update (\$120,000 one-time); 14) increase professional services in Community Development (\$5,000 ongoing); and 15) a transfer-out to the Parks Fund for the completion of the parks CIP update (\$18,100 one-time).

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 increase 10.5% based on the results of the recently completed franchise fee audit. Fuel tax is forecasted to remain flat for 2014. Base expenditures before decision cards are \$913,000, which is an increase from expected actual expenditures in 2013 of 1.6%.

I am recommending five decision cards totaling \$36,711 - \$29,645 in one-time costs and \$7,066 in ongoing costs. The decision cards are: 1) upgrade of employee dental plan (discussed above); 2) implementation of salary survey results (discussed above); 3) mini excavator and trailer (total cost \$77,150 funded by Streets \$10,645 one-time, \$925 ongoing and SWM \$60,350 one-time, \$5,230 ongoing); 4) anti-icer tank for 5-yard hook truck (funded by Streets \$19,000 one-time, \$2,500 ongoing); and 5) equipment replacement costs for new mower (total cost \$8,500 funded by Streets \$3,400 ongoing, Parks \$1,700 ongoing, and SWM \$3,400 ongoing).

One-time decision cards will be paid for with a transfer-in of one-time revenues.

As it exists, the Street Fund is unsustainable. In 2013, the Budget Priorities Advisory Committee completed its final report and as part of that report recommended the City pursue a 0.2 percent increase in sales tax. Proposition 1 will go before the voters on November 5, 2013. If approved, the measure could provide as much as \$750,000 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.

Development Services Fund

For 2014, expenditures are exceeding revenues but there are sufficient reserves available to roll forward. This extra cushion is needed to offset additional work that spans more than one year. As development ebbs, the additional fund balance is used to complete tasks started in prior years.

I am recommending two decision cards totaling \$67,077 - \$66,900 in one-time costs and \$177 in ongoing costs. The decision cards are: 1) upgrade of employee dental plan (discussed above); and 2) funding the limited-term Associate Planner position (\$66,900 one-time) – currently one-time funded and extended for at least one more year.

Parks Fund

Revenues in the Parks Fund for 2014 are expected to increase slightly in most categories. Expenditures show an increase primarily due to cost of living and salary and benefits. Although the Parks Fund is balanced for 2014 it is still on the watch list. In 2013 the City Council created the PRePAC to address how Covington should build a parks and recreation system that meets the community's needs and wants and also how to pay for both operating and capital costs. A final report is expected by the end of 2014.

I am recommending 12 decision cards totaling \$185,595 - \$154,135 in one-time costs and \$31,460 in ongoing costs. The decision cards are: 1) upgrade of employee dental plan (discussed above); 2) equipment replacement costs for new mower (discussed in Street section above); 3) funding the full-time Aquatics Specialist position (\$83,315 ongoing, with an offsetting revenue of \$66,295); 4) lifeguard II and water safety instructor II (WSI) to comply with the city's promotion-in-place program (\$1,200 ongoing); 5) pool shell maintenance (\$20,730 one-time); 6) swimming pool accessibility - Americans with Disabilities Act compliance (\$23,360 one-time); 7) increase recreation aide hours (\$1,710 ongoing); 8) Adobe Creative Suite 5.5 Design Standard to better help with marketing materials (\$1,100 one-time); 9) Aquatic Center art project (\$4,000 one-time); 10) funding the limited-term Park Planner (\$45,250 one-time); 11) park impact fee study (\$59,695 one-time \$9,700 ongoing); and 12) parks CIP update carryover (\$18,100 one-time).

Surface Water Management Fund (SWM)

Revenues for SWM are staying pretty much even with 2013 estimates with an increase of 1.9 percent. We are currently projecting deficit spending, which is sustainable due to the large fund balance, but will need to use the rate study to be thoughtful on how we draw down fund balance for capital and one-time uses.

Budgeted expenditures are higher than 2013 estimates at 3.2 percent due mostly to increases in professional services and interfund payments.

I am recommending five decision cards totaling \$82,271 - \$56,495 in one-time costs and \$25,776 in ongoing costs. The decision cards are: 1) upgrade of employee dental plan (discussed above); 2) implementation of salary survey results (discussed above); 3) NPDES implementation grant allocation (\$45,460 one-time, \$12,150 ongoing, with an offsetting grant of \$49,315); 4) mini excavator and trailer (discussed in Streets section above); and 5) equipment replacement costs for new mower (discussed in Streets section above).

Capital Investment Program Fund

For 2014, four projects are budgeted: Covington Community Park phase 2 for \$540,900; CIP 1029 - annual traffic safety projects for \$219,000; CIP 1057 - 156th Avenue SE for \$350,000; and CIP 1127 – State Route (SR) 516 widening at Jenkins Creek for \$1,112,000.

Summary

With the Great Recession in the rearview mirror, the city is positioning itself to move forward with new and exciting decisions. The economy is not quite on stable ground yet but still we see enough forward progress that we are replacing pessimism with optimism. The city is embarking on a journey which will cement its future for years to come. The Budget Priorities Advisory Committee (BPAC) recommendations are moving forward, the town center project is unfolding, bringing higher education to Covington is just planting its seed, and the Covington Community Park is moving forward into phase 2 faster than expected. The city is also moving forward with design and property acquisition for SR 516 widening at Jenkins Creek. In addition, the Hawk property subarea plan continues and MultiCare Health System is expected to break ground on a Covington hospital within the next twelve months.

However, even with all that there are still some areas of concern with streets and parks. If Proposition 1 succeeds streets will be in great shape as will the General Fund. If it fails then there are more tough decisions that have to be made. Parks, while breaking attendance records, still relies heavily on the general fund for support and this will not change. But as long as the General Fund can remain healthy then Parks will be sustainable. However, we can't grow the parks system without new revenue from the PRePAC process.

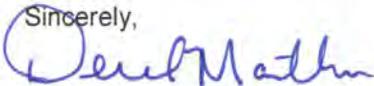
The 2014 budget has more decision card recommendations than any budget I have presented. They are mostly one-time costs while the ongoing costs will bring about more efficiencies and resolve mandated issues. I am excited for the prospects of the city for 2014 and beyond.

I want to thank the Finance staff for their dedication this year in meeting deadlines in spite of reduced staffing and for supporting management and departments. The department directors also deserve recognition for their unselfishness in moving the city forward and continuing to provide quality service.

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
16720 SE 271st St. #100
Covington, WA 98042

City Hall 253-480-2400
Fax 253-480-2401
www.covingtonwa.gov

February 28, 2014

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

It is my pleasure to present the 2014 Final Operating and Capital Budget. This budget encompasses and implements Council policies and conforms to state law.

The preliminary budget presentation was given to Council on October 22, 2013. On October 26, 2013, the council held their annual budget retreat to review individual department presentations and begin budget deliberations. At the end of the presentations, council agreed to the recommendations set forth in my preliminary budget message. In addition, they agreed to increase the training budget for the Parks Department.

Although I said it in the preliminary budget message, I want to reiterate my appreciation to the finance staff, the management team and the city council for another smooth and thoughtful budget process.

Sincerely,

A handwritten signature in blue ink that reads "Derek M. Matheson". The signature is fluid and cursive, with the first name being the most prominent.

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 2014 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 2014 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 2013 year end fund balances, as well as FY 2014 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 2014 budget for each Department within each Fund. Each Department includes a mission statement, department overview, major activities, significant budget issues, 2013 accomplishments, and 2014 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 2014 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.

2014 Budget Calendar (subject to change)

June						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						
July						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			
August						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31
September						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					
October						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		
November						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
December						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Due Date	Responsibility	Action
6/19	CM/Finance	Formal budget call
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 9th. NO EXCEPTIONS.
7/10	All Depts	Decision card list to the Finance Director.
TBD	CM/Fin/Directors	Individual meetings regarding base budget and decision card list.
8/31	Finance/All Depts	Complete 2014-2019 revenue forecast.
7/1 – 8/31	Fin/HR	Develop Personnel Budget.
9/10	CM/Finance/Directors	Management meeting on final decision card list.
8/1 – 9/30	Finance	Prepare 2014 preliminary budget document. Preliminary budget message to the CM the week of 9/16 for review.
10/1*	Finance	Revenue and expenditure summaries are available and presented to the City Manager for review. Comparative revenue and expenditure reports are due at this time for the last, current, and ensuing fiscal year.
10/8*	CM/Fin	Preliminary budget presented to City Council and copies made available to the public. CM presents budget message.
10/22 *	CM/Council/Departments	First public hearing on revenue sources including consideration of possible increases in the property tax (prior to setting property tax levy).
10/26	CM/Council/Departments	Study session for department presentations and budget discussions.
11-12/11-26*	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.
11/26*	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.
12/3	City Council	Budget deliberations continue (if needed).
12/10*	City Council	Final budget deliberations. Budget Adoption.

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

CITY OF COVINGTON CITY COUNCIL



Mayor Margaret Harto
Position 3
Term Expiration 12/31/15



Marlla Mhoon
Position 1
Term Expiration 12/31/15



Mark Lanza
Position 2
Term Expiration 12/31/17



Joseph Cimaomo, Jr.
Position 4
Term Expiration 12/31/17



Wayne Snoey
Position 5
Term Expiration 12/31/15



Jim Scott
Position 6
Term Expiration 12/31/17



Mayor Pro Tem Jeff Wagner
Position 7
Term Expiration 12/31/15

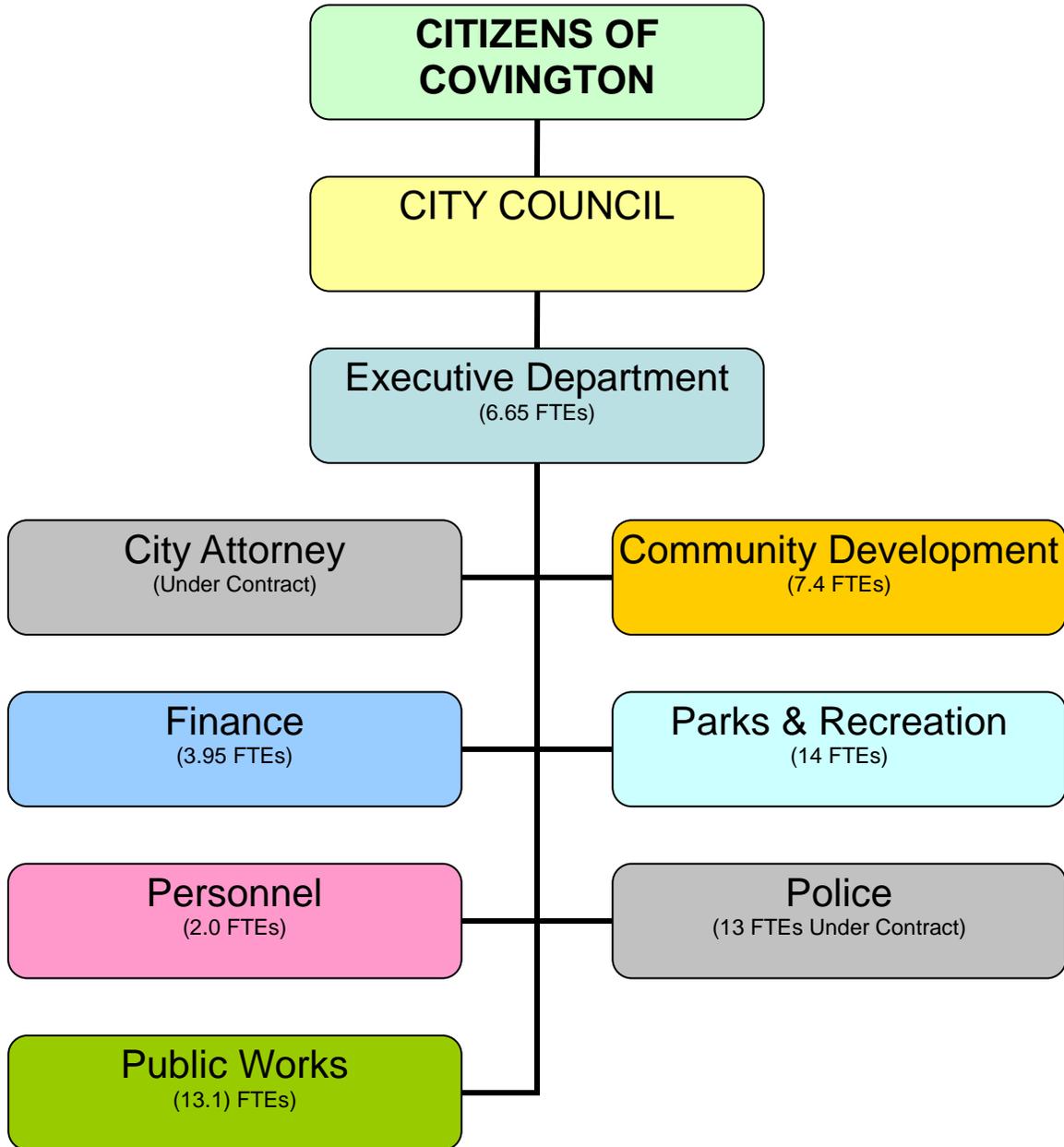
CITY MANAGER DEREK MATHESON

FINANCE DEPARTMENT STAFF

ROB HENDRICKSON
CASEY PARKER
LINDSAY HAGEN
STACI CLES

FINANCE DIRECTOR
SENIOR ACCOUNTANT
ACCOUNTANT I
ACCOUNTING CLERK

~ **CITY OF COVINGTON** ~
ORGANIZATION CHART by FUNCTION
January 2014





ARTS COMMISSION 2014

Position	Name	Term Exp Date
1	Sandra Bisordi	05/31/2016
2	Leslie Spero	05/31/2016
3	Jonathon Combs	05/31/2014
4	Anna Moriarty	05/31/2014
5	Ed White	05/31/2015
6	Virginia (Gini) 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 2014

Position	Name	Term Exp Date
1	Josh Parnell	07/31/2014
2	Kevin Holland	07/31/2014
3	Zach Steele	07/31/2015
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	07/31/2015
9	Mike Hanratty	07/31/2015
10	Hugh Kodama	07/31/2015

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: Derek Matheson 253-480-2405
dmatheson@covingtonwa.gov

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



PARKS AND RECREATION COMMISSION 2014

Position	Name	Term Exp Date
1	William Pand	01/31/2014
2	Conni Elliot	01/31/2014
3	Elizabeth Fast	01/31/2015
4	David Aldous	01/31/2015
5	Laura Morrissey	01/31/2016
6	Steven Pand	01/31/2016
7	Troy McIntyre	01/31/2016

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

Commission Meetings: 3rd Wednesday of the month at 6:00 p.m. in City Hall

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



PLANNING COMMISSION 2014

Name	Term Exp Date
Edward Holmes	08/31/2015
Jennifer Gilbert-Smith	08/31/2015
Bill Judd	08/31/2017
Binoy Varughese	08/31/2017
Sean Smith	08/31/2017
Paul Max	08/31/2015
Alex White	08/31/2017

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 2014

Position	Name	Term Exp Date
1	Fran McGregor-Hollums	03/31/2014
2	Leslie Hamada	03/31/2014
3	Joyce Bowling	03/31/2016
4	Mia McFarland	03/31/2014
5	Johnathan Woodcock	03/31/2014
6	Lesley Schlesinger	03/31/2016
7	Haris Ahmad	03/31/2016

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. 15-13

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COVINGTON, WASHINGTON, ADOPTING THE CY2014 OPERATING AND CAPITAL BUDGET AND IMPLEMENTING THE CY2014 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 2014 was prepared and filed with the City Clerk; and

WHEREAS, public hearings were scheduled and properly noticed for October 22, 2013, at 7:00 pm and November 26, 2013, at 7:00 pm for the purpose of making and adopting the final budget for the year 2014; 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 2014 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 2014 is hereby adopted at the fund level in its final form and content as set forth in the document entitled "City of Covington 2014 Budget" dated December 10, 2013, a true and correct copy of which is attached hereto as Exhibit "A", and incorporated herein by reference.

Section 2. Estimated resources, including fund balances or working capital for each separate fund of the City of Covington for the year 2014, 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 2014 as set forth below:

<u>FUND</u>	<u>AMOUNT</u>
General Fund	\$12,756,537
Parks and Recreation Fund	2,179,266
Development Services Fund	2,779,730
Street Fund	1,281,687
Surface Water Management Fund	9,606,667
Capital Investment Program	3,559,518
Local Improvement District	36,991
LID Guaranty Fund	36,491
Unemployment Reserve Fund	224,481
Equipment Replacement Fund	657,421
Cumulative Reserve Fund	1,388,368
Contingency Fund	416,932
Real Estate Excise Tax Fund 1 st Qtr	240,100
Real Estate Excise Tax Fund 2 nd Qtr	240,100
Long-Term Debt Service Fund	<u>1,278,415</u>
Total All Funds	<u>\$36,682,704</u>

Section 3. The 2014 budget provides funding for and it is hereby authorized that a 1.1603% Cost of Living Adjustment (COLA) for all regular (non-contract) city employees is to take effect on January 1, 2014.

Section 4. The 2014 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 2014 Salary Schedule for authorized positions is attached hereto as Exhibit "B", and incorporated herein by reference.

Section 6. Any surplus funds remaining in the Local Improvement District Fund after all bonds have been paid shall be transferred to the LID Guaranty Fund. Upon certification by the Finance Director that the LID Guaranty Fund has sufficient funds currently on hand to meet all valid outstanding obligations of the fund and all other obligations of the fund reasonably expected to be incurred in the near future, then the surplus funds shall be transferred to the General Fund. The net cash of the LID Guaranty fund may be reduced to no less than ten percent of the net outstanding obligations guaranteed by the fund.

Section 7. The Parks and Recreation Fund, Aquatics Division, is allowed to increase or decrease FTE's based on program demand.

Section 8. 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

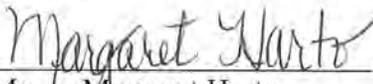
Research and Services Center of Washington. Three copies of the final budget as adopted herein shall be filed with the City Clerk and shall be available for use by the public.

Section 9. Upon the approval of the City Attorney, the City Clerk is authorized to make any necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers, and any reference thereto.

Section 10. 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 11. This ordinance shall be in force and take effect five (5) days after its publication according to law.

Adopted by the Council on this 10th day of December, 2013.



Mayor Margaret Harto

ATTESTED:

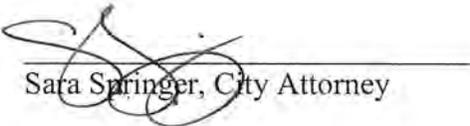


Sharon Scott, City Clerk

PUBLISHED: December 13, 2013

EFFECTIVE: December 18, 2013

APPROVED AS TO FORM:



Sara Springer, City Attorney

2013

City of Covington
 Estimated Actuals - 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 (Actuals), January 1, 2013	\$ 3,506,626	\$ 417,338	\$ 2,016,483	\$ 321,824	\$ 7,765,700	\$ 2,200,272	\$ 1,374,817
Projected Revenues:	8,702,751	643,713	845,670	1,614,080	1,785,786	906,696	3,139
Projected Expenditures:	<u>(7,208,317)</u>	<u>(898,739)</u>	<u>(1,028,591)</u>	<u>(2,007,503)</u>	<u>(1,778,040)</u>	<u>(1,556,491)</u>	<u>-</u>
2013 Decision Packages Expenditures:	-	-	-	-	-	-	-
Fund Transfers In:	59,752	246,217	-	420,903	-	100,392	1,812
Fund Transfers (Out):	(1,275,282)	(1,812)	-	(91,723)	(36,152)	-	-
Excess (Deficiency) of Revenues Over Expenditures	<u>278,904</u>	<u>(10,621)</u>	<u>(182,921)</u>	<u>(64,243)</u>	<u>(28,406)</u>	<u>(549,403)</u>	<u>4,951</u>
Assigned Ending Fund Balance	2,440,013	-	-	-	-	49,479	-
Projected Adjusted Ending Fund Balances, December 31, 2013	\$ 1,345,517	\$ 406,717	\$ 1,833,562	\$ 257,581	\$ 7,737,294	\$ 1,601,390	\$ 1,379,768

2013

City of Covington
 Estimated Actuals - 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
\$ 414,911	\$ 98,683	\$ 98,683	\$ 265	\$ 52,360	\$ -	\$ 148,942	\$ 575,537
2,021	225,100	225,100	36,999	50	-	42,998	134,630
-	-	-	(29,922)	-	(1,283,211)	(10,000)	(193,374)
-	-	-	-	-	-	-	-
-	-	-	52,410	-	1,283,211	-	-
-	(323,783)	(323,783)	(59,752)	(52,410)	-	-	-
2,021	(98,683)	(98,683)	(265)	(52,360)	-	32,998	(58,744)
-	-	-	-	-	-	-	-
\$ 416,932	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 181,940	\$ 516,793

2014
City of Covington
 Budget Summary - All Funds
 For the Fiscal Year 2014

	General Fund	Street Fund	Development Services Fund	Parks Fund	Surface Water Management Fund	Capital Investment Program Fund	Other Funds
RESOURCES							
Beginning Fund Balance	\$ 3,785,530	\$ 406,717	\$ 1,833,562	\$ 257,581	\$ 7,737,294	\$ 1,650,869	\$ 2,495,433
Operating Revenues							
Taxes	7,818,114	-	-	561,120	-	-	480,000
Licenses and Permits	75,000	220,000	325,000	-	-	-	-
Intergovernmental	284,455	369,240	-	64,296	49,315	1,906,149	-
Charges for Goods and Services	543,997	6,000	619,868	488,180	1,810,558	-	174,369
Fines and Forfeitures	156,500	-	-	-	-	-	-
Miscellaneous	56,450	400	1,300	137,410	9,500	2,500	46,091
Total Operating Revenues	<u>8,934,516</u>	<u>595,640</u>	<u>946,168</u>	<u>1,251,006</u>	<u>1,869,373</u>	<u>1,908,649</u>	<u>700,460</u>
Transfers							
Fund Transfer In	36,491	279,330	-	586,284	-	-	1,314,906
Decision Cards							
Related Revenues	-	-	-	66,295	49,315	-	8,500
Fund Transfer In	-	-	-	18,100	-	-	-
Debt Proceeds	-	-	-	-	-	-	-
Total Decision Card Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,395</u>	<u>49,315</u>	<u>-</u>	<u>8,500</u>
TOTAL RESOURCES	<u>\$ 12,756,537</u>	<u>\$ 1,281,687</u>	<u>\$ 2,779,730</u>	<u>\$ 2,179,266</u>	<u>\$ 9,655,982</u>	<u>\$ 3,559,518</u>	<u>\$ 4,519,299</u>
USES							
General Fund							
City Council	\$ 432,014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency	50,000	-	-	-	-	-	-
Municipal Court	637,650	-	-	-	-	-	-
Executive	936,552	-	-	-	-	-	-
Finance	542,485	-	-	-	-	-	-
Legal	75,000	-	-	-	-	-	-
Personnel	360,236	-	-	-	-	-	-
Central Services	466,693	-	-	-	-	-	-
Police	3,247,046	-	-	-	-	-	-
Community Development	339,734	-	-	-	-	-	-
Street	-	913,226	-	-	-	-	-
Development Services Fund	-	-	1,007,585	-	-	-	-
Parks Fund	-	-	-	1,588,574	-	-	-
Surface Water Management Fund	-	-	-	-	1,834,432	-	-
Capital Investment Program Fund	-	-	-	-	-	2,221,900	-
L.I.D. 99.01 Fund	-	-	-	-	-	-	500
Long-Term Debt Service Fund	-	-	-	-	-	-	1,278,415
Unemployment Insurance Reserve Fund	-	-	-	-	-	-	50,000
Equipment Replacement Fund	-	-	-	-	-	-	122,628
Total Operating Expenses	<u>7,087,410</u>	<u>913,226</u>	<u>1,007,585</u>	<u>1,588,574</u>	<u>1,834,432</u>	<u>2,221,900</u>	<u>1,451,543</u>
Transfers							
Fund Transfer Out	1,603,276	-	-	27,483	-	33,070	553,182
Decision Cards							
Decision Packages Expenditures	234,466	36,711	67,077	273,045	131,586	-	-
Fund Transfer Out	18,100	-	-	-	-	-	-
Total Decision Card Expenditures	<u>252,566</u>	<u>36,711</u>	<u>67,077</u>	<u>273,045</u>	<u>131,586</u>	<u>-</u>	<u>-</u>
Assigned Fund Balance	<u>3,081,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,479</u>	<u>-</u>
Adjusted Ending Fund Balance	<u>732,188</u>	<u>331,750</u>	<u>1,705,068</u>	<u>290,164</u>	<u>7,689,964</u>	<u>1,255,069</u>	<u>2,514,574</u>
Total Ending Fund Balance	<u>3,813,285</u>	<u>331,750</u>	<u>1,705,068</u>	<u>290,164</u>	<u>7,689,964</u>	<u>1,304,548</u>	<u>2,514,574</u>
TOTAL USES	<u>\$ 12,756,537</u>	<u>\$ 1,281,687</u>	<u>\$ 2,779,730</u>	<u>\$ 2,179,266</u>	<u>\$ 9,655,982</u>	<u>\$ 3,559,518</u>	<u>\$ 4,519,299</u>

2014

City of Covington
Adopted - By Fund
For the Fiscal Year 2014

	<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, 2014	\$ 3,785,530	\$ 406,717	\$ 1,833,562	\$ 257,581	\$ 7,737,294	\$ 1,650,869	\$ 1,379,768
Projected Revenues:	8,934,516	595,640	946,168	1,251,006	1,820,058	1,908,649	8,600
Projected Expenditures:	<u>(7,087,410)</u>	<u>(913,226)</u>	<u>(1,007,585)</u>	<u>(1,588,574)</u>	<u>(1,834,432)</u>	<u>(2,221,900)</u>	<u>-</u>
Fund Transfers In:	36,491	279,330	-	586,284	-	-	-
Fund Transfers (Out):	(1,603,276)	-	-	(27,483)	-	(33,070)	-
Excess (Deficiency) of Revenues Over Expenditures	<u>280,321</u>	<u>(38,256)</u>	<u>(61,417)</u>	<u>221,233</u>	<u>(14,374)</u>	<u>(346,321)</u>	<u>8,600</u>
Base Budget Projected Ending Fund Balances, December 31, 2014	<u>\$ 4,065,851</u>	<u>\$ 368,461</u>	<u>\$ 1,772,145</u>	<u>\$ 478,814</u>	<u>\$ 7,722,920</u>	<u>\$ 1,304,548</u>	<u>\$ 1,388,368</u>
Decision Packages:							
Decision Packages Expenditures:	(234,466)	(36,711)	(67,077)	(273,045)	(131,586)	-	-
Related Revenues	-	-	-	66,295	49,315	-	-
Fund Transfers In:	-	-	-	18,100	-	-	-
Fund Transfers (Out):	(18,100)	-	-	-	-	-	-
Debt Proceeds:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Decision Packages	<u>(252,566)</u>	<u>(36,711)</u>	<u>(67,077)</u>	<u>(188,650)</u>	<u>(82,271)</u>	<u>-</u>	<u>-</u>
Assigned Ending Fund Balance	3,081,097	-	-	-	-	49,479	-
Adjusted Ending Fund Balances, December 31, 2014	<u>\$ 732,188</u>	<u>\$ 331,750</u>	<u>\$ 1,705,068</u>	<u>\$ 290,164</u>	<u>\$ 7,640,649</u>	<u>\$ 1,255,069</u>	<u>\$ 1,388,368</u>

2014

City of Covington
Adopted - By Fund
For the Fiscal Year 2014

Contingency Fund	Real Estate Excise Tax Fund 1st Qtr%	Real Estate Excise Tax Fund 2nd Qtr%	L.I.D. 99-01 Fund	L.I.D. Guaranty Fund	Long-Term Debt Service Fund	Unemployment Insurance Reserve Fund	Equipment Replacement Fund	Total
\$ 416,932	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 181,940	\$ 516,793	\$ 18,166,986
-	240,100	240,100	36,991	-	-	42,541	132,128	16,156,497
-	-	-	(500)	-	(1,278,415)	(50,000)	(122,628)	(16,104,670)
-	-	-	-	36,491	1,278,415	-	-	2,217,011
-	(240,100)	(240,100)	(36,491)	(36,491)	-	-	-	(2,217,011)
-	-	-	-	-	-	(7,459)	9,500	51,827
\$ 416,932	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 174,481	\$ 526,293	\$ 18,218,813
-	-	-	-	-	-	-	-	(742,885)
-	-	-	-	-	-	-	8,500	124,110
-	-	-	-	-	-	-	-	18,100
-	-	-	-	-	-	-	-	(18,100)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	8,500	(618,775)
-	-	-	-	-	-	-	-	3,130,576
\$ 416,932	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 174,481	\$ 534,793	\$ 14,469,462



DESCRIPTION OF 2014 REVENUE SOURCES

This summary describes each of the major revenue sources that appear in the 2014 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

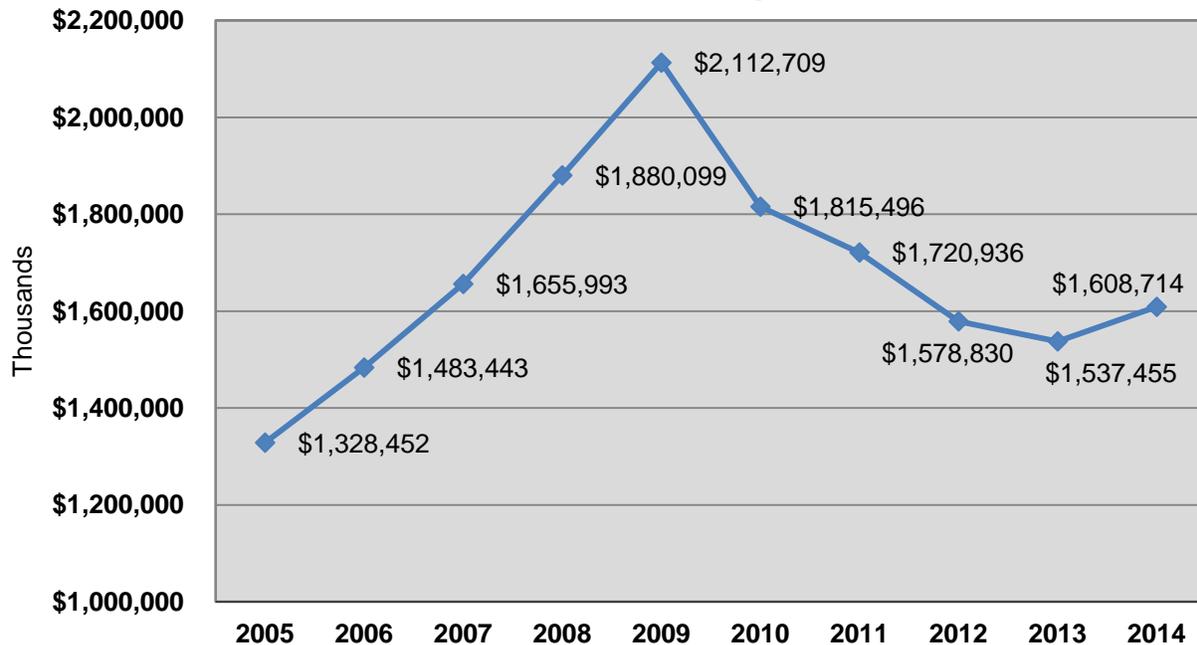
Property Taxes

General Fund

Property taxes are one of the largest and most stable sources of revenue for the City. The City has budgeted, as state law limits allow, a levy increase of 101%. An increment for new construction is also added to this amount. The estimated levy for 2014 is \$2,427,134. The taxable assessed valuation (AV) is \$1,608,713,530 which includes \$24,999,941 in new construction. The estimated levy rate is \$1.50874/\$1,000 AV.

The City saw a 24% decrease in assessed value from 2009 to 2014.

**Total Taxable Assessed Values
Real and Personal Property
For the Fiscal Years 2005 through 2014**



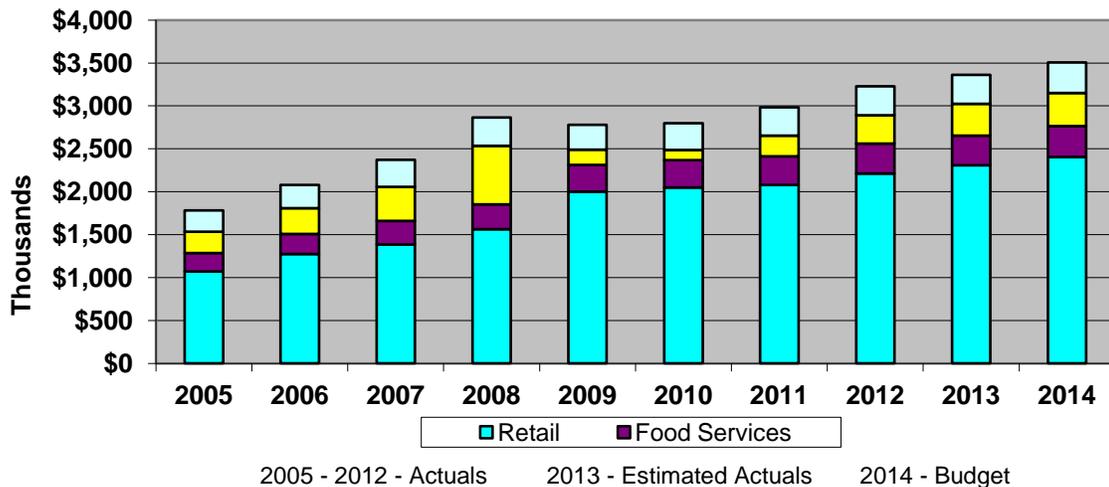
Sales Taxes

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 2014 are estimated at \$3,507,000. 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	6.500%
City of Covington	0.926%
King County/METRO	0.900%
King County	0.075%
King County Criminal Justice Levy	0.099%
King County Mental Health	0.100%
Total Sales Tax Rate	<u>8.600%</u>

**Sales Tax by Classifications
For the Fiscal Years 2005 through 2014**

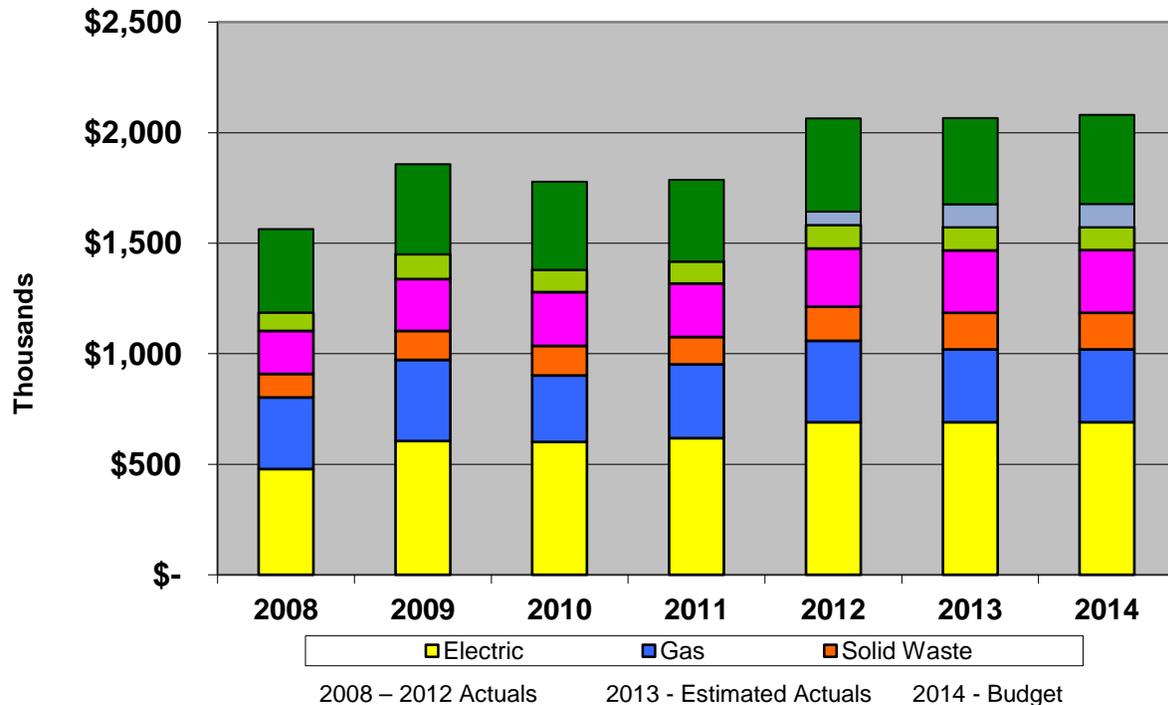


Utility Taxes

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 2014 are estimated at \$2,080,100. Utility tax revenues are allocated between the General Fund, Parks Fund, and Street Fund.

**Utility Tax by Classification
For the Fiscal Years 2008 Through 2014**



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 2014 estimate of \$365,000 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 2014 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 2014 revenue estimate is \$480,000.

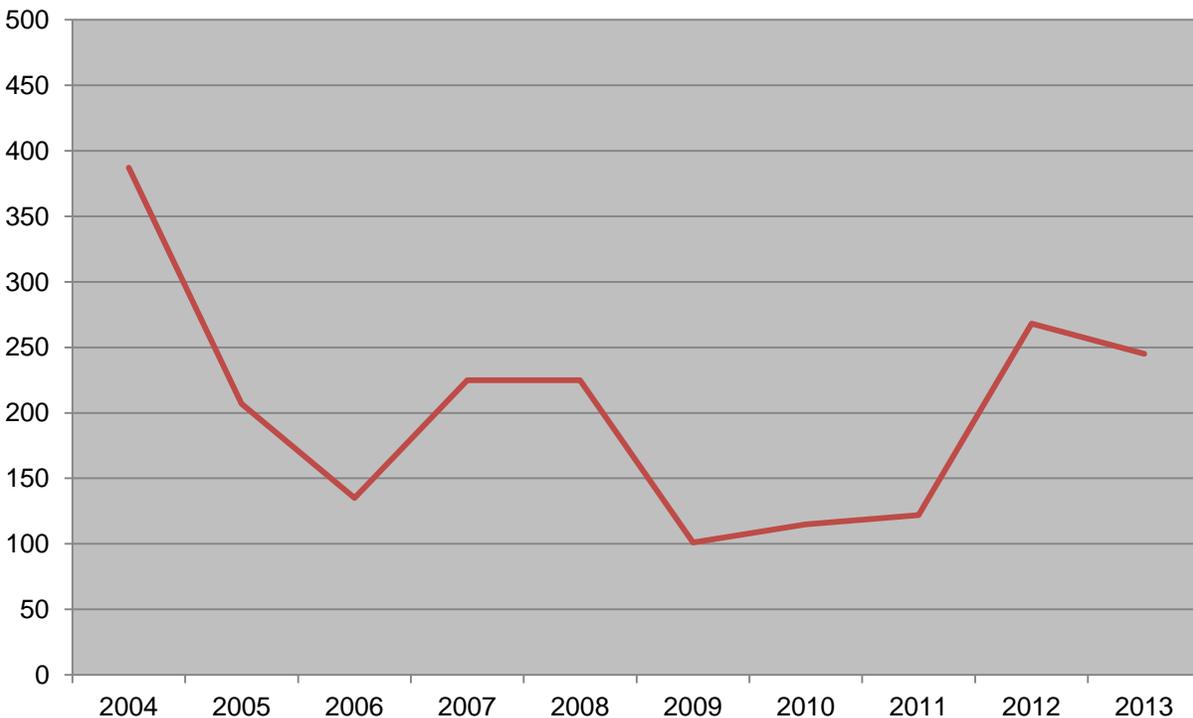
LICENSES AND PERMITS

Building, Permits, Misc.

Development Services Fund

Licenses and permit activities are user fees derived from various regulatory activities of the City. Building permit revenues are based on staff estimates and are applied to the Development Services Fund. In 2014, \$236,700 is estimated based on 14 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 2014 revenue estimate for this license fee is \$83,000. For 2014, all other permits and licenses such as sign permits and peddler's permits are estimated at \$5,300.

**Number of Building Permits Issued
For Fiscal Years 2004 Through 2013**



Cable TV Franchise

Street Fund

Cable TV franchise fees, which are applied to the Street Fund, are based on population growth. For 2014 the estimated fees are \$220,000.

Solid Waste Administration

General Fund

In 2013, the City entered into a franchise agreement with Republic Services. For 2014 the estimated revenue is \$75,000.

INTERGOVERNMENTAL

Liquor Excise Tax

General Fund

The 2014 estimate of \$21,539 is based on the City's population and per capita estimates provided by Municipal Research Services Center.

Liquor Board Profits

General Fund

The State is now collecting revenue in the form of license fees from distributors and retailers. A portion of these "liquor profits" 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 2014 estimate of \$160,909 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 2014, we are estimating \$369,240.

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 2014, we are estimating \$50,653.

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 2014 we estimate being awarded \$24,354.

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 2014 budget is estimated at \$433,524.

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 2014 budget for these fees is estimated at \$619,868.

Parks Fees

Parks Fund

These fees are collected for services related to the Aquatic Center and Recreation programs. The 2014 revenues are estimated at \$488,180.

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 2014 budget is estimated at \$1,754,862.

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 \$156,500 in revenue for 2014. In 2014 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 2014 is \$16,000.

Parks Fees

Parks Fund

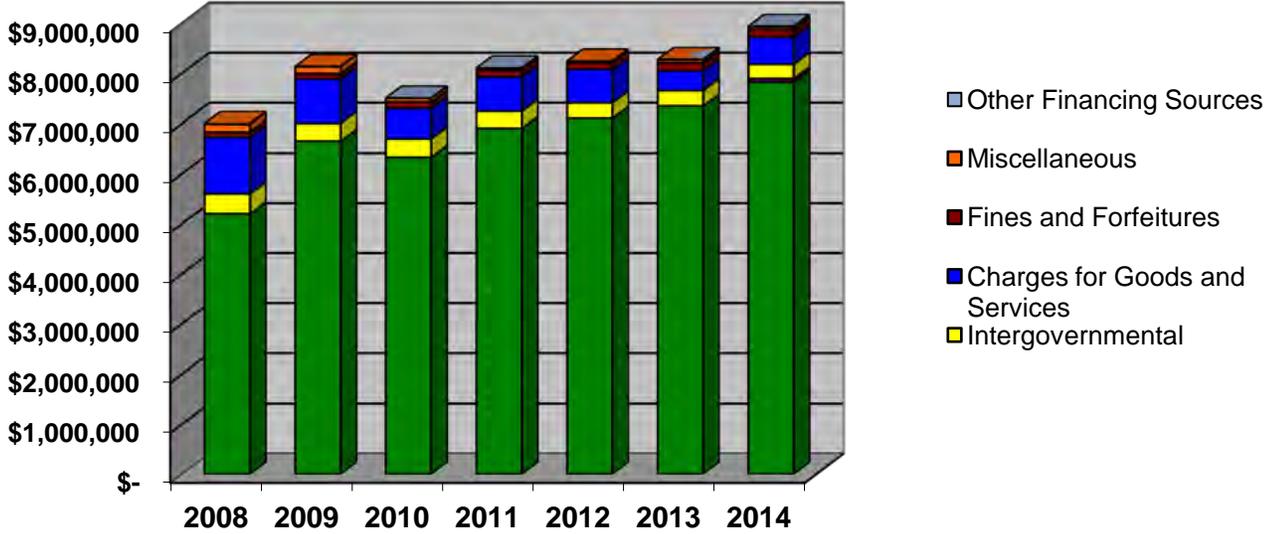
These miscellaneous fees are collected for locker rentals, pool rentals, concessions, etc. The 2014 revenues are estimated at \$100,430.

Interest Income

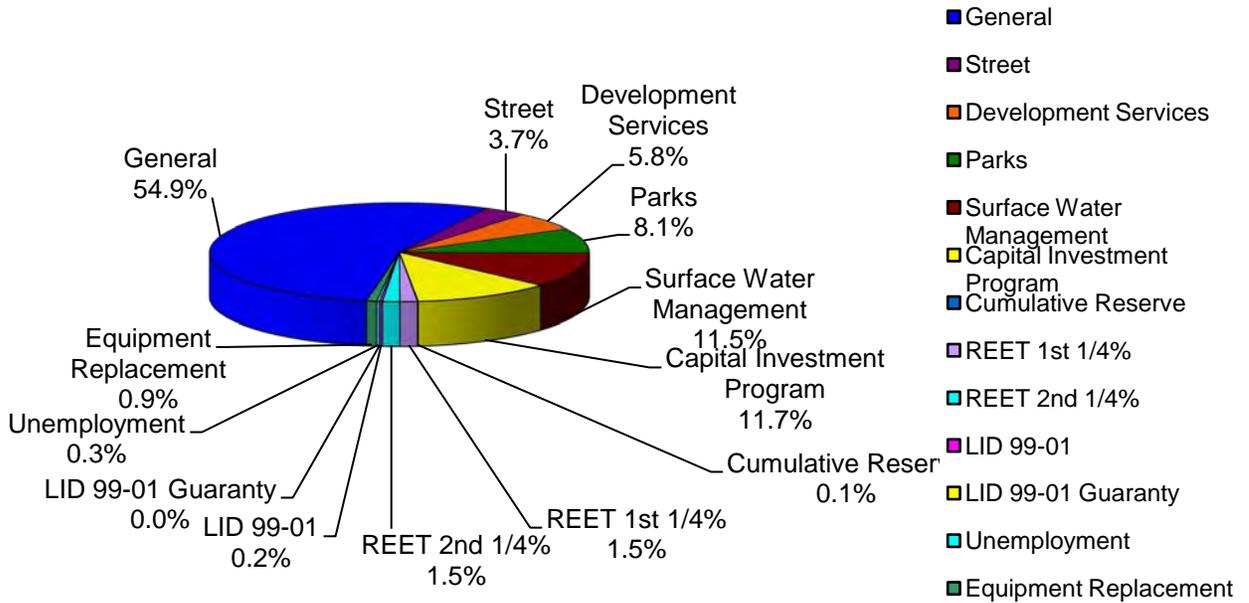
All Funds

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 2014 estimate of \$38,700 is based on annualized 2013 data, economic outlook, and the assumption that fund balances available for investing will be at 2013 levels.

General Fund Revenues



2014 Revenues All Funds



City of Covington
 Summary of Revenues - All Funds (Note 1)
 For the Fiscal Years 2012 through 2014

	2012	2013		2014		
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<u>General Fund</u>						
Taxes	\$ 7,447,573	\$ 7,345,140	\$ 7,575,270	\$ 7,818,114	\$ -	\$ 7,818,114
Licenses and Permits	-	-	37,500	75,000	-	75,000
Intergovernmental	331,633	306,099	300,121	284,455	-	284,455
Charges for Goods and Services	375,744	396,873	592,524	543,997	-	543,997
Fines and Forfeitures	164,056	161,400	119,847	156,500	-	156,500
Miscellaneous	104,968	61,950	66,542	56,450	-	56,450
Other Financing Sources	11	-	10,947	-	-	-
Total General Fund	\$ 8,423,985	\$ 8,271,462	\$ 8,702,751	\$ 8,934,516	\$ -	\$ 8,934,516
<u>Street Fund</u>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	200,952	199,000	257,400	220,000	-	220,000
Intergovernmental	423,951	366,566	371,050	369,240	-	369,240
Charges for Goods and Services	41,623	4,875	13,960	6,000	-	6,000
Miscellaneous	582	200	1,135	400	-	400
Other Financing Sources	36,993	-	168	-	-	-
Total Street Fund	\$ 704,101	\$ 570,641	\$ 643,713	\$ 595,640	\$ -	\$ 595,640
<u>Development Services Fund</u>						
Licenses and Permits	\$ 963,945	\$ 766,023	\$ 547,270	\$ 325,000	\$ -	\$ 325,000
Intergovernmental	-	-	-	-	-	-
Charges for Goods and Services	438,588	542,036	297,492	619,868	-	619,868
Fines and Forfeitures	4,200	1,350	272	-	-	-
Miscellaneous	4,584	1,300	636	1,300	-	1,300
Total Development Services Fund	\$ 1,411,317	\$ 1,310,709	\$ 845,670	\$ 946,168	\$ -	\$ 946,168
<u>Parks Fund</u>						
Taxes	\$ 516,194	\$ 478,000	\$ 538,080	\$ 561,120	\$ -	\$ 561,120
Intergovernmental	11,424	-	387,100	64,296	-	64,296
Charges for Goods and Services	481,755	457,930	549,516	488,180	66,295	554,475
Miscellaneous	138,765	117,160	139,384	137,410	-	137,410
Other Financing Sources	-	-	-	-	-	-
Total Parks Fund	\$ 1,148,138	\$ 1,053,090	\$ 1,614,080	\$ 1,251,006	\$ 66,295	\$ 1,317,301
<u>Surface Water Management Fund</u>						
Charges for Goods and Services	\$ 1,830,573	\$ 1,774,986	\$ 1,775,540	\$ 1,810,558	\$ -	\$ 1,810,558
Miscellaneous	5,027	6,000	3,598	9,500	-	9,500
Proprietary Income (Grants)	235,796	-	6,648	-	49,315	49,315
Other Financing Sources	214,177	-	-	-	-	-
Total Surface Water Management Fund	\$ 2,285,573	\$ 1,780,986	\$ 1,785,786	\$ 1,820,058	\$ 49,315	\$ 1,869,373

City of Covington
 Summary of Revenues - All Funds (Note 1)
 For the Fiscal Years 2012 through 2014

	2012	2013		2014		
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<u>Capital Investment Program Fund</u>						
Taxes	\$ 46,297	\$ 17,427	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,438,634	1,180,000	904,196	1,906,149	-	1,906,149
Charges for Goods and Services	1,385,353	-	-	-	-	-
Miscellaneous	4,097	2,500	2,500	2,500	-	2,500
Other Financing Sources	42,106	-	-	-	-	-
Total Capital Investment Program Fund	\$ 2,916,487	\$ 1,199,927	\$ 906,696	\$ 1,908,649	\$ -	\$ 1,908,649
<u>Cumulative Reserve Fund</u>						
Miscellaneous	\$ 10,264	\$ 8,600	\$ 3,139	\$ 8,600	\$ -	\$ 8,600
Total Cumulative Reserve Fund	\$ 10,264	\$ 8,600	\$ 3,139	\$ 8,600	\$ -	\$ 8,600
<u>Contingency Fund</u>						
Miscellaneous	\$ (5,237)	\$ -	\$ 2,021	\$ -	\$ -	\$ -
Total Contingency Fund	\$ (5,237)	\$ -	\$ 2,021	\$ -	\$ -	\$ -
<u>Real Estate Excise Tax Fund- 1st Qtr%</u>						
Taxes	\$ 261,402	\$ 181,500	\$ 225,000	\$ 240,000	\$ -	\$ 240,000
Miscellaneous	81	60	100	100	-	100
Total Real Estate Excise Tax-1st Qtr% Fund	\$ 261,483	\$ 181,560	\$ 225,100	\$ 240,100	\$ -	\$ 240,100
<u>Real Estate Excise Tax Fund-2nd Qtr%</u>						
Taxes	\$ 261,402	\$ 181,500	\$ 225,000	\$ 240,000	\$ -	\$ 240,000
Miscellaneous	81	60	100	100	-	100
Total Real Estate Excise Tax-2nd Qtr% Fund	\$ 261,483	\$ 181,560	\$ 225,100	\$ 240,100	\$ -	\$ 240,100
<u>L.I.D. 99.01 Fund</u>						
Miscellaneous	\$ 38,327	\$ 38,321	\$ 36,999	\$ 36,991	\$ -	\$ 36,991
Total L.I.D. 99.01 Fund	\$ 38,327	\$ 38,321	\$ 36,999	\$ 36,991	\$ -	\$ 36,991
<u>L.I.D. 99.01 Guaranty Fund</u>						
Miscellaneous	\$ 96	\$ 100	\$ 50	\$ -	\$ -	\$ -
Total L.I.D. 99.01 Guaranty Fund	\$ 96	\$ 100	\$ 50	\$ -	\$ -	\$ -
<u>Unemployment Insurance Reserve Fund</u>						
Charges for Goods and Services	\$ 40,237	\$ 39,166	\$ 42,886	\$ 42,541	\$ -	\$ 42,541
Miscellaneous	271	-	112	-	-	-
Total Unemployment Insurance Reserve Fund	\$ 40,508	\$ 39,166	\$ 42,998	\$ 42,541	\$ -	\$ 42,541

City of Covington
 Summary of Revenues - All Funds (Note 1)
 For the Fiscal Years 2012 through 2014

	2012	2013		2014		
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<u>Equipment Replacement Fund</u>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Goods and Services	109,449	122,930	122,930	131,828	8,500	140,328
Miscellaneous	606	300	300	300	-	300
Proprietary Income (Grants)	1,371	-	-	-	-	-
Other Financing Sources	-	-	11,400	-	-	-
Total Equipment Replacement Fund	\$ 111,426	\$ 123,230	\$ 134,630	\$ 132,128	\$ 8,500	\$ 140,628
Total All Funds	<u>\$17,607,951</u>	<u>\$14,759,352</u>	<u>\$15,168,733</u>	<u>\$16,156,497</u>	<u>\$ 124,110</u>	<u>\$16,280,607</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 2012 through 2014

	2012	2013		2014		
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<u>General Fund</u>						
Salaries and Wages	\$ 1,343,485	\$ 1,380,158	\$ 1,358,777	\$ 1,408,020	\$ 10,048	\$ 1,418,068
Personnel Benefits	476,377	498,042	492,354	502,232	2,193	504,425
Supplies	50,756	57,746	58,529	59,271	10,275	69,546
Other Services and Charges	1,439,655	1,738,351	1,994,881	1,666,038	211,950	1,877,988
Intergovernmental	3,497,997	3,755,965	3,665,202	3,893,199	-	3,893,199
Capital Outlay	-	54,755	54,907	-	-	-
Debt Service	11,807	-	-	-	-	-
Interfund Payment for Services	-	-	-	-	-	-
Central Services Cost Allocation	(384,619)	(416,333)	(416,333)	(441,350)	-	(441,350)
Total General Fund	\$ 6,435,458	\$ 7,068,684	\$ 7,208,317	\$ 7,087,410	\$ 234,466	\$ 7,321,876
<u>Street Fund</u>						
Salaries and Wages	\$ 281,064	\$ 281,335	\$ 304,153	\$ 309,313	\$ 86	\$ 309,399
Personnel Benefits	104,475	110,866	115,339	120,212	155	120,367
Supplies	31,587	58,310	54,750	59,201	325	59,526
Other Services and Charges	333,312	319,627	331,497	324,000	6,495	330,495
Intergovernmental	121,542	100,500	93,000	100,500	-	100,500
Capital Outlay	13,002	-	-	-	29,650	29,650
Debt Service	2,283	-	-	-	-	-
Interfund Payment for Services	78,857	-	-	-	-	-
Total Street Fund	\$ 966,122	\$ 870,638	\$ 898,739	\$ 913,226	\$ 36,711	\$ 949,937
<u>Development Services Fund</u>						
Salaries and Wages	\$ 475,018	\$ 480,270	\$ 503,715	\$ 442,020	\$ 34,643	\$ 476,663
Personnel Benefits	148,181	155,952	160,038	151,877	19,374	171,251
Supplies	4,483	6,884	3,650	7,921	-	7,921
Other Services and Charges	39,184	324,352	307,188	345,167	13,060	358,227
Intergovernmental	49,019	60,600	54,000	60,600	-	60,600
Interfund Payment for Services	234,861	-	-	-	-	-
Total Development Services Fund	\$ 950,746	\$ 1,028,058	\$ 1,028,591	\$ 1,007,585	\$ 67,077	\$ 1,074,662

City of Covington
 Summary of Expenditures - All Funds (Note 1)
 For the Fiscal Years 2012 through 2014

	2012		2013		2014	
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<u>Parks Fund</u>						
Salaries and Wages	\$ 624,308	\$ 627,825	\$ 766,041	\$ 718,009	\$ 116,331	\$ 834,340
Personnel Benefits	183,677	189,955	260,734	206,371	26,948	233,319
Supplies	104,668	81,353	101,335	88,056	1,400	89,456
Other Services and Charges	195,810	573,076	863,917	571,678	105,006	676,684
Intergovernmental	11,956	960	4,460	4,460	-	4,460
Capital Outlay	-	13,000	11,016	-	23,360	23,360
Debt Service	489	-	-	-	-	-
Interfund Payment for Services	121,893	-	-	-	-	-
Total Parks Fund	<u>\$ 1,242,801</u>	<u>\$ 1,486,169</u>	<u>\$ 2,007,503</u>	<u>\$ 1,588,574</u>	<u>\$ 273,045</u>	<u>\$ 1,861,619</u>
<u>Surface Water Management Fund</u>						
Salaries and Wages	\$ 509,749	\$ 545,078	\$ 517,492	\$ 555,166	\$ 36,616	\$ 591,782
Personnel Benefits	190,030	205,225	200,127	212,168	5,545	217,713
Supplies	43,461	42,975	37,400	49,993	1,775	51,768
Other Services and Charges	211,946	851,696	825,349	931,563	27,300	958,863
Intergovernmental	127,307	53,665	139,095	52,705	-	52,705
Capital Outlay	-	-	25,740	-	60,350	60,350
Debt Service	35,772	32,837	32,837	32,837	-	32,837
Interfund Payment for Services	405,238	-	-	-	-	-
Total Surface Water Management Fund	<u>\$ 1,523,503</u>	<u>\$ 1,731,476</u>	<u>\$ 1,778,040</u>	<u>\$ 1,834,432</u>	<u>\$ 131,586</u>	<u>\$ 1,966,018</u>
<u>Capital Investment Program Fund</u>						
Salaries and Wages	\$ 29,173	\$ -	\$ 28,463	\$ -	\$ -	\$ -
Personnel Benefits	6,702	-	4,297	-	-	-
Supplies	-	-	-	-	-	-
Other Services and Charges	704,126	757,000	836,602	784,900	-	784,900
Capital Outlay	1,458,562	515,000	687,129	1,437,000	-	1,437,000
Debt Service	-	-	-	-	-	-
Interfund Payment for Services	-	-	-	-	-	-
Total Capital Investment Program Fund	<u>\$ 2,198,563</u>	<u>\$ 1,272,000</u>	<u>\$ 1,556,491</u>	<u>\$ 2,221,900</u>	<u>\$ -</u>	<u>\$ 2,221,900</u>
<u>L.I.D. 99-01 Fund</u>						
Other Services and Charges	\$ 490	\$ 500	\$ 500	\$ 500	\$ -	\$ 500
Debt Service	37,841	29,425	29,422	-	-	-
Total LID 99-01 Fund	<u>\$ 38,331</u>	<u>\$ 29,925</u>	<u>\$ 29,922</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 500</u>

City of Covington
 Summary of Expenditures - All Funds (Note 1)
 For the Fiscal Years 2012 through 2014

	2012	2013		2014		
	Actual	Total Amended Budget	Estimated Actuals	Requested Budget	Decision Cards	Total Budget
<u>Long-Term Debt Service Fund</u>						
Debt Service	\$ 1,281,323	\$ 1,283,211	\$ 1,283,211	\$ 1,278,415	\$ -	\$ 1,278,415
Total Long-Term Debt Service Fund	<u>\$ 1,281,323</u>	<u>\$ 1,283,211</u>	<u>\$ 1,283,211</u>	<u>\$ 1,278,415</u>	<u>\$ -</u>	<u>\$ 1,278,415</u>
<u>Unemployment Insurance Reserve Fund</u>						
Personnel Benefits	\$ 25,220	\$ 50,000	\$ 10,000	\$ 50,000	\$ -	\$ 50,000
Total Unemployment Insurance Reserve Fund	<u>\$ 25,220</u>	<u>\$ 50,000</u>	<u>\$ 10,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>
<u>Equipment Replacement Fund</u>						
Supplies	\$ 32,456	\$ 17,650	\$ 19,000	\$ 21,972	\$ -	\$ 21,972
Other Services and Charges	19,083	22,925	16,186	25,656	-	25,656
Capital Outlay	-	64,974	158,188	75,000	-	75,000
Total Equipment Replacement Fund	<u>\$ 51,539</u>	<u>\$ 105,549</u>	<u>\$ 193,374</u>	<u>\$ 122,628</u>	<u>\$ -</u>	<u>\$ 122,628</u>
Total all Funds	<u>\$ 14,713,606</u>	<u>\$ 14,925,710</u>	<u>\$ 15,994,188</u>	<u>\$ 16,104,670</u>	<u>\$ 742,885</u>	<u>\$ 16,847,555</u>

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

City of Covington
Summary of Interfund Transfers - All Funds
For the Fiscal Years 2012 through 2014

	Transfer In/Out	2012		2013		2014		
		Actual	Total Amended Budget	Estimated Actuals	Proposed Budget	Decision Cards	Total Budget	
General Fund	In	\$ -	\$ 60,810	\$ 59,752	\$ 36,491	\$ -	\$ 36,491	
	Out	(1,493,689)	(1,584,061)	(1,275,282)	(1,603,276)	(18,100)	(1,621,376)	
Net Total General Fund		\$ (1,493,689)	\$ (1,523,251)	\$ (1,215,530)	\$ (1,566,785)	\$ (18,100)	\$ (1,584,885)	
Street Fund	In	\$ 329,959	\$ 246,217	\$ 246,217	\$ 279,330	\$ -	\$ 279,330	
	Out	(16,098)	(1,875)	(1,812)	-	-	-	
Net Total Street Fund		\$ 313,861	\$ 244,342	\$ 244,405	\$ 279,330	\$ -	\$ 279,330	
Development Services Fund	In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Out	-	-	-	-	-	-	
Net Total Development Services Fund		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Parks Fund	In	\$ 211,579	\$ 445,236	\$ 420,903	\$ 586,284	\$ 18,100	\$ 604,384	
	Out	(27,483)	(27,483)	(91,723)	(27,483)	-	(27,483)	
Net Total Parks Fund		\$ 184,096	\$ 417,753	\$ 329,180	\$ 558,801	\$ 18,100	\$ 576,901	
Surface Water Management Fund	In	\$ 113,421	\$ -	\$ -	\$ -	\$ -	\$ -	
	Out	-	-	(36,152)	-	-	-	
Net Total Surface Water Management Fund		\$ 113,421	\$ -	\$ (36,152)	\$ -	\$ -	\$ -	
Capital Investment Program Fund	In	\$ 133,143	\$ -	\$ 100,392	\$ -	\$ -	\$ -	
	Out	(113,421)	-	-	(33,070)	-	(33,070)	
Net Total Capital Investment Program Fund		\$ 19,722	\$ -	\$ 100,392	\$ (33,070)	\$ -	\$ (33,070)	
Cumulative Reserve Fund	In	\$ 16,098	\$ 1,875	\$ 1,812	\$ -	\$ -	\$ -	
	Out	(84,068)	-	-	-	-	-	
Net Total Cumulative Reserve Fund		\$ (67,970)	\$ 1,875	\$ 1,812	\$ -	\$ -	\$ -	
Real Estate Excise Tax Fund-1st 1/4%	In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Out	(175,382)	(181,560)	(323,783)	(240,100)	-	(240,100)	
Net Total Real Estate Excise Tax Fund-1st 1/4%		\$ (175,382)	\$ (181,560)	\$ (323,783)	\$ (240,100)	\$ -	\$ (240,100)	
Real Estate Excise Tax Fund-2nd 1/4%	In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Out	(175,382)	(181,560)	(323,783)	(240,100)	-	(240,100)	
Net Total Real Estate Excise Tax Fund-2nd 1/4%		\$ (175,382)	\$ (181,560)	\$ (323,783)	\$ (240,100)	\$ -	\$ (240,100)	
LID Fund	In	\$ -	\$ 52,414	\$ 52,410	\$ -	\$ -	\$ -	
	Out	-	(60,810)	(59,752)	(36,491)	-	(36,491)	
Net Total Long-Term Debt Service Fund		\$ -	\$ (8,396)	\$ (7,342)	\$ (36,491)	\$ -	\$ (36,491)	
LID Guaranty Fund	In	\$ -	\$ -	\$ -	\$ 36,491	\$ -	\$ 36,491	
	Out	-	(52,414)	(52,410)	(36,491)	-	(36,491)	
Net Total Long-Term Debt Service Fund		\$ -	\$ (52,414)	\$ (52,410)	\$ -	\$ -	\$ -	
Long-Term Debt Service Fund	In	\$ 1,281,323	\$ 1,283,211	\$ 1,283,211	\$ 1,278,415	\$ -	\$ 1,278,415	
	Out	-	-	-	-	-	-	
Net Total Long-Term Debt Service Fund		\$ 1,281,323	\$ 1,283,211	\$ 1,283,211	\$ 1,278,415	\$ -	\$ 1,278,415	
Total Interfund Transfers In		2,085,523	2,089,763	2,164,697	2,217,011	18,100	2,235,111	
Total Interfund Transfers Out		(2,085,523)	(2,089,763)	(2,164,697)	(2,217,011)	(18,100)	(2,235,111)	
Net Total Fund Transfers for all Funds		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

City of Covington
 Summary of Interfund Transfers - All Funds
 For the Fiscal Year 2014

Transfer In:

	General Fund	Street Fund	Parks Fund	Cumulative Reserve Fund	LID Guaranty Fund	Long - Term Debt Service Fund	Total
Transfer Out:							
General Fund	\$ -	\$246,260	\$ 604,384	\$ -	\$ -	\$ 770,732	\$ 1,621,376
Street Fund	-	-	-	-	-	-	-
Parks Fund	-	-	-	-	-	27,483	27,483
Capital Investment Program Fund	-	33,070	-	-	-	-	33,070
Real Estate Excise Tax 1st Qtr % Fund	-	-	-	-	-	240,100	240,100
Real Estate Excise Tax 2nd Qtr % Fund	-	-	-	-	-	240,100	240,100
LID Fund	-	-	-	-	36,491	-	36,491
LID Guaranty Fund	<u>36,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,491</u>
Total Transfers	<u>\$ 36,491</u>	<u>\$279,330</u>	<u>\$ 604,384</u>	<u>\$ -</u>	<u>\$ 36,491</u>	<u>\$ 1,278,415</u>	<u>\$ 2,235,111</u>

* Includes Decision Cards

CITY OF COVINGTON
GENERAL FUND LONG RANGE FORECAST
 2013-2019 Analysis in 000s
 BASE BUDGET

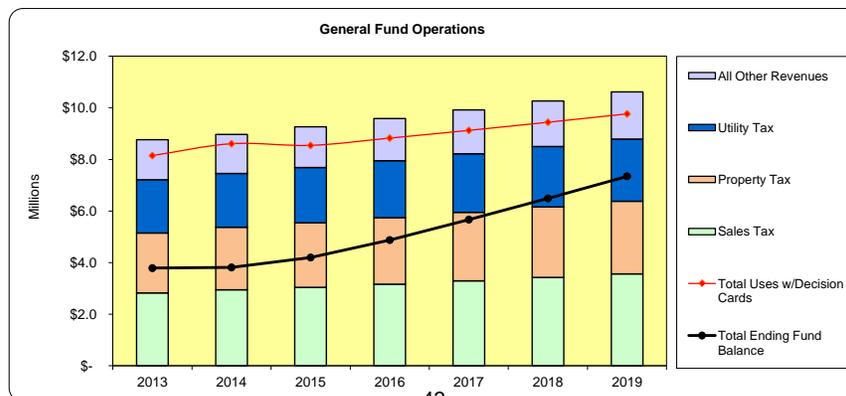
	2013	2014	2015	2016	2017	2018	2019
BEGINNING FUND BALANCE	\$ 3,507	\$ 3,786	\$ 3,813	\$ 4,198	\$ 4,874	\$ 5,668	\$ 6,490
REVENUES							
Sales Tax ¹	2,825	2,946	3,046	3,168	3,295	3,426	3,563
Property Tax	2,320	2,427	2,500	2,575	2,652	2,732	2,814
Utility Tax ²	2,065	2,080	2,143	2,207	2,273	2,341	2,411
Local Criminal Justice	365	365	380	395	411	427	444
Licenses & Permits	38	75	75	75	75	75	75
Intergovernmental Revenue	300	284	293	302	311	320	330
Charges for Services	212	110	114	117	121	124	128
Fines & Forfeitures	120	157	164	173	181	190	200
Miscellaneous	77	56	58	60	62	64	65
Interfund Payment	380	434	455	478	502	527	553
Operating Transfer In ³	60	36	36	36	36	36	36
BASE BUDGET REVENUES	8,763	8,971	9,264	9,585	9,918	10,263	10,620
EXPENDITURES							
Salaries and Wages	1,359	1,418	1,475	1,534	1,595	1,659	1,725
Personnel Benefits	492	504	542	583	627	674	724
Supplies	59	70	63	65	67	69	71
Other Services and Charges	1,658	1,541	1,416	1,458	1,502	1,547	1,594
Intergovernmental	3,665	3,893	4,029	4,170	4,316	4,468	4,624
Capital Outlay	55	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Interfund Payment for Services	-	-	-	-	-	-	-
Central Services Cost Allocation	(416)	(441)	(463)	(487)	(511)	(536)	(563)
Operating Transfer Out less debt service transfer ⁴	667	851	731	750	780	811	844
BASE BUDGET EXPENDITURES	7,539	7,836	7,793	8,074	8,377	8,691	9,019
Operating Surplus/Deficit by Year	\$ 1,224	\$ 1,135	\$ 1,471	\$ 1,511	\$ 1,542	\$ 1,572	\$ 1,602
OTHER FINANCING USES							
Decision Cards	-	-	-	-	-	-	-
Budget Strategies	-	-	-	-	-	-	-
Debt Service Transfer	608	771	749	751	748	749	746
TOTAL OTHER FINANCING USES	608	771	749	751	748	749	746
Annual Surplus/Deficit	616	365	722	760	793	823	856
TOTAL USES	8,147	8,606	8,542	8,825	9,125	9,440	9,764
One-time Costco payout	337	337	337	84	-	-	-
Sources over Uses	279	28	385	676	793	823	856
TOTAL ENDING FUND BALANCE	\$ 3,786	\$ 3,813	\$ 4,198	\$ 4,874	\$ 5,668	\$ 6,490	\$ 7,346
Cumulative net amount available for debt service.	\$ 2,445	\$ 1,837	\$ 1,066	\$ 751	\$ 748	\$ 749	\$ 746
Amount transferred to the debt service fund.	\$ 608	\$ 771	\$ 749	\$ 751	\$ 748	\$ 749	\$ 746
Remainder of debt service reserve.	\$ 1,837	\$ 1,066	\$ 317	\$ (0)	\$ (0)	\$ (0)	\$ (0)
COSTCO RESERVE	\$ 565	\$ 421	\$ 84	\$ 0	\$ -	\$ -	\$ -
REPUBLIC SERVICES RESERVE	\$ 38	\$ 113	\$ 188	\$ 263	\$ 338	\$ 413	\$ 488
UNRESERVED FUND BALANCE	\$ 1,346	\$ 2,213	\$ 3,610	\$ 4,612	\$ 5,330	\$ 6,078	\$ 6,859
TOTAL ENDING FUND BALANCE	\$ 3,786	\$ 3,813	\$ 4,198	\$ 4,874	\$ 5,668	\$ 6,490	\$ 7,346
10% fund balance target	\$ 687	\$ 698	\$ 706	\$ 732	\$ 760	\$ 842	\$ 874
Fund balance policy	Meets 10%						
Margin above/below the 10% threshold	\$ 3,098	\$ 3,115	\$ 3,492	\$ 4,142	\$ 4,908	\$ 5,648	\$ 6,472

Notes:

- 1) This worksheet makes no assumptions as to new programs and decision cards past 2014 other than ongoing costs.
- 2) Decision cards and budget strategies were moved into their respective line items where they accrue at different inflation rates. This creates a slightly different bottom line in future years.

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 Fund.
- ⁴ Operating transfers go to Streets, Parks, and Long-Term Debt.

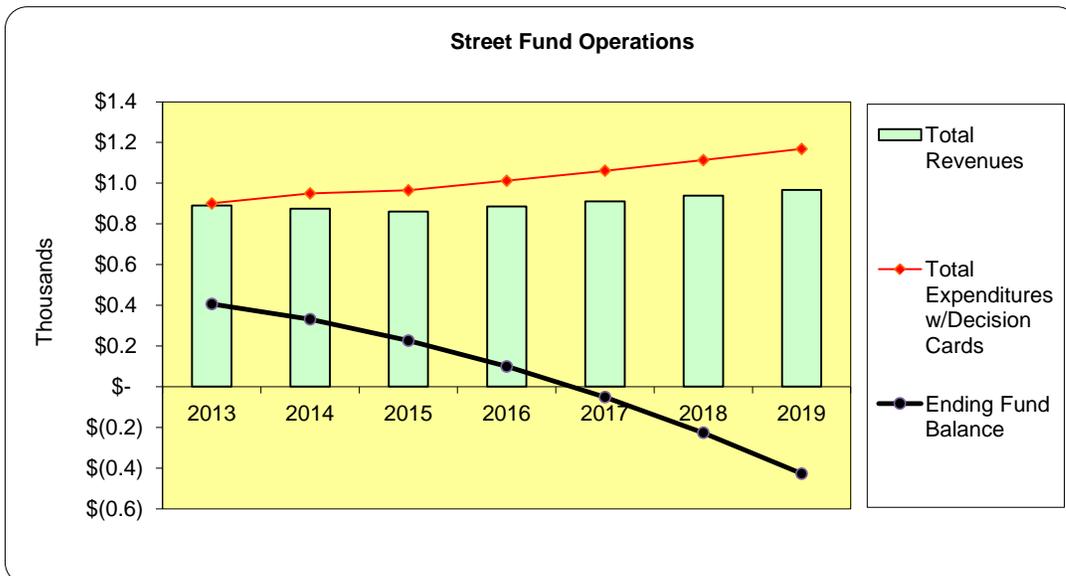


CITY OF COVINGTON
STREET FUND LONG RANGE FORECAST
 2013-2019 Analysis in 000s
 BASE BUDGET

	2013	2014	2015	2016	2017	2018	2019
BEGINNING FUND BALANCE	\$ 417	\$ 406	\$ 331	\$ 226	\$ 99	\$ (51)	\$ (226)
REVENUES							
Licenses and Permits	257	220	226	231	237	243	249
Street Fuel Tax	371	369	388	407	427	449	471
Intergovernmental Revenues	-	-	-	-	-	-	-
Charges for Goods and Services	14	6	-	-	-	-	-
Miscellaneous	1	0	0	0	0	0	0
BASE BUDGET REVENUES	643	596	614	639	665	692	721
Operating Transfers In	246	279	246	246	246	246	246
Insurance Recoveries	-	-	-	-	-	-	-
TOTAL REVENUES	890	875	860	885	911	938	967
EXPENDITURES							
Salaries and Wages	304	309	322	335	348	362	376
Personnel Benefits	115	120	129	139	150	161	173
Supplies	55	60	61	63	65	67	69
Other Services and Charges	331	330	347	364	383	402	422
Intergovernmental	93	101	106	111	116	122	128
Capital Outlay	-	30	-	-	-	-	-
Debt Service: Principal	-	-	-	-	-	-	-
Interfund Payment for Services	-	-	-	-	-	-	-
Operating Transfer Out	2	-	-	-	-	-	-
BASE BUDGET EXPENDITURES	901	950	965	1,012	1,062	1,114	1,168
Decision Cards	-	-	-	-	-	-	-
Budget Strategies	-	-	-	-	-	-	-
TOTAL EXPENDITURES	901	950	965	1,012	1,062	1,114	1,168
Operating Surplus/Deficit by Year	(11)	(75)	(105)	(127)	(150)	(175)	(201)
ENDING FUND BALANCE	\$ 406	\$ 331	\$ 226	\$ 99	\$ (51)	\$ (226)	\$ (428)
10% fund balance target	\$ 90	\$ 95	\$ 97	\$ 101	\$ 106	\$ 111	\$ 117
Fund balance policy	Meets 10%	Meets 10%	Meets 10%	Under 10%	Under 10%	Under 10%	Under 10%
Margin above/below the 10% threshold	\$ 317	\$ 236	\$ 130	\$ (2)	\$ (157)	\$ (338)	\$ (544)

Notes:

1) This worksheet makes no assumptions as to new programs and decision cards past 2014 other than ongoing costs.



CITY OF COVINGTON DEVELOPMENT SERVICES FUND LONG RANGE FORECAST

2013-2019 Analysis in 000s
BASE BUDGET

	2013	2014	2015	2016	2017	2018	2019
BEGINNING FUND BALANCE	\$ 2,016	\$ 1,834					
REVENUES							
Licenses & Permits	547	325					
Intergovernmental Revenues	-	-					
Charges for Goods & Services	297	620					
Miscellaneous Revenues	1	1					
Operating Transfer In	-	-					
TOTAL REVENUES¹	846	946					
EXPENDITURES							
Salaries and Wages	504	477					
Personnel Benefits	160	171					
Supplies	4	8					
Other Services and Charges	307	358					
Intergovernmental	54	61					
Other Financing	-	-					
Interfund Payment for Services	-	-					
BASE BUDGET EXPENDITURES	1,028	1,075					
Decision Cards	-	-					
TOTAL EXPENDITURES	1,028	1,075					
Operating Surplus/Deficit by Year							
	(183)	(128)	-	-	-	-	-
Operating Transfer	-	-	-	-	-	-	-
ENDING FUND BALANCE	\$ 1,834	\$ 1,705	\$ -				
Fund balance target	\$ 127	\$ 142	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance policy	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%	Meets 10%
Margin above/below the 10% threshold	\$ 1,707	\$ 1,563	\$ -	\$ -	\$ -	\$ -	\$ -

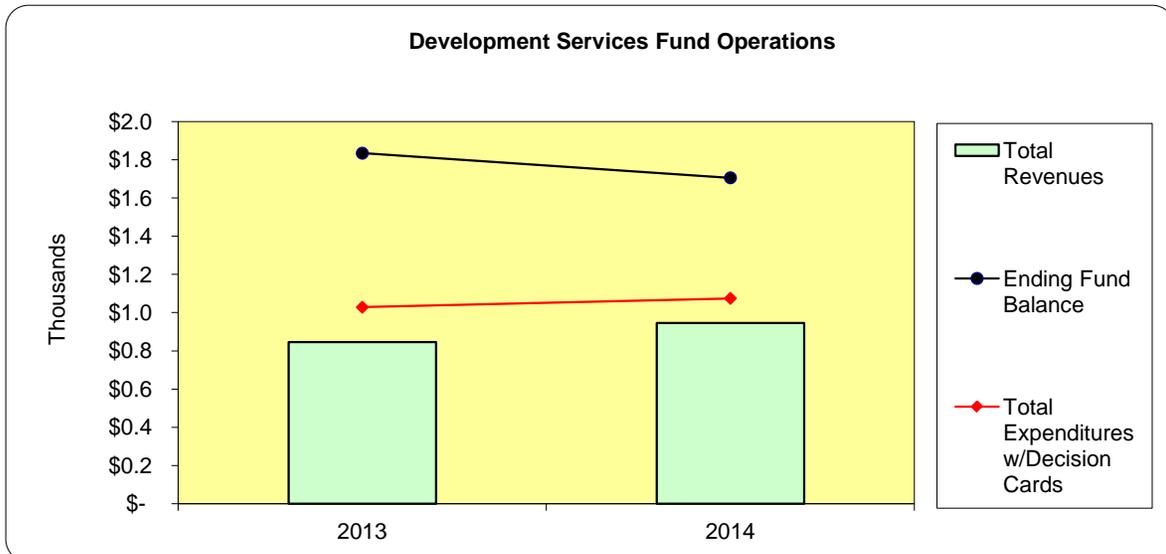
Due to the nature of Development Services being a working capital fund where projects cross years and the source of revenue is based solidly on economic cycles, accurate forecasting becomes speculative beyond 2014.

Notes:

1) This worksheet makes no assumptions as to new programs and decision cards past 2014 other than ongoing costs.

Footnotes:

¹ Reflects all revenues related to Development Review.



CITY OF COVINGTON PARKS & RECREATION SERVICES FUND LONG RANGE FORECAST

2013-2019 Analysis in 000s

BASE BUDGET

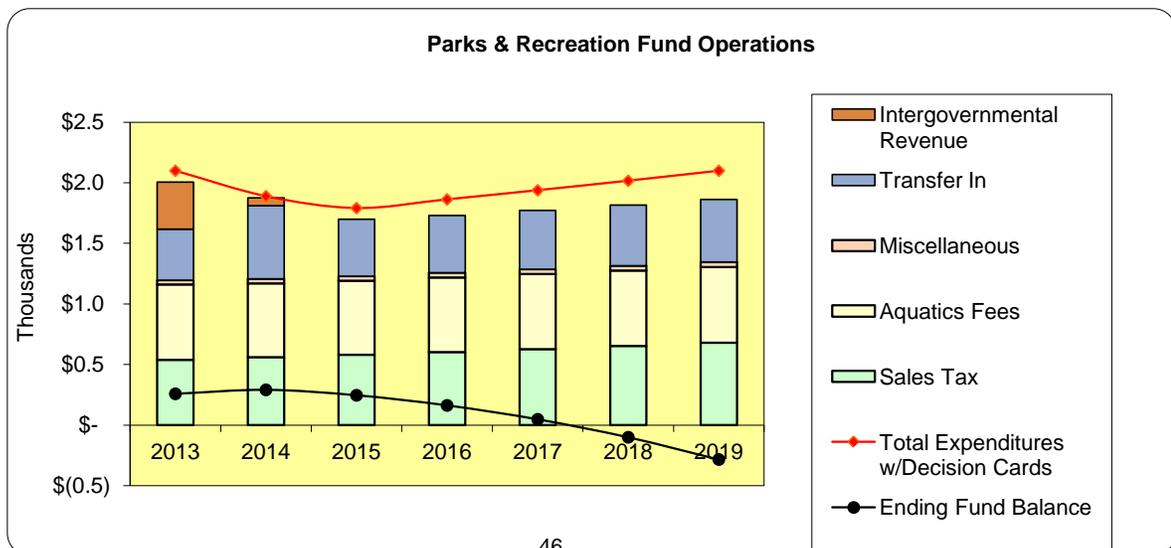
	2013	2014	2015	2016	2017	2018	2019
BEGINNING FUND BALANCE	\$ 322	\$ 258	\$ 291	\$ 246	\$ 162	\$ 47	\$ (101)
REVENUES							
Sales Tax ¹	538	561	580	603	628	653	679
Intergovernmental Revenues	387	64	-	-	-	-	-
Charges for Goods and Services	-	-	-	-	-	-	-
Aquatics Fees	623	609	613	616	619	622	625
Athletics & Recreation	30	46	48	49	50	52	53
Miscellaneous	36	36	37	38	40	41	42
Other Financing Sources	-	-	-	-	-	-	-
BASE BUDGET REVENUES	<u>1,615</u>	<u>1,317</u>	<u>1,278</u>	<u>1,306</u>	<u>1,336</u>	<u>1,367</u>	<u>1,399</u>
Operating Transfers In	421	604	468	473	487	502	517
TOTAL REVENUES	<u>2,035</u>	<u>1,922</u>	<u>1,746</u>	<u>1,779</u>	<u>1,823</u>	<u>1,869</u>	<u>1,916</u>
EXPENDITURES							
Salaries and Wages	766	834	812	844	878	913	949
Personnel Benefits	261	233	247	265	285	307	330
Supplies	101	89	91	94	97	99	102
Other Services and Charges	864	677	609	628	647	666	686
Intergovernmental	4	4	4	4	4	4	4
Capital Outlay	11	23	-	-	-	-	-
Operating Transfer	92	27	27	27	27	27	27
BASE BUDGET EXPENDITURES	<u>2,099</u>	<u>1,889</u>	<u>1,791</u>	<u>1,863</u>	<u>1,938</u>	<u>2,017</u>	<u>2,099</u>
Decision Cards	-	-	-	-	-	-	-
Budget Strategies	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>2,099</u>	<u>1,889</u>	<u>1,791</u>	<u>1,863</u>	<u>1,938</u>	<u>2,017</u>	<u>2,099</u>
Operating Surplus/Deficit by Year	(64)	33	(45)	(84)	(115)	(148)	(184)
ENDING FUND BALANCE	\$ 258	\$ 291	\$ 246	\$ 162	\$ 47	\$ (101)	\$ (284)
10% fund balance target	\$ 210	\$ 189	\$ 179	\$ 186	\$ 194	\$ 202	\$ 210
Fund balance policy	Meets 10%	Meets 10%	Meets 10%	Under 10%	Under 10%	Under 10%	Under 10%
Margin above/below the 10% threshold	\$ 48	\$ 102	\$ 67	\$ (24)	\$ (146)	\$ (302)	\$ (494)

Notes:

1) This worksheet makes no assumptions as to new programs and decision cards past 2014 other than ongoing costs.

Footnotes:

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



CITY OF COVINGTON
SURFACE WATER MANAGEMENT FUND LONG RANGE FORECAST
 2013-2019 Analysis in 000s
 BASE BUDGET

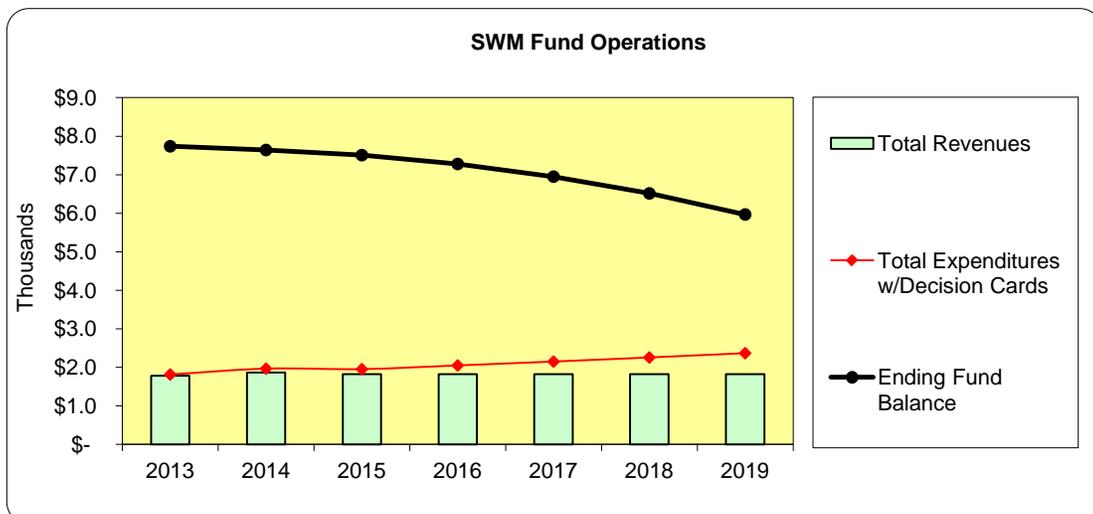
	2013	2014	2015	2016	2017	2018	2019
BEGINNING FUND BALANCE	\$ 7,766	\$ 7,737	\$ 7,641	\$ 7,508	\$ 7,279	\$ 6,950	\$ 6,514
REVENUES							
Customer Charges ¹	1,776	1,811	1,811	1,811	1,811	1,811	1,811
Grant Revenue	7	49	-	-	-	-	-
Misc	4	10	10	10	10	11	11
TOTAL REVENUES	<u>1,786</u>	<u>1,869</u>	<u>1,820</u>	<u>1,821</u>	<u>1,821</u>	<u>1,821</u>	<u>1,822</u>
Transfer In	-	-	-	-	-	-	-
TOTAL SOURCES	<u>1,786</u>	<u>1,869</u>	<u>1,820</u>	<u>1,821</u>	<u>1,821</u>	<u>1,821</u>	<u>1,822</u>
EXPENDITURES							
Salaries and Wages	517	592	583	606	630	656	682
Personnel Benefits	200	218	229	247	265	285	306
Supplies	37	52	54	57	59	62	65
Other Services and Charges	825	959	999	1,049	1,101	1,156	1,214
Intergovernmental	139	53	55	58	61	64	67
Capital Outlay	26	60	-	-	-	-	-
Debt Service: Principal	-	-	-	-	-	-	-
Debt Service: Interest	33	33	33	33	33	33	33
Transfer Out	36	-	-	-	-	-	-
BASE BUDGET EXPENDITURES	<u>1,814</u>	<u>1,966</u>	<u>1,953</u>	<u>2,049</u>	<u>2,150</u>	<u>2,256</u>	<u>2,368</u>
Decision Card	-	-	-	-	-	-	-
Budget Strategies	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>1,814</u>	<u>1,966</u>	<u>1,953</u>	<u>2,049</u>	<u>2,150</u>	<u>2,256</u>	<u>2,368</u>
Operating Surplus/Deficit by Year	(28)	(97)	(133)	(229)	(329)	(435)	(547)
ENDING FUND BALANCE	\$ 7,737	\$ 7,641	\$ 7,508	\$ 7,279	\$ 6,950	\$ 6,514	\$ 5,968
10% fund balance target	\$ 175	\$ 193	\$ 192	\$ 202	\$ 212	\$ 222	\$ 234
	Meets 10%						
Margin above the 10% threshold	\$ 7,563	\$ 7,447	\$ 7,316	\$ 7,077	\$ 6,738	\$ 6,292	\$ 5,734

Notes:

1) This worksheet makes no assumptions as to new programs and decision cards past 2014 other than ongoing costs.

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.

2013 ACCOMPLISHMENTS

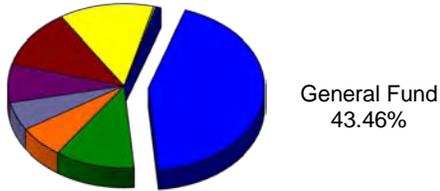
- ✓ Continued collaboration and involvement with neighboring cities, utility districts and regional associations
- ✓ Created a Transportation Benefit District
- ✓ Drafted a ballot measure for transportation and public safety improvements
- ✓ Lobbied the legislature successfully for \$2.1 million for Covington Community Park Phase II and \$50,000 for the Town Center Study
- ✓ Began pursuit of a university presence in the Town Center
- ✓ Selected a development partner for the Town Center
- ✓ Continued the process to brand the community and developed a working tagline and logo

2014 GOALS

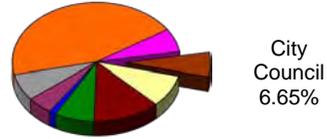
- ❖ Economic Development: Encourage and support a business community that is committed to Covington for the long-term and offers diverse products and services, family wage jobs, and a healthy tax base to support public services
- ❖ Town Center: Establish Covington Town Center as a vibrant residential,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

2014 Budget All Funds

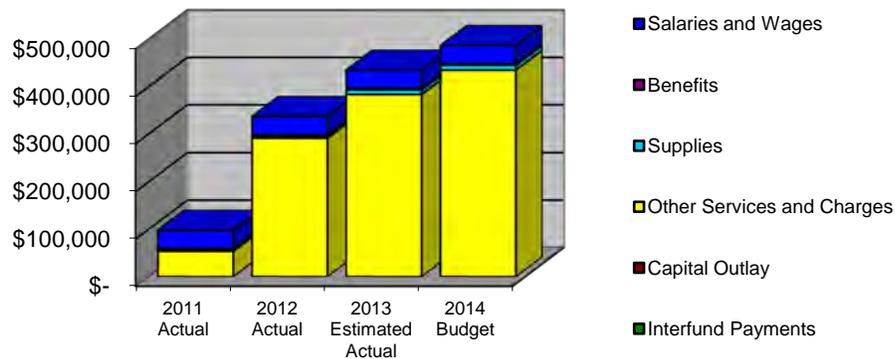


Total General Fund Budget



Uses of Funds:	2011	2012	2013	2014
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 38,400	\$ 38,400	\$ 38,400	\$ 38,400
Benefits	3,365	3,378	3,458	3,458
Supplies	3,206	4,098	9,946	10,305
Other Services and Charges	53,203	291,297	383,364	434,876
Capital Outlay	-	-	-	-
Interfund Payments	-	-	-	-
Total Operating Expenses	<u>98,174</u>	<u>337,173</u>	<u>435,168</u>	<u>487,039</u>
Operating Transfer Out	<u>973,047</u>	<u>1,493,689</u>	<u>1,275,282</u>	<u>1,621,376</u>
Total Uses	<u>\$1,071,221</u>	<u>\$1,830,862</u>	<u>\$1,710,450</u>	<u>\$2,108,415</u>

Total Operating Expenditures by Year



CITY COUNCIL

Account Number	Description	2014 Budget
001-110-597-00-00-00	Operating Transfer Out Expenditure	\$ 1,621,376 <u>1,621,376</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	656
001-110-511-60-21-07	Life/LTD Insurance Personnel Benefits	<u>95</u> <u>3,458</u>
001-110-511-60-31-01	Office Supplies	350
001-110-511-60-31-08	Honorarium	3,170
001-110-511-60-31-11	Meeting Expenses	1,760
001-110-511-60-35-00	Small Tools/Minor Equipment Supplies	<u>5,025</u> <u>10,305</u>
001-110-511-60-41-10	Professional Services	7,200
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	35,524
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 Other Services and Charges	<u>336,902</u> <u>434,876</u>
	Grand Total	<u>\$ 2,108,415</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 2014. All services are provided by contract.

2013 ACCOMPLISHMENTS

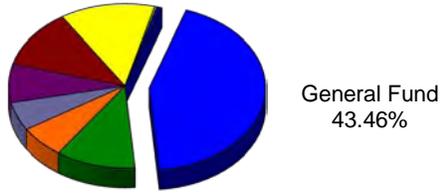
- ✓ Continued to explore alternatives to reduce court service costs
- ✓ Implemented reminder calls to reduce court service costs
- ✓ Moved District Court services to a more convenient location to save staff and public time and money
- ✓ Worked with the court to make reimbursement of the city's public defender costs a condition of sentencing

2014 GOALS

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

MUNICIPAL COURT

2014 Budget All Funds

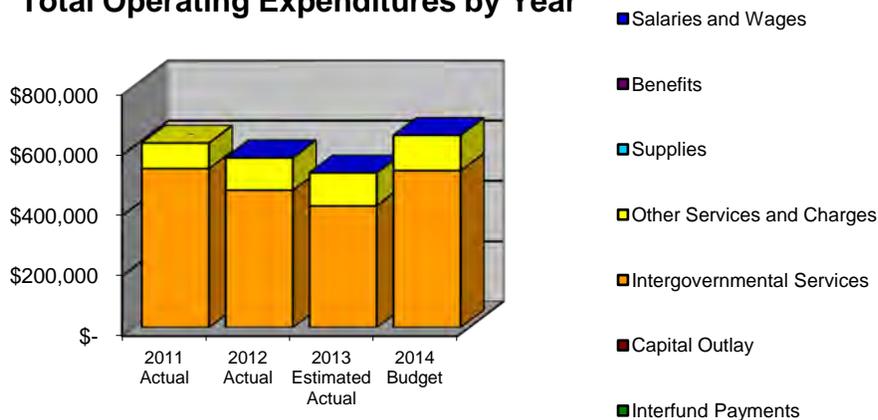


Total General Fund Budget



Uses of Funds:	2011	2012	2013	2014
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ -	\$ -	\$ -	\$ -
Benefits	-	-	-	-
Supplies	-	117	-	50
Other Services and Charges	84,678	108,501	107,630	117,600
Intergovernmental Services	526,989	454,768	404,925	520,000
Capital Outlay	-	-	-	-
Interfund Payments	-	-	-	-
Total Uses	<u>\$611,667</u>	<u>\$ 563,386</u>	<u>\$ 512,555</u>	<u>\$ 637,650</u>

Total Operating Expenditures by Year



MUNICIPAL COURT

Account Number	Description	2014 Budget
001-120-512-91-31-01	Office Supplies	\$ 50
	Supplies	<u>50</u>
001-120-515-30-41-10	Prosecuting Attorney	55,200
001-120-515-91-41-10	Public Defender	<u>62,400</u>
	Other Services and Charges	<u>117,600</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>\$ 637,650</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, maintains the City's official records and assists the public in accessing their local government by providing timely information.

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

2013 ACCOMPLISHMENTS

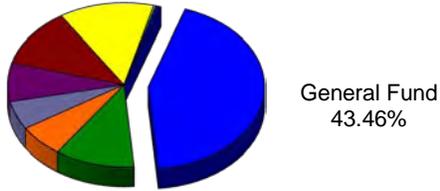
- ✓ Proposed a 2014 budget that maintained service and staffing levels and directed funds to one-time projects
- ✓ Selected a Town Center Economic Impact and Infrastructure Cost Study consultant
- ✓ Provided public education on a Transportation Benefit District ballot measure
- ✓ Successfully transitioned Covington Days to City ownership and operation
- ✓ Organized a first new-councilmember orientation program
- ✓ Conducted a citizen survey where in 74% of respondents gave the city an "A" or "B" in customer service

2014 GOALS

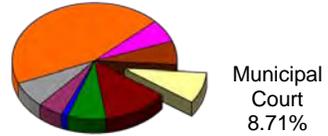
- ❖ Implement direction from the 2014 City Council Summit
- ❖ Continue to lobby Congress and the Legislature per the City's 2014 Legislative agenda

EXECUTIVE

2014 Budget All Funds

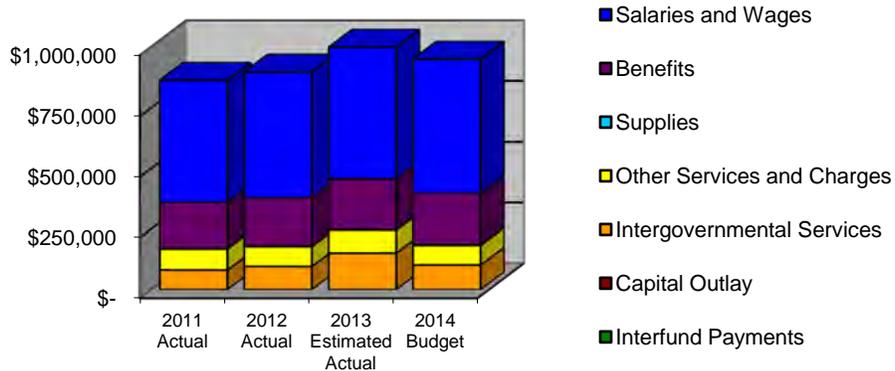


Total General Fund Budget



Uses of Funds:	2011	2012	2013	2014
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 502,586	\$ 517,443	\$ 541,033	\$ 551,190
Benefits	188,926	197,001	209,796	210,753
Supplies	1,078	2,117	2,570	3,850
Other Services and Charges	87,010	81,966	92,977	80,260
Intergovernmental Services	80,940	95,857	150,769	101,849
Capital Outlay	-	-	-	-
Interfund Payments	-	-	-	-
Total Uses	\$ 860,540	\$ 894,384	\$ 997,145	\$ 947,902

Total Operating Expenditures by Year



EXECUTIVE

Account Number	Description	2014 Budget
001-130-513-10-11-00	Regular Wages Salaries and Wages	\$ 551,190 <u>551,190</u>
001-130-513-10-21-01	Social Security Replacement	31,135
001-130-513-10-21-02	Medicare	8,064
001-130-513-10-21-03	PERS Replacement	41,340
001-130-513-10-21-04	Unemployment Compensation	6,890
001-130-513-10-21-05	Industrial Insurance	2,492
001-130-513-10-21-06	Medical/Dental/Vision	94,644
001-130-513-10-21-07	Life/LTD Insurance	7,581
001-130-513-10-21-10	Car Allowance	4,800
001-130-513-10-21-12	457 Employer Contributions	10,279
001-130-513-10-21-14	VEBA Contributions Personnel Benefits	<u>3,528</u> <u>210,753</u>
001-130-513-10-31-01	Office Supplies	1,300
001-130-513-10-31-11	Meeting Expenses	1,000
001-130-513-10-31-13	Uniforms	250
001-130-513-10-35-00	Small Tools/Minor Equipment Supplies	<u>1,300</u> <u>3,850</u>
001-130-511-30-42-09	Advertising/Legal Notices	8,200
001-130-513-10-41-10	Professional Services	58,650
001-130-513-10-42-06	Postage	410
001-130-513-10-43-01	Travel Expense (non-taxable)	3,750
001-130-513-10-43-03	Travel Expense (taxable)	630
001-130-513-10-49-01	Dues/Memberships	2,980
001-130-513-10-49-02	Subscriptions/Publications	250
001-130-513-10-49-04	Printing/Binding	600
001-130-513-10-49-05	Training/Workshops Other Services and Charges	<u>4,790</u> <u>80,260</u>
001-130-514-40-51-01	Election Costs	17,160
001-130-514-90-51-01	Voter Registration	29,120
001-130-554-30-51-01	Animal Control Services Intergovernmental Services	<u>55,569</u> <u>101,849</u>
	Grand Total	<u>\$ 947,902</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

2013 ACCOMPLISHMENTS

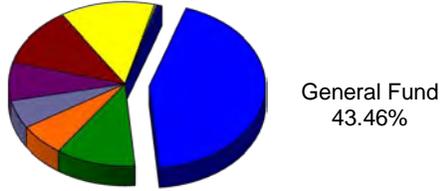
- ✓ Provided timely and accurate financial reporting
- ✓ Performed long- and short-range financial analysis and modeling
- ✓ Received clean audit opinion from State Auditor's Office
- ✓ Received 2012 CAFR award from GFOA
- ✓ Worked with City Manager and Management Team staff on creation and implementation of Transportation Benefit District
- ✓ Implemented ACH program through accounts payable system

2014 GOALS

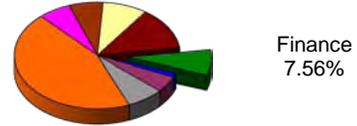
- ❖ Submit 2013 CAFR for GFOA award
- ❖ Provide timely and accurate financial reporting
- ❖ Review and amend fiscal policies and procedures as needed
- ❖ Continue work on Transportation Benefit District as needed
- ❖ Support creation of Athletics division
- ❖ Implement credit cards for City Hall and Permit Services

FINANCE

2014 Budget All Funds

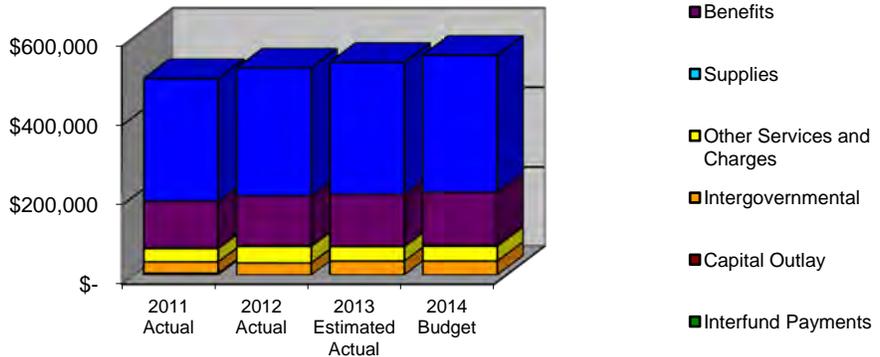


Total General Fund Budget



Uses of Funds:	2011	2012	2013	2014
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 307,989	\$ 322,206	\$ 332,186	\$ 344,776
Benefits	118,282	124,926	130,793	132,640
Supplies	1,806	2,478	1,247	3,475
Other Services and Charges	33,665	41,731	36,327	37,840
Intergovernmental	28,606	30,226	35,000	35,000
Capital Outlay	4,297	-	-	-
Interfund Payments	-	-	-	-
Total Operating Expenses	<u>494,645</u>	<u>521,567</u>	<u>535,553</u>	<u>553,731</u>
Operating Transfer Out	-	-	-	-
Total Uses	<u>\$ 494,645</u>	<u>\$ 521,567</u>	<u>\$ 535,553</u>	<u>\$ 553,731</u>

Total Operating Expenditures by Year



FINANCE

Account Number	Description	2014 Budget
001-140-514-20-11-00	Regular Wages	\$ 344,776
	Salaries and Wages	<u>344,776</u>
001-140-514-20-21-01	Social Security Replacement	19,442
001-140-514-20-21-02	Medicare	5,034
001-140-514-20-21-03	PERS Replacement	25,857
001-140-514-20-21-04	Unemployment Compensation	4,310
001-140-514-20-21-05	Industrial Insurance	1,480
001-140-514-20-21-06	Medical/Dental/Vision	67,613
001-140-514-20-21-07	Life/LTD Insurance	4,488
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>132,640</u>
001-140-514-20-31-01	Office Supplies	875
001-140-514-20-35-00	Small Tools/Minor Equipment	<u>2,600</u>
	Supplies	<u>3,475</u>
001-140-514-20-41-01	Accounting Services	11,800
001-140-514-20-42-06	Postage	1,520
001-140-514-20-43-01	Travel Expense (non-taxable)	3,800
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	14,600
001-140-514-20-49-01	Dues/Memberships	745
001-140-514-20-49-02	Subscriptions/Publications	1,000
001-140-514-20-49-05	Training/Workshops	<u>2,775</u>
	Other Services and Charges	<u>37,840</u>
001-140-514-20-51-01	State Examiner - Audit Fees	<u>35,000</u>
	Intergovernmental Services	<u>35,000</u>
	Grand Total	<u>\$ 553,731</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

2013 ACCOMPLISHMENTS

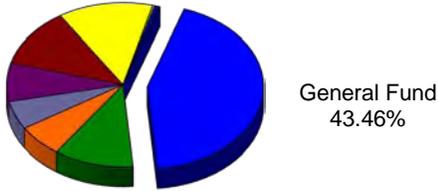
- ✓ Continued to minimize land use litigation and liability through effective claim analysis and negotiation
- ✓ Worked successfully with property owner to mitigate a major code enforcement case

2014 GOALS

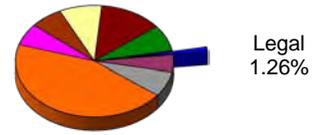
- ❖ Continue to minimize land use litigation and liability through effective claim analysis and negotiation

LEGAL SERVICES

2014 Budget All Funds

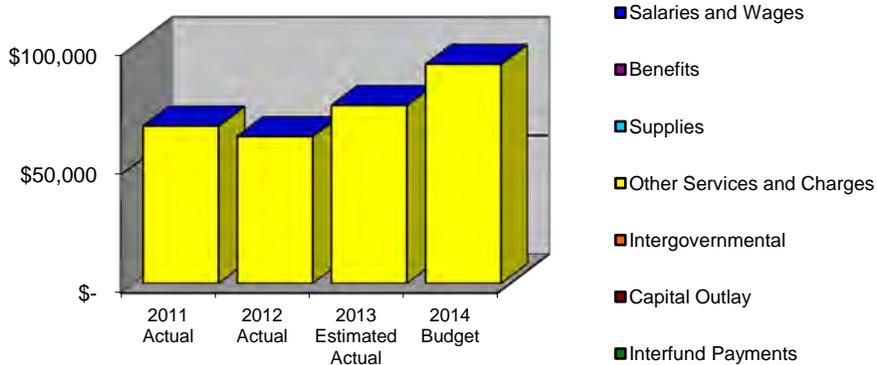


Total General Fund Budget



Uses of Funds:	2011 Actual	2012 Actual	2013 Estimated Actual	2014 Budget
Salaries and Wages	\$ -	\$ -	\$ -	\$ -
Benefits	-	-	-	-
Supplies	-	-	-	-
Other Services and Charges	66,253	61,859	75,000	92,400
Intergovernmental	-	-	-	-
Capital Outlay	-	-	-	-
Interfund Payments	-	-	-	-
Total Uses	<u>\$ 66,253</u>	<u>\$ 61,859</u>	<u>\$ 75,000</u>	<u>\$ 92,400</u>

Total Operating Expenditures by Year



LEGAL

<u>Account Number</u>	<u>Description</u>	<u>2014 Budget</u>
001-160-515-30-41-10	Professional Services	\$ 92,400
	Other Services and Charges	<u>92,400</u>
	Grand Total	<u>\$ 92,400</u>



PERSONNEL

Mission Statement

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

2013 ACCOMPLISHMENTS

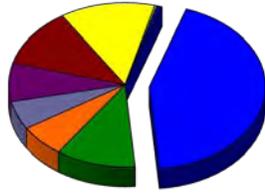
- ✓ Completed citywide salary survey
- ✓ Developed citywide employee suggestion program
- ✓ Coordinated consultant review of promotion-in-place program and facilitated adoption of management-approved changes
- ✓ Successfully applied for annual WellCity award
- ✓ Completed recruitment for Parks Planner, City Engineer, seasonal Maintenance Workers, and ongoing Aquatics staff
- ✓ Coordinated Minor Home Repair Program

2014 GOALS

- ❖ Execute citywide employee satisfaction and retention survey
- ❖ Support City’s acquisition of sports programs through timely recruiting of necessary staff
- ❖ Complete Revision 4 of Employee Handbook
- ❖ Complete Revision 1 of Safety Handbook
- ❖ Finalize and adopt Employee Suggestion Program
- ❖ Coordinate Human Services application process for the biennial funding cycle
- ❖ Host Regional Domestic Violence Task Force Meeting; introduce anti-child abuse resource

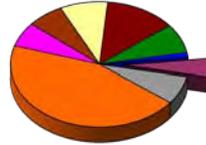
PERSONNEL

2014 Budget All Funds



General Fund
43.46%

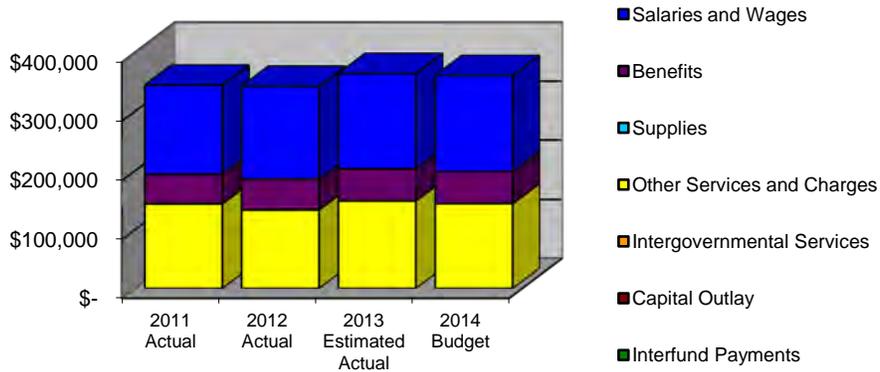
Total General Fund Budget



Personnel
4.92%

Uses of Funds:	2011	2012	2013	2014
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 150,212	\$ 156,093	\$ 160,721	\$ 161,732
Benefits	49,282	51,713	53,940	54,019
Supplies	932	933	489	650
Other Services and Charges	143,565	133,213	148,540	143,900
Intergovernmental Services	-	-	-	-
Capital Outlay	-	-	-	-
Interfund Payments	-	-	-	-
Total Uses	\$ 343,991	\$ 341,952	\$ 363,690	\$ 360,301

Total Operating Expenditures by Year



PERSONNEL

Account Number	Description	2014 Budget
001-165-518-10-11-00	Regular Wages	\$ 161,732
	Salaries and Wages	<u>161,732</u>
001-165-518-10-21-01	Social Security Replacement	9,057
001-165-518-10-21-02	Medicare	2,346
001-165-518-10-21-03	PERS Replacement	12,130
001-165-518-10-21-04	Unemployment Compensation	2,022
001-165-518-10-21-05	Industrial Insurance	750
001-165-518-10-21-06	Medical/Dental/Vision	24,501
001-165-518-10-21-07	Life/LTD Insurance	2,205
001-165-518-10-21-14	VEBA Contributions	1,008
	Personnel Benefits	<u>54,019</u>
001-165-518-10-31-01	Office Supplies	250
001-165-518-10-31-11	Meeting Expenses	400
	Supplies	<u>650</u>
001-165-517-90-49-17	Employee Wellness Program	500
001-165-518-10-41-10	Professional Services	7,500
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	1,600
001-165-518-10-43-01	Travel Expense (non-taxable)	2,075
001-165-518-10-48-02	Minor Housing Repair Services	24,250
001-165-518-10-49-01	Dues/Memberships	400
001-165-518-10-49-02	Subscriptions/Publications	475
001-165-518-10-49-05	Training/Workshops	1,400
001-165-518-10-49-19	Human Services Commission	300
	Other Services and Charges	<u>143,900</u>
Grand Total		<u>\$ 360,301</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, and emergency management.

Major Activities

- Ordering of supplies
- Emergency Management
 - Mitigation
 - Preparedness
 - Response
 - Recovery
 - Training, exercises and drills
 - Keep plans up to date
- Building maintenance
- Information Technology
 - Computer repair/replacement
 - Maintain IT infrastructure
 - IT/technology consultation to departments
 - Phone system support
 - Backups and computer disaster preparedness

Significant Budget Issues

None

2013 ACCOMPLISHMENTS

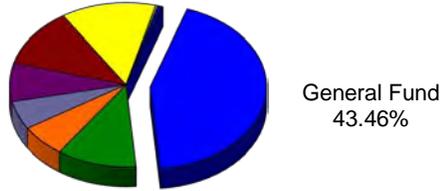
- ✓ Entered into an agreement with Tetra Tech to prepare a Hazard Mitigation Plan
- ✓ Hosted Open House for public outreach
- ✓ Conducted online emergency management survey
- ✓ Submitted 2013 NIMS Compliance Report
- ✓ Updated emergency kit supplies
- ✓ Deployed Windows 7
- ✓ Installed and configured a redundant server
- ✓ Implemented a new spam filter and antivirus

2014 GOALS

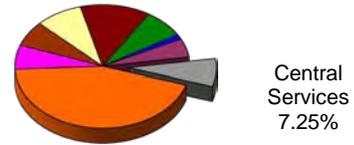
- ❖ Begin Comprehensive Emergency Management Plan update
- ❖ Adopt Hazard Mitigation Plan
- ❖ Develop and conduct a tabletop exercise with staff and outside agencies
- ❖ Attend regional training courses
- ❖ Encourage staff to complete NIMS training
- ❖ Encourage staff to take CERT training
- ❖ Implementation of server and network monitoring
- ❖ Move to Server 2012 for improved disaster recovery
- ❖ Expand 800 MHz radio system
- ❖ Compliance with all WCIA cyber security mandates

CENTRAL SERVICES

2014 Budget All Funds

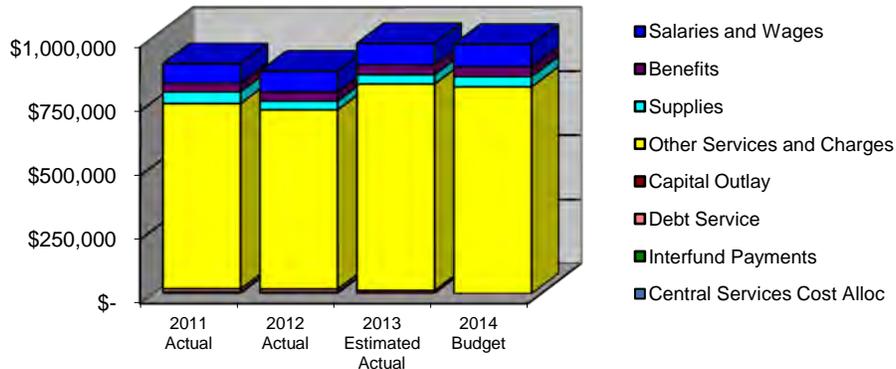


Total General Fund Budget



Uses of Funds:	2011	2012	2013	2014
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 75,989	\$ 80,906	\$ 84,445	\$ 87,545
Benefits	33,545	36,006	37,896	38,071
Supplies	45,946	34,084	35,859	40,349
Other Services and Charges	722,140	698,531	805,418	806,378
Capital Outlay	-	-	12,442	-
Debt Service	12,638	11,808	-	-
Interfund Payments	6,398	6,073	-	-
Central Services Cost Alloc	-	(384,619)	(416,333)	(441,350)
Total Uses	\$ 896,656	\$ 482,789	\$ 559,727	\$ 530,993

Total Operating Expenditures by Year



CENTRAL SERVICES

Account Number	Description	2014 Budget
001-180-500-00-00-00	Central Services Interfund Pym Expenditure	\$ (441,350) <u>(441,350)</u>
001-180-518-80-11-00	Regular Wages - IT Salaries and Wages	<u>87,545</u> <u>87,545</u>
001-180-518-80-21-01	Social Security Replacement-IT	4,902
001-180-518-80-21-02	Medicare - IT	1,271
001-180-518-80-21-03	PERS Replacement - IT	6,566
001-180-518-80-21-04	Unemployment Compensation - IT	1,094
001-180-518-80-21-05	Industrial Insurance - IT	375
001-180-518-80-21-06	Medical/Dental/Vision - IT	22,219
001-180-518-80-21-07	Life/LTD Insurance - IT	1,140
001-180-518-80-21-14	VEBA Contributions - IT Personnel Benefits	<u>504</u> <u>38,071</u>
001-180-518-40-31-01	Office Supplies	13,675
001-180-518-40-31-05	Operating Supplies	7,700
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	2,060
001-180-518-80-31-05	Operating Supplies - IT	1,000
001-180-518-80-35-00	Small Tools/Minor Equipment-IT	12,160
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	204
001-180-548-60-32-00	ER Fuel Supplies	<u>900</u> <u>40,349</u>
001-180-518-30-41-10	Professional Services	152,030
001-180-518-30-45-05	Furnishings Replacement	7,800
001-180-518-30-46-01	Property Insurance	15,975
001-180-518-30-48-01	Repairs/Maintenance of Equip	800
001-180-518-30-48-02	Repairs/Maintenance of Bldg	4,500
001-180-518-30-48-05	Equipment/Software Maint Agmt	7,400
001-180-518-40-41-10	Professional Services	4,940
001-180-518-40-42-01	Communications	19,576
001-180-518-40-42-06	Postage	50
001-180-518-40-45-01	Building Lease	347,974
001-180-518-40-45-02	Office Equipment Lease	9,180
001-180-518-40-47-01	Utility Services	32,440
001-180-518-40-48-05	Equipment/Software Maint Agmt	1,560
001-180-518-40-49-01	Dues/Memberships	6,450
001-180-518-40-49-21	Annual Permits	450
001-180-518-80-41-10	Professional Services - IT	4,225

CENTRAL SERVICES

Account Number	Description	2014 Budget
001-180-518-80-42-01	Communications - IT	840
001-180-518-80-43-01	Travel Expense (non-tax) - IT	700
001-180-518-80-43-03	Travel Expense (taxable) - IT	50
001-180-518-80-45-02	Office Equipment Lease - IT	2,850
001-180-518-80-48-01	Repairs/Maintenance Equip - IT	1,400
001-180-518-80-48-05	Equip/Software Maint Agmt - IT	2,900
001-180-518-80-49-01	Dues/Memberships - IT	155
001-180-518-80-49-02	Subscriptions/Publications -IT	40
001-180-518-80-49-05	Training/Workshops - IT	2,750
001-180-518-90-46-01	Liability Insurance	80,944
001-180-525-60-41-10	Professional Services - EM	55,000
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	250
001-180-525-60-43-03	Travel Expense (taxable) - EM	100
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	900
001-180-548-60-45-04	Equipment Replacement Cost	10,968
001-180-548-60-48-01	ER Repairs/Maintenance	4,056
001-180-554-90-41-10	Recycling Promotion	24,360
	Other Services and Charges	24,360
	Grand Total	\$ 530,993



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

2013 ACCOMPLISHMENTS

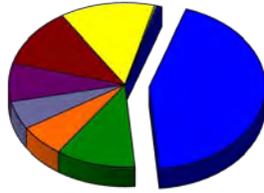
- ✓ Partnered with City and Civic groups for Covington Days Festival and Parade
- ✓ Participated in regional "school active shooter scenario" with Maple Valley Police, King County Sheriff's Office and area fire departments at Tahoma Middle School
- ✓ Participated in the annual Shop With a Cop program at the Covington Wal-Mart
- ✓ Five 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

2014 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
- ❖ Complete outfitting of recently purchased jail transport prisoner van
- ❖ 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

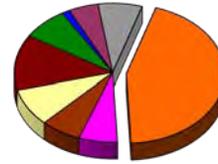
LAW ENFORCEMENT

2014 Budget All Funds



General Fund
43.46%

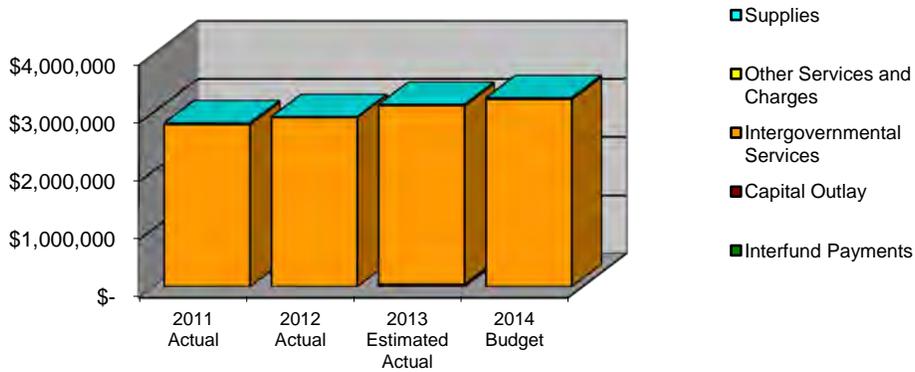
Total General Fund Budget



Law Enforcement
44.35%

Uses of Funds:	2011 Actual	2012 Actual	2013 Estimated Actual	2014 Budget
Supplies	\$ 15,041	\$ 2,705	\$ 5,814	\$ 8,530
Other Services and Charges	6,628	4,080	10,792	15,696
Intergovernmental Services	2,787,413	2,912,397	3,071,508	3,222,820
Capital Outlay	-	-	42,465	-
Interfund Payments	1,338	-	-	-
Total Uses	<u>\$2,810,420</u>	<u>\$2,919,182</u>	<u>\$3,130,579</u>	<u>\$3,247,046</u>

Total Operating Expenditures by Year



LAW ENFORCEMENT

Account Number	Description	2014 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	275
001-210-521-20-35-00	Small Tools/Minor Equipment	5,200
001-210-548-60-31-05	ER Supplies	180
001-210-548-60-32-00	ER Fuel	1,500
	Supplies	<u>8,530</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	4,200
001-210-521-20-42-06	Postage	125
001-210-521-20-45-02	Office Equipment Lease	1,200
001-210-521-20-48-01	Repairs/Maintenance of Equip	400
001-210-521-20-48-05	Equipment/Software Maint Agmt	300
001-210-521-40-49-05	Training/Workshops	1,800
001-210-548-60-45-04	Equipment Replacement Cost	5,004
001-210-548-60-48-01	ER Repairs/Maintenance	912
	Other Services and Charges	<u>15,696</u>
001-210-521-20-51-01	Police Services Contract	<u>3,222,820</u>
	Intergovernmental Services	<u>3,222,820</u>
	Grand Total	<u>\$ 3,247,046</u>



COMMUNITY DEVELOPMENT

Mission Statement

The Community Development department is committed to delivering personalized services, within available resources, while ensuring a safe built environment, planning for a well designed community, and facilitating balanced growth, environmental preservation and sustainability.

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

2013 ACCOMPLISHMENTS

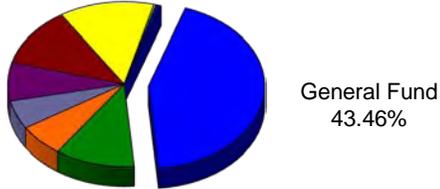
- ✓ Managed the Hawk Property Subarea Plan, Environmental Impact Statement (EIS), and the Planned Action Ordinance
 - ✓ Managed the Community Outreach and Public Comment Process
 - ✓ Managed the Planning Commission recommendation process
 - ✓ Managed the coordination between departments and agencies
- ✓ Managed the implementation of I-502 for recreational marijuana, producer, processor, and retailers within the City
- ✓ Completed Development Code Amendments for Multifamily Tax Exemptions, Development Agreements, and cellular towers

2014 GOALS

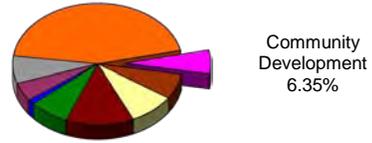
- ✓ Manage the 2014 Comprehensive Plan Docket process
- ✓ Begin the required seven year Comprehensive Plan Update process
- ✓ Complete the Hawk Subarea Plan, Planned Action Ordinance, Development Agreement, Rezoning and Annexation process
- ✓ Amend the sign ordinance for civic, government, non-profit and home occupation sign regulations
- ✓ Amend the Downtown Design Guidelines and Standards to address building façade design
- ✓ Develop a user guide for shoreline development and permit process
- ✓ Develop permanent zoning to address I-502, recreational and medical marijuana
- ✓ Work with Kent RFA and the Park's Department to implement Impact Fee Ordinances for their capital needs

COMMUNITY DEVELOPMENT

2014 Budget All Funds

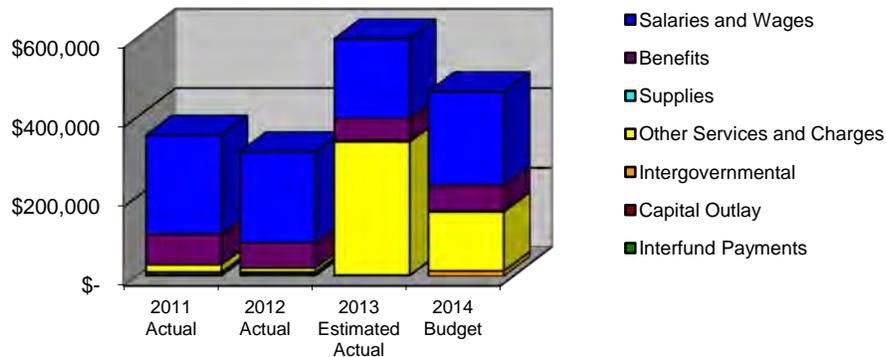


Total General Fund Budget



Uses of Funds:	2011	2012	2013	2014
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 248,645	\$ 228,437	\$ 201,695	\$ 234,425
Benefits	76,943	63,352	56,422	65,484
Supplies	550	683	2,604	2,337
Other Services and Charges	18,106	9,790	334,833	149,038
Intergovernmental	5,816	4,748	3,000	13,530
Capital Outlay	-	-	-	-
Interfund Payments	4,926	6,157	-	-
Total Uses	\$ 354,986	\$ 313,167	\$ 598,554	\$ 464,814

Total Operating Expenditures by Year



COMMUNITY DEVELOPMENT

Account Number	Description	2014 Budget
001-250-524-60-11-00	Regular Wages - CE	\$ 48,395
001-250-558-60-11-00	Regular Wages - PL	186,030
	Salaries and Wages	<u>234,425</u>
001-250-524-60-21-01	Social Security Replacement-CE	2,710
001-250-524-60-21-02	Medicare - CE	702
001-250-524-60-21-04	Unemployment Compensation - CE	605
001-250-524-60-21-05	Industrial Insurance - CE	963
001-250-524-60-21-06	Medical/Dental/Vision - CE	80
001-250-558-60-21-01	Social Security Replacement-PL	10,558
001-250-558-60-21-02	Medicare - PL	2,734
001-250-558-60-21-03	PERS Replacement - PL	13,952
001-250-558-60-21-04	Unemployment Compensation - PL	2,325
001-250-558-60-21-05	Industrial Insurance - PL	394
001-250-558-60-21-06	Medical/Dental/Vision - PL	24,533
001-250-558-60-21-07	Life/LTD Insurance - PL	2,375
001-250-558-60-21-10	Car Allowance - PL	2,520
001-250-558-60-21-14	VEBA Contributions - PL	<u>1,033</u>
	Personnel Benefits	<u>65,484</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	156
001-250-548-60-32-00	ER Fuel	996
001-250-558-60-31-01	Office Supplies - PL	380
001-250-558-60-31-11	Meeting Expenses - PL	150
001-250-558-60-31-13	Uniforms - PL	<u>35</u>
	Supplies	<u>2,337</u>
001-250-524-60-41-02	Engineering Services - CE	500
001-250-524-60-41-10	Professional Services - CE	4,050
001-250-524-60-42-01	Communications - CE	750
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	4,176
001-250-548-60-48-01	ER Repairs/Maintenance	852
001-250-558-60-41-10	Professional Services - PL	127,000
001-250-558-60-42-06	Postage - PL	600
001-250-558-60-43-01	Travel Expense (non-tax) - PL	2,660
001-250-558-60-43-03	Travel Expense (taxable) - PL	350
001-250-558-60-49-01	Dues/Memberships - PL	1,072
001-250-558-60-49-02	Subscriptions/Publications -PL	88
001-250-558-60-49-04	Printing/Binding - PL	600

COMMUNITY DEVELOPMENT

<u>Account Number</u>	<u>Description</u>	<u>2014 Budget</u>
001-250-558-60-49-05	Training/Workshops - PL	2,340
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>149,038</u>
001-250-522-30-51-01	Fire Investigation Services	10,100
001-250-558-60-51-01	Professional Services - PL	<u>3,430</u>
	Intergovernmental Services	<u>13,530</u>
	Grand Total	<u>\$ 464,814</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.

2013 ACCOMPLISHMENTS

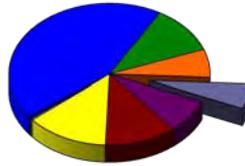
- ✓ Snow and ice/wind events response
- ✓ Street sweeping contract management
- ✓ Provided vegetation and site distance control throughout the City
- ✓ Fleet replacements/upgrades
- ✓ Joint asphalt sealing with Maple Valley
- ✓ In house tree removal/maintenance program created
- ✓ Hired new maintenance worker
- ✓ New work order management software implementation
- ✓ 180th Ave SE roundabout landscape enhancement (volunteer event)
- ✓ Maintenance Facility security upgrades

2014 GOALS

- ❖ Snow/ice response
- ❖ Continue with fleet upgrades
- ❖ Provide high level of street sweeping
- ❖ Replacement of dying City Christmas tree
- ❖ Continued ILA partnership with Maple Valley and Black Diamond

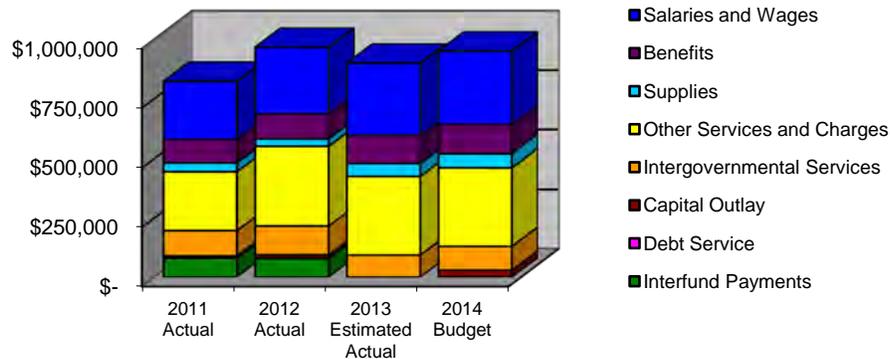
STREET

2014 Budget All Funds



Uses of Funds:	2011	2012	2013	2014
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 245,097	\$ 281,064	\$ 304,153	\$ 309,399
Benefits	95,534	104,475	115,339	120,367
Supplies	37,357	31,587	54,750	59,526
Other Services and Charges	248,196	333,312	331,497	330,495
Intergovernmental Services	106,274	121,542	93,000	100,500
Capital Outlay	7,754	13,002	-	29,650
Debt Service	2,014	2,283	-	-
Interfund Payments	80,156	78,857	-	-
Total Operating Expenses	<u>822,382</u>	<u>966,122</u>	<u>898,739</u>	<u>949,937</u>
Operating Transfer Out	<u>251,012</u>	<u>16,098</u>	<u>1,812</u>	<u>-</u>
Total Uses	<u>\$ 1,073,394</u>	<u>\$ 982,220</u>	<u>\$ 900,551</u>	<u>\$ 949,937</u>

Total Operating Expenditures by Year



STREET

Account Number	Description	2014 Budget
101-000-543-10-11-00	Regular Wages	\$ 300,399
101-000-543-10-12-00	Overtime Wages	9,000
	Salaries and Wages	<u>309,399</u>
101-000-543-10-21-01	Social Security Replacement	17,395
101-000-543-10-21-02	Medicare	4,503
101-000-543-10-21-03	PERS Replacement	22,831
101-000-543-10-21-04	Unemployment Compensation	3,867
101-000-543-10-21-05	Industrial Insurance	6,803
101-000-543-10-21-06	Medical/Dental/Vision	58,300
101-000-543-10-21-07	Life/LTD Insurance	3,754
101-000-543-10-21-10	Car Allowance	1,200
101-000-543-10-21-14	VEBA Contributions	1,714
	Personnel Benefits	<u>120,367</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	1,800
101-000-543-30-32-00	Fuel	1,400
101-000-543-30-35-00	Small Tools/Minor Equipment	7,000
101-000-548-60-31-05	ER Supplies	991
101-000-548-60-32-00	ER Fuel	3,990
	Supplies	<u>59,526</u>
101-000-542-30-45-04	Equipment Rental Maintenance	4,000
101-000-542-63-47-01	Street Lighting Electricity	105,000
101-000-542-64-47-01	Traffic Signal Electricity	5,000
101-000-542-70-47-01	Roadside Water Services	610
101-000-542-70-48-16	Roadway Maintenance	50,600
101-000-543-30-41-10	Professional Services	12,500
101-000-543-30-41-21	Cent Svcs Overhead Allocation	52,215
101-000-543-30-42-01	Communications	4,560
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)	1,140
101-000-543-30-43-03	Travel Expense (taxable)	500
101-000-543-30-45-02	Office Equipment Lease	1,060
101-000-543-30-45-04	Equipment Rental General	8,550
101-000-543-30-47-03	Waste Disposal General	3,000
101-000-543-30-48-01	Repairs/Maintenance of Equip	820
101-000-543-30-48-05	Equipment/Software Maint Agmt	3,100
101-000-543-30-49-01	Dues/Memberships	1,085
101-000-543-30-49-04	Printing/Binding	250
101-000-543-30-49-05	Training/Workshops	4,940

STREET

Account Number	Description	2014 Budget
101-000-543-50-41-10	Professional Services Facility	1,560
101-000-543-50-45-01	Building Lease	6,920
101-000-543-50-47-01	Utility Services Facility	1,800
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	6,000
101-000-548-60-45-04	Equipment Replacement Cost	24,797
101-000-548-60-48-01	ER Repairs/Maintenance	<u>6,888</u>
	Other Services and Charges	<u>330,495</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	<u>7,650</u>
	Intergovernmental Services	<u>100,500</u>
101-000-594-43-64-06	Machinery/Equipment	<u>29,650</u>
	Capital Outlay	<u>29,650</u>
	Grand Total	<u>\$ 949,937</u>



DEVELOPMENT SERVICES

Mission Statement

The Community Development department is committed to delivering personalized services, within available resources, while ensuring a safe built environment, planning for a well designed community, and facilitating balanced growth, environmental preservation and sustainability

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.

2013 ACCOMPLISHMENTS

- ✓ Provided ongoing SEPA administration and monitored impacts in adjacent cities through the SEPA notification process
- ✓ Approved the commercial site development application for Red Canoe Credit Union and the preliminary plat of Mountain Meadows Estates
- ✓ Issued Notice to Proceed with Construction for Covington Arts Professional Building, Kentwood Plaza, and Kentwood High School Track
- ✓ Monitored revenue and permit fees
- ✓ Adopted amendments to the SEPA regulations in accordance with the amendments by the State Department of Ecology
- ✓ Adopted a clearing and grading ordinance that considers topography, soil conditions and lot dimension requirements
- ✓ Supported Hawk Property Subarea Environmental Impact Statement (EIS), and the Planned Action Ordinance process

2014 GOALS

- ✓ Continue to monitor impacts of adjacent development through SEPA process
- ✓ 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
- ✓ Establish bi-annual forum with the Master Builders Association

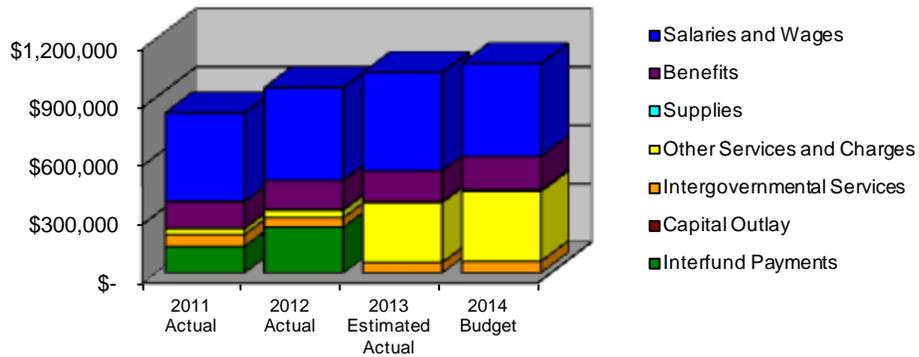
DEVELOPMENT SERVICES

2014 Budget All Funds



Uses of Funds:	2011	2012	2013	2014
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 454,335	\$ 475,018	\$ 503,715	\$ 476,663
Benefits	136,547	148,181	160,038	171,251
Supplies	1,967	4,483	3,650	7,921
Other Services and Charges	31,183	39,184	307,188	358,227
Intergovernmental Services	60,998	49,019	54,000	60,600
Capital Outlay	-	-	-	-
Interfund Payments	<u>136,452</u>	<u>234,861</u>	<u>-</u>	<u>-</u>
Total Uses	<u>\$ 821,482</u>	<u>\$ 950,746</u>	<u>\$ 1,028,591</u>	<u>\$ 1,074,662</u>

Total Operating Expenditures by Year



DEVELOPMENT SERVICES

Account Number	Description	2014 Budget
130-260-558-50-11-00	Regular Wages	\$ 476,663
	Salaries and Wages	<u>476,663</u>
130-260-558-50-21-01	Social Security Replacement	26,753
130-260-558-50-21-02	Medicare	6,927
130-260-558-50-21-03	PERS Replacement	35,749
130-260-558-50-21-04	Unemployment Compensation	5,959
130-260-558-50-21-05	Industrial Insurance	6,799
130-260-558-50-21-06	Medical/Dental/Vision	79,141
130-260-558-50-21-07	Life/LTD Insurance	6,147
130-260-558-50-21-10	Car Allowance	1,080
130-260-558-50-21-14	VEBA Contributions	<u>2,696</u>
	Personnel Benefits	<u>171,251</u>
130-260-548-60-31-05	ER Supplies	468
130-260-548-60-32-00	ER Fuel	2,988
130-260-558-50-31-01	Office Supplies	3,300
130-260-558-50-31-05	Operating Supplies	100
130-260-558-50-31-11	Meeting Expenses	50
130-260-558-50-31-13	Uniforms	615
130-260-558-50-35-00	Small Tools/Minor Equipment	<u>400</u>
	Supplies	<u>7,921</u>
130-260-548-60-45-04	Equipment Replacement Cost	8,820
130-260-548-60-48-01	ER Repairs/Maintenance	2,556
130-260-558-50-41-10	Professional Services	36,000
130-260-558-50-41-20	Interfund Service Payment	161,508
130-260-558-50-41-21	Cent Svcs Overhead Allocation	129,999
130-260-558-50-42-01	Communications	2,490
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)	2,150
130-260-558-50-43-03	Travel Expense (taxable)	350
130-260-558-50-48-05	Equipment/Software Maint Agmt	8,075
130-260-558-50-49-01	Dues/Memberships	1,514
130-260-558-50-49-02	Subscriptions/Publications	200
130-260-558-50-49-05	Training/Workshops	<u>3,465</u>
	Other Services and Charges	<u>358,227</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>\$ 1,074,662</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 staffed by the Public Works Department. The division provides the maintenance and operation of parks and recreation 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 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.

2013 ACCOMPLISHMENTS

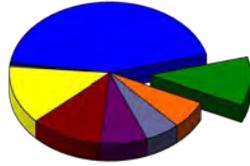
- ✓ Continued high standard of maintenance in spite of reduced staffing
- ✓ Assisted in preparations for grand opening ceremony at Covington Community Park
- ✓ Installed arbors and bollards at Covington Community Park
- ✓ Management of maintenance contract for Covington Community Park
- ✓ Managed volunteers in parks for routine maintenance and special projects
- ✓ Received Tree City USA certification for the 11th consecutive year
- ✓ Provided support for Summer Concert Series, Covington Days, and Tree Lighting events
- ✓ Implemented new asset management/work order tracking software

2014 GOALS

- ❖ Continue management of volunteers in parks for maintenance
- ❖ Assist in the next phase of Covington Community Park design
- ❖ Manage Covington Community Park maintenance contract
- ❖ Continue high standard of parks maintenance
- ❖ Receive Tree City USA certification again

PARKS MAINTENANCE

2014 Budget All Funds



Parks
11.05%

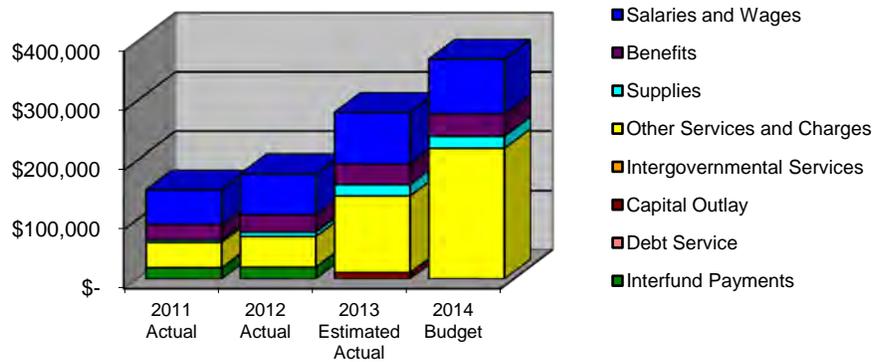
Total Parks Fund Budget



Parks
Maintenance
19.92%

Uses of Funds:	2011	2012	2013	2014
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 58,358	\$ 69,403	\$ 86,388	\$ 92,880
Benefits	26,058	28,678	34,680	37,501
Supplies	4,264	7,722	19,100	20,406
Other Services and Charges	42,792	51,686	129,562	219,999
Intergovernmental Services	-	-	-	-
Capital Outlay	-	-	11,016	-
Debt Service	377	489	-	-
Interfund Payments	18,789	19,683	-	-
Total Operating Expenses	<u>150,638</u>	<u>177,661</u>	<u>280,746</u>	<u>370,786</u>
Operating Transfer Out	-	-	64,240	-
Total Uses	<u>\$ 150,638</u>	<u>\$ 177,661</u>	<u>\$ 344,986</u>	<u>\$ 370,786</u>

Total Operating Expenditures by Year



PARKS MAINTENANCE

Account Number	Description	2014 Budget
140-270-576-80-11-00	Regular Wages	\$ 90,880
140-270-576-80-12-00	Overtime Wages	2,000
	Salaries and Wages	<u>92,880</u>
140-270-576-80-21-01	Social Security Replacement	5,312
140-270-576-80-21-02	Medicare	1,376
140-270-576-80-21-03	PERS Replacement	7,116
140-270-576-80-21-04	Unemployment Compensation	1,187
140-270-576-80-21-05	Industrial Insurance	2,737
140-270-576-80-21-06	Medical/Dental/Vision	18,165
140-270-576-80-21-07	Life/LTD Insurance	1,104
140-270-576-80-21-14	VEBA Contributions	504
	Personnel Benefits	<u>37,501</u>
140-270-548-60-31-05	ER Supplies	504
140-270-548-60-32-00	ER Fuel	1,932
140-270-576-80-31-01	Office Supplies	400
140-270-576-80-31-05	Operating Supplies	10,990
140-270-576-80-31-11	Meeting Expenses	250
140-270-576-80-31-13	Uniforms	550
140-270-576-80-32-00	Fuel	700
140-270-576-80-35-00	Small Tools/Minor Equipment	5,080
	Supplies	<u>20,406</u>
140-270-548-60-45-04	Equipment Replacement Cost	10,316
140-270-548-60-48-01	ER Repairs/Maintenance	2,748
140-270-576-80-41-10	Professional Services	126,680
140-270-576-80-41-21	Cent Svcs Overhead Allocation	9,873
140-270-576-80-42-01	Communications	2,326
140-270-576-80-43-01	Travel Expense (non-taxable)	150
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	19,400
140-270-576-80-47-03	Waste Disposal	2,000
140-270-576-80-48-01	Repairs/Maintenance of Equip	410
140-270-576-80-48-02	Repairs/Maintenance of Bldg	3,600
140-270-576-80-48-11	Park Maintenance	33,000
140-270-576-80-49-01	Dues/Memberships	526
140-270-576-80-49-05	Training/Workshops	860
	Other Services and Charges	<u>219,999</u>
	Grand Total	\$ <u>370,786</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.

2013 ACCOMPLISHMENTS

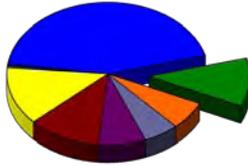
- ✓ Increased marketing through coupon specials at local events and parades
- ✓ Increased the Aquatic Center's online presence by launching a new website and reaching out through social media and third-party websites
- ✓ Increased annual attendance by 18.9% through targeted programming and strategic scheduling with a record setting 110,472 participants
- ✓ Provided a safe environment for diverse aquatic programs
- ✓ Updated Lifeguard Skills Training Program

2014 GOALS

- ❖ Continue to provide a safe aquatic environment
- ❖ Strategically schedule programs to meet the community's aquatic needs
- ❖ Develop and cultivate the Aquatic Center's online presence and customer relations
- ❖ Develop and implement an Aquatic Center Program Staff Training Plan
- ❖ Install ADA pool lifts to increase pool accessibility
- ❖ Install a new roof at the Aquatic Center
- ❖ Complete funded Aquatic Center facility improvement projects
- ❖ Negotiate and adopt a new lease agreement with the Tahoma School District

AQUATICS

2014 Budget All Funds



Parks
11.05%

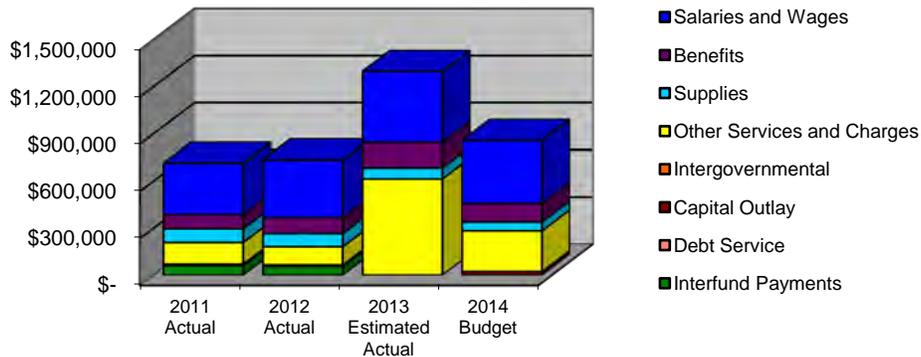
Total Parks Fund Budget



Aquatics
46.03%

Uses of Funds:	2011	2012	2013	2014
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 326,562	\$ 366,858	\$ 450,958	\$ 398,964
Benefits	89,676	100,877	162,206	119,010
Supplies	87,436	84,292	69,405	55,620
Other Services and Charges	138,941	116,025	614,047	259,977
Intergovernmental	8,774	8,687	-	-
Capital Outlay	-	-	-	23,360
Debt Service	-	-	-	-
Interfund Payments	61,381	57,023	-	-
Total Operating Expenses	<u>712,770</u>	<u>733,762</u>	<u>1,296,616</u>	<u>856,931</u>
Operating Transfer Out	<u>27,484</u>	<u>27,483</u>	<u>27,483</u>	<u>27,483</u>
Total Uses	<u>\$ 740,254</u>	<u>\$ 761,245</u>	<u>\$ 1,324,099</u>	<u>\$ 884,414</u>

Total Operating Expenditures by Year



AQUATICS

Account Number	Description	2014 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>398,964</u> <u>398,964</u>
140-271-576-20-21-01	Social Security Replacement	22,344
140-271-576-20-21-02	Medicare	5,784
140-271-576-20-21-03	PERS Replacement	29,828
140-271-576-20-21-04	Unemployment Compensation	4,985
140-271-576-20-21-05	Industrial Insurance	17,840
140-271-576-20-21-06	Medical/Dental/Vision	33,687
140-271-576-20-21-07	Life/LTD Insurance	3,030
140-271-576-20-21-14	VEBA Contributions Personnel Benefits	<u>1,512</u> <u>119,010</u>
140-271-576-20-31-01	Office Supplies	700
140-271-576-20-31-05	Operating Supplies	29,810
140-271-576-20-31-08	Honorarium	1,260
140-271-576-20-31-10	Program Supplies	3,850
140-271-576-20-31-11	Meeting Expenses	30
140-271-576-20-31-13	Uniforms	1,600
140-271-576-20-34-03	Items for Resale	5,600
140-271-576-20-35-00	Small Tools/Minor Equipment Supplies	<u>12,770</u> <u>55,620</u>
140-271-576-20-41-01	Accounting Services	22,200
140-271-576-20-41-10	Professional Services	3,220
140-271-576-20-41-21	Cent Svcs Overhead Allocation	65,385
140-271-576-20-42-01	Communications	5,420
140-271-576-20-42-06	Postage	500
140-271-576-20-42-09	Advertising/Legal Notices	2,330
140-271-576-20-43-01	Travel Expense (non-taxable)	3,800
140-271-576-20-43-03	Travel Expense (taxable)	150
140-271-576-20-44-05	Taxes and Operating Assessment	8,162
140-271-576-20-45-04	Equipment Rental	2,600
140-271-576-20-47-01	Utility Services	84,370
140-271-576-20-48-01	Repairs/Maintenance of Equip	19,140
140-271-576-20-48-02	Repairs/Maintenance of Bldg	38,730
140-271-576-20-49-01	Dues/Memberships	400
140-271-576-20-49-05	Training/Workshops	2,460
140-271-576-20-49-21	Annual Permits Other Services and Charges	<u>1,110</u> <u>259,977</u>
	Grand Total	\$ <u>884,414</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

- Provide recreational sports programs
- Provide recreation classes and activities
- Provide special events such as Covington Days, KidsFest, and the Community Tree Lighting
- Promote healthy lifestyles in the community
- Provide cultural arts activities such as music performances and art shows
- Provide staff support for the Arts Commission
- Provide programs in Covington Community Park

Significant Budget Issues

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

2013 ACCOMPLISHMENTS

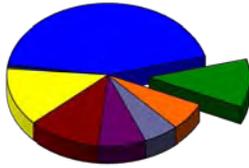
- ✓ Expanded and promoted recreation programs and activities
- ✓ Established an entertainment sponsorship program in support of Covington Days, the Summer Concert Series and KidsFest
- ✓ Held the grand opening of Covington Community Park
- ✓ Began scheduled use of the Covington Community Park playfield
- ✓ Assumed management of the Covington Days Festival
- ✓ Relocated, expanded and increased participation in the Summer Concert Series
- ✓ Expanded and increased participation in KidsFest
- ✓ Provided entertainment for the Community Tree Lighting event

2014 GOALS

- ✓ Begin providing recreational sports
- ✓ Increase programming at Covington Community Park
- ✓ Increase participation in Covington Days, the Summer Concert Series and KidsFest
- ✓ Relocate the Summer Concert Series to Covington Community Park
- ✓ Continue to develop and implement the City's public art plan and policy
- ✓ Begin installation of the City's first public art project
- ✓ Continue to implement the recreation component of the Parks, Recreation and Open Space (PROS) Plan

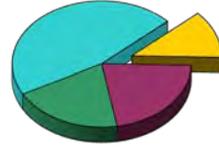
RECREATION AND SPECIAL EVENTS

2014 Budget All Funds



Parks
11.05%

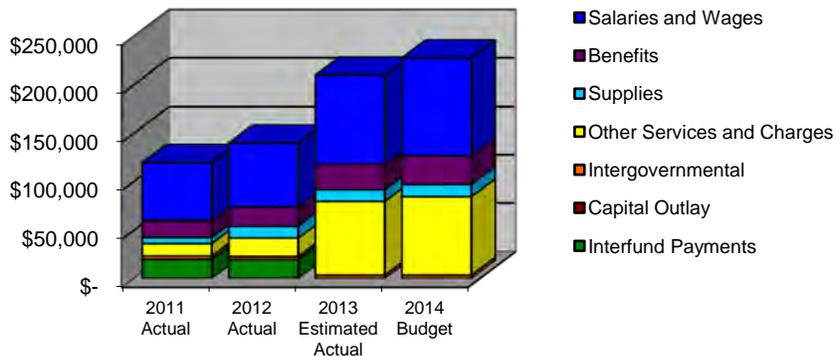
Total Parks Fund Budget



Recreation
12.23%

Uses of Funds:	2011	2012	2013	2014
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 59,736	\$ 66,494	\$ 91,767	\$ 100,854
Benefits	17,360	19,333	26,537	29,819
Supplies	6,181	12,146	12,080	12,630
Other Services and Charges	12,948	19,058	75,891	80,835
Intergovernmental	3,347	2,975	3,500	3,500
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Interfund Payments	19,997	19,959	-	-
Total Uses	<u>\$ 119,569</u>	<u>\$ 139,965</u>	<u>\$ 209,775</u>	<u>\$ 227,638</u>

Total Operating Expenditures by Year



RECREATION AND SPECIAL EVENTS

Account Number	Description	2014 Budget
140-274-573-90-11-00	Regular Wages	\$ 93,854
140-274-573-90-12-00	Overtime Wages	7,000
	Salaries and Wages	<u>100,854</u>
140-274-573-90-21-01	Social Security Replacement	6,040
140-274-573-90-21-02	Medicare	1,565
140-274-573-90-21-03	PERS Replacement	8,088
140-274-573-90-21-04	Unemployment Compensation	1,349
140-274-573-90-21-05	Industrial Insurance	2,475
140-274-573-90-21-06	Medical/Dental/Vision	8,657
140-274-573-90-21-07	Life/LTD Insurance	1,141
140-274-573-90-21-14	VEBA Contributions	504
	Personnel Benefits	<u>29,819</u>
140-274-573-90-31-01	Office Supplies	50
140-274-573-90-31-05	Operating Supplies	200
140-274-573-90-31-10	Program Supplies	10,130
140-274-573-90-31-11	Meeting Expenses	200
140-274-573-90-31-13	Uniforms	450
140-274-573-90-35-00	Small Tools/Minor Equipment	1,600
	Supplies	<u>12,630</u>
140-274-573-90-41-01	Accounting Services	200
140-274-573-90-41-10	Professional Services	31,870
140-274-573-90-41-21	Cent Svcs Overhead Allocation	29,235
140-274-573-90-42-06	Postage	1,100
140-274-573-90-43-01	Travel Expense (non-taxable)	370
140-274-573-90-43-03	Travel Expense (taxable)	80
140-274-573-90-45-01	Building Lease	2,100
140-274-573-90-45-04	Equipment Rental	12,080
140-274-573-90-47-01	Utility Services	260
140-274-573-90-49-01	Dues/Memberships	910
140-274-573-90-49-05	Training/Workshops	1,280
140-274-573-90-49-19	Arts Commission	100
140-274-573-90-49-21	Annual Permits	1,250
	Other Services and Charges	<u>80,835</u>
140-274-573-90-51-01	Intergovernmental Services	3,500
	Intergovernmental Services	<u>3,500</u>
	Grand Total	<u>\$ 227,638</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
- Pursue capital funding opportunities
- Provide staff support for the Parks and Recreation Commission

Significant Budget Issues

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

2013 ACCOMPLISHMENTS

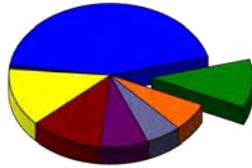
- ✓ Completed the first phase of construction at Covington Community Park
- ✓ Obtained \$2.2 million legislative appropriation for design and construction of Covington Community Park Phase 2
- ✓ Collaborated with Public Works and Community Development to complete the Covington Urban Forestry Strategic Plan
- ✓ Obtained Conservation Futures grant funding towards South Covington Park acquisition
- ✓ Supported planning and development of Town Center
- ✓ Supported planning of the Hawk Sub Area
- ✓ Hired Park Planner. Initiated the Parks Capital Improvement Program project and Covington Community Park Phase 2 design

2014 GOALS

- ❖ Complete 60% design for phases 2 and 3 of Covington Community Park
- ❖ Seek grant funding for Covington Community Park Phase 2 construction
- ❖ Seek grant funding for south Covington park acquisition
- ❖ Update the Parks 6-year Capital Improvement Program and 20-year Capital Facilities Plan
- ❖ Manage park impact fee study and City's implementation decision
- ❖ Update the parks element of City Comprehensive Plan
- ❖ Support planning and development of Town Center
- ❖ Seek grant funding for tree inventory
- ❖ Work with King County to establish the trail corridor and acquisition priorities for the "Covington Highlands/Tri-city Trail"

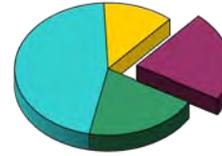
PARKS

2014 Budget All Funds



Parks
11.05%

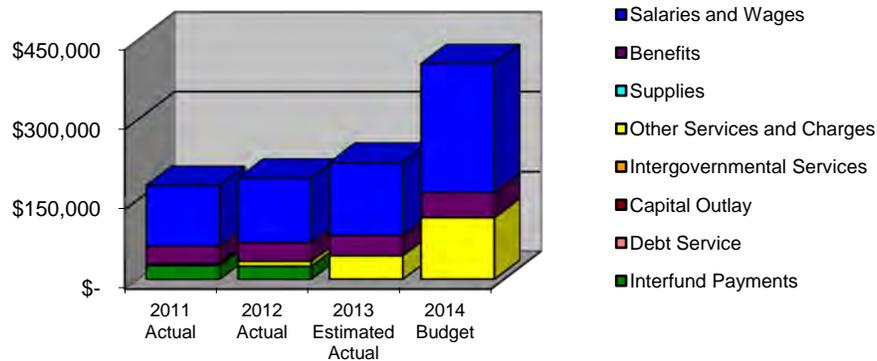
Total Parks Fund Budget



Parks
21.82%

Uses of Funds:	2011	2012	2013	2014
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 114,228	\$ 121,553	\$ 136,928	\$ 241,642
Benefits	32,872	34,789	37,311	46,989
Supplies	1,133	508	750	800
Other Services and Charges	1,599	9,041	44,417	115,873
Intergovernmental Services	1,029	293	960	960
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Interfund Payments	26,663	25,229	-	-
Total Uses	\$ 177,524	\$ 191,413	\$ 220,366	\$ 406,264

Total Operating Expenditures by Year



PARKS

Account Number	Description	2014 Budget
140-275-518-20-11-00	Regular Wages	\$ 241,642
	Salaries and Wages	<u>241,642</u>
140-275-518-20-21-01	Social Security Replacement	13,666
140-275-518-20-21-02	Medicare	3,540
140-275-518-20-21-03	PERS Replacement	10,008
140-275-518-20-21-04	Unemployment Compensation	3,020
140-275-518-20-21-05	Industrial Insurance	2,352
140-275-518-20-21-06	Medical/Dental/Vision	10,102
140-275-518-20-21-07	Life/LTD Insurance	1,397
140-275-518-20-21-10	Car Allowance	2,400
140-275-518-20-21-14	VEBA Contributions	<u>504</u>
	Personnel Benefits	<u>46,989</u>
140-275-518-20-31-01	Office Supplies	100
140-275-518-20-31-05	Operating Supplies	100
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	56,000
140-275-518-20-41-21	Cent Svcs Overhead Allocation	54,848
140-275-518-20-42-06	Postage	50
140-275-518-20-43-01	Travel Expense (non-taxable)	2,430
140-275-518-20-43-03	Travel Expense (taxable)	75
140-275-518-20-49-01	Dues/Memberships	755
140-275-518-20-49-05	Training/Workshops	1,235
140-275-518-20-49-19	Parks Commission	<u>480</u>
	Other Services and Charges	<u>115,873</u>
140-275-518-20-51-01	Intergovernmental Services	<u>960</u>
	Intergovernmental Services	<u>960</u>
	Grand Total	<u>\$ 406,264</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.

2013 ACCOMPLISHMENTS

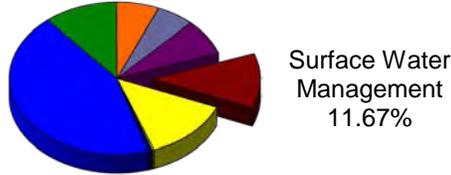
- ✓ Completed storm pond rehabilitation for two (2) City ponds
- ✓ NPDES compliance
- ✓ ILA management of joint sweeping contract with Maple Valley
- ✓ Managed vector contract and cleaned 1,342 catch basins and all pre-settling tanks
- ✓ Continued high standard of stormwater pond maintenance

2014 GOALS

- ❖ 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
- ❖ Continue high standard of stormwater pond maintenance
- ❖ Complete SWM rate study

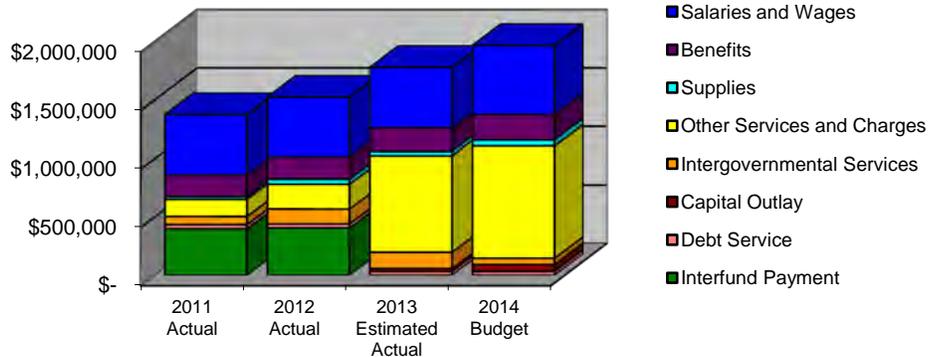
SURFACE WATER MANAGEMENT

2014 Budget All Funds



Uses of Funds:	2011	2012	2013	2014
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 514,968	\$ 509,749	\$ 517,492	\$ 591,782
Benefits	183,878	190,031	200,127	217,713
Supplies	22,495	43,461	37,400	51,768
Other Services and Charges	147,255	211,946	825,349	958,863
Intergovernmental Services	69,736	127,306	139,095	52,705
Capital Outlay	-	-	25,740	60,350
Debt Service	35,482	35,772	32,837	32,837
Interfund Payment	399,343	405,238	-	-
Total Operating Expenses	<u>1,373,157</u>	<u>1,523,503</u>	<u>1,778,040</u>	<u>1,966,018</u>
Transfer Out	-	-	36,152	-
Total Uses	<u>\$ 1,373,157</u>	<u>\$ 1,523,503</u>	<u>\$ 1,814,192</u>	<u>\$ 1,966,018</u>

Total Operating Expenditures by Year



SURFACE WATER MANAGEMENT

Account Number	Description	2014 Budget
411-000-531-30-11-00	Regular Wages	\$ 583,482
411-000-531-30-12-00	Overtime Wages	8,300
	Salaries and Wages	<u>591,782</u>
411-000-531-30-21-01	Social Security Replacement	33,206
411-000-531-30-21-02	Medicare	8,599
411-000-531-30-21-03	PERS Replacement	40,445
411-000-531-30-21-04	Unemployment Compensation	7,397
411-000-531-30-21-05	Industrial Insurance	15,307
411-000-531-30-21-06	Medical/Dental/Vision	100,963
411-000-531-30-21-07	Life/LTD Insurance	7,219
411-000-531-30-21-10	Car Allowance	1,200
411-000-531-30-21-14	VEBA Contributions	3,377
	Personnel Benefits	<u>217,713</u>
411-000-531-30-31-01	Office Supplies	2,475
411-000-531-30-31-05	Operating Supplies	27,030
411-000-531-30-31-11	Meeting Expenses	250
411-000-531-30-31-13	Uniforms	3,850
411-000-531-30-32-00	Fuel	1,400
411-000-531-30-35-00	Small Tools/Minor Equipment	8,000
411-000-548-60-31-05	ER Supplies	1,769
411-000-548-60-32-00	ER Fuel	6,994
	Supplies	<u>51,768</u>
411-000-531-30-41-02	Engineering Services	5,000
411-000-531-30-41-10	Professional Services	130,690
411-000-531-30-41-20	Interfund Service Payment	272,016
411-000-531-30-41-21	Cent Svcs Overhead Allocation	143,541
411-000-531-30-42-01	Communications	6,120
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)	1,140
411-000-531-30-43-03	Travel Expense (taxable)	500
411-000-531-30-44-05	Taxes and Operating Assessment	136,867
411-000-531-30-45-01	Building Lease	6,920
411-000-531-30-45-02	Office Equipment Lease	1,590
411-000-531-30-45-04	Equipment Rental	14,450
411-000-531-30-47-01	Utility Services	1,800
411-000-531-30-47-03	Waste Disposal	2,300
411-000-531-30-48-01	Repairs/Maintenance of Equip	820
411-000-531-30-48-02	Repairs/Maintenance of Bldg	1,200
411-000-531-30-48-05	Equipment/Software Maint Agmt	2,400
411-000-531-30-49-01	Dues/Memberships	1,225
411-000-531-30-49-04	Printing/Binding	400
411-000-531-30-49-05	Training/Workshops	7,800
411-000-542-67-41-10	Street Cleaning	121,521

SURFACE WATER MANAGEMENT

Account Number	Description	2014 Budget
411-000-548-60-45-04	Equipment Replacement Cost	36,119
411-000-548-60-48-01	ER Repairs/Maintenance	<u>10,194</u>
	Other Services and Charges	<u>905,363</u>
411-000-531-30-51-01	Intergovernmental Services	<u>52,705</u>
	Intergovernmental Services	<u>52,705</u>
411-000-594-31-64-06	Machinery/Equipment	<u>60,350</u>
	Capital Outlay	<u>60,350</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>\$ 1,966,018</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 SR 516: Jenkins Creek to 185th Avenue SE project is in need of funding for the Construction Phase of the project. This project is the number one project on the legislative agenda for the city. Grant acquisition and legislative appropriations continue to support SWM and Transportation CIP projects and remains vital for the Capital Investment Program.

2013 ACCOMPLISHMENTS

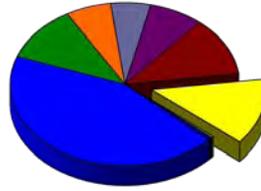
- ✓ On-call consultant for engineering
- ✓ CDBG Grant for Jenkins Creek Park
- ✓ 240th/Wax Road Overlay Design and Prep
- ✓ CIP 1127 Public Outreach
- ✓ Design 156th Ave Rehabilitation Project

2014 GOALS

- ❖ 240th and Wax Road Overlay
- ❖ Construct Citywide Safety Project
- ❖ Construct 156th Ave Rehabilitation Project
- ❖ Complete ROW phase for CIP 1127
- ❖ Design Jenkins Creek Park Bridge Project

CAPITAL INVESTMENT PROGRAM

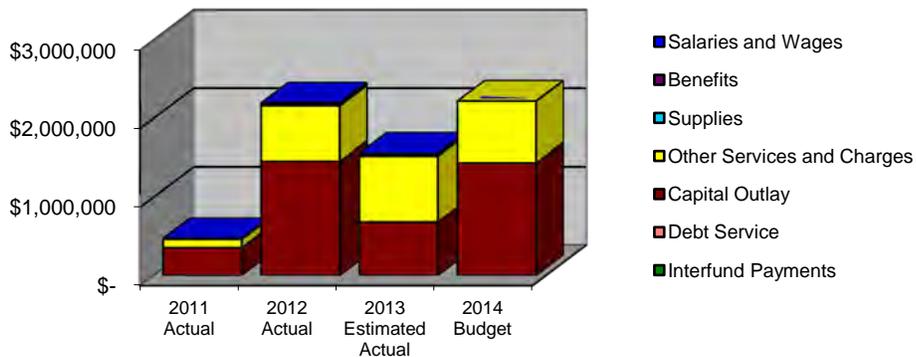
2014 Budget All Funds



Capital Investment Program
13.19%

Uses of Funds:	2011	2012	2013	2014
	Actual	Actual	Estimated Actual	Budget
Salaries and Wages	\$ 5,322	\$ 29,173	\$ 28,463	\$ -
Benefits	1,935	6,702	4,297	-
Supplies	36	-	-	-
Other Services and Charges	108,652	704,126	836,602	784,900
Capital Outlay	356,483	1,458,562	687,129	1,437,000
Debt Service	-	-	-	-
Interfund Payments	-	-	-	-
Total Operating Expenses	<u>472,428</u>	<u>2,198,563</u>	<u>1,556,491</u>	<u>2,221,900</u>
Operating Transfer Out	<u>34,353</u>	<u>113,421</u>	<u>-</u>	<u>33,070</u>
Total Uses	<u>\$ 506,781</u>	<u>\$ 2,311,984</u>	<u>\$ 1,556,491</u>	<u>\$ 2,254,970</u>

Total Operating Expenditures by Year



City of Covington
2014-2019 6 Year TIP
Project Descriptions

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 1028 SE 240th Street, 196th Ave SE and SE Wax Road Overlay**

This project will overlay SE 240th Street from 180th Ave SE to 196th Avenue SE, 196th Avenue SE from SE 240th Street to SE Wax Road and SE Wax Road from 193rd Avenue SE to 196th Avenue SE. This project is fully funded and scheduled to be completed in the late summer of 2013.



3. **CIP 1029 Citywide Intersection Safety Project – 10 Locations**

This project is part of the WSDOT City Safety Program that is focused on intersection safety. The project will do safety improvements to 10 locations throughout the city. These improvements vary at each location but may include rechannelization, adding warning beacons and pavement markings; improving sight distance, and crosswalks; upgrading signs, sidewalks and ADA access points. The intersections are SE 272nd Street / 168th Place SE, SE 272nd Street / 172nd Place SE, 168th Place SE / 169th Place SE, SE 270th Place / 174th Avenue SE, SE 256th Street / 180th Avenue SE, SE 267th Street / 192nd Avenue SE, SE 261st Street / 180th Avenue SE, SE 268th Street / 164th Avenue SE, SE Wax Road / 180th Ave SE and SE 256th / 170th Ave. SE. This project is fully funded and scheduled to be completed in 2014.



City of Covington
2014-2019 6 Year TIP
Project Descriptions

4. **CIP 1057 156th Avenue SE between 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.



5. **CIP 1014 Jenkins Creek Park between SE 267th Place and SE 268th Street**

This is a non-motorized transportation project that will construct a multiuse trail between SE 267th Place and SE 268th Street through Jenkins Creek Park. This project will replace the pedestrian bridge that was washed out from a storm and once again connect neighborhoods to Jenkins Creek Elementary as well as provide ADA and bike access to and from the downtown core.



6. **Town Center Economic Impact & Infrastructure Cost Study**

This study will determine the town center concept's economic impact (including job creation and tax revenue generation) and infrastructure costs. The information will position the city to seek the grants necessary to fund town center infrastructure and catalyze private investment.



7. **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.



City of Covington
2014-2019 6 Year TIP
Project Descriptions

8. **CIP 1124 185th Place SE Extension - 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.



9. **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.



10. **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.



CAPITAL INVESTMENT PROGRAM

Account Number	Description	2014 Budget
800-000-597-00-00-00	Operating Transfer Out Expenditure	\$ 33,070 <hr style="width: 100%; border: 0.5px solid black;"/> 33,070
	Grand Total	\$ 33,070 <hr style="width: 100%; border: 0.5px solid black;"/> <hr style="width: 100%; border: 0.5px solid black;"/>

CIP 1010 - COVINGTON COMMUNITY PARK PHASE II

<u>Account Number</u>	<u>Description</u>	<u>2014 Budget</u>
810-200-594-76-41-02	Engineering Services	\$ 540,900
	Other Services and Charges	<u>540,900</u>
	Grand Total	<u>\$ 540,900</u>

CIP 1029 - ANNUAL TRAFFIC SAFETY PROJECTS

<u>Account Number</u>	<u>Description</u>	<u>2014 Budget</u>
822-000-595-90-41-04	Construction Administration	\$ 19,000
	Other Services and Charges	<u>19,000</u>
822-000-595-20-61-00	Land	<u>200,000</u>
	Capital Outlay	<u>200,000</u>
	Grand Total	<u>\$ 219,000</u>

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

<u>Account Number</u>	<u>Description</u>	<u>2014 Budget</u>
861-000-595-10-41-02	Engineering Services	\$ 10,000
861-000-595-90-41-04	Construction Administration	<u>35,000</u>
	Other Services and Charges	<u>45,000</u>
861-000-595-30-63-00	Construction	<u>305,000</u>
	Capital Outlay	<u>305,000</u>
	Grand Total	<u>\$ 350,000</u>

CIP 1127 - SR516 WIDENING AT JENKINS CREEK

<u>Account Number</u>	<u>Description</u>	<u>2014 Budget</u>
865-000-595-10-41-02	Engineering Services	\$ 40,000
865-000-595-20-41-10	ROW Professional Services	<u>140,000</u>
	Other Services and Charges	<u>180,000</u>
865-000-595-20-61-00	Land	<u>932,000</u>
	Capital Outlay	<u>932,000</u>
	Grand Total	<u>\$ 1,112,000</u>



LOCAL IMPROVEMENT DISTRICT NO. 99-01

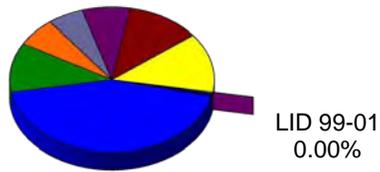
Fund Overview

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

Significant Budget Issues

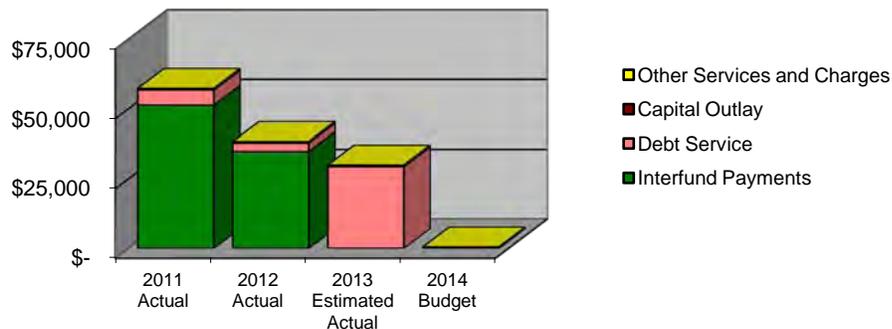
None

2014 Budget All Funds



Uses of Funds:	2011	2012	2013	2014
	Actual	Actual	Estimated Actual	Budget
Other Services and Charges	\$ 490	\$ 490	\$ 500	\$ 500
Capital Outlay	-	-	-	-
Debt Service	5,483	3,019	29,422	-
Interfund Payments	51,340	34,822	-	-
Total Operating Expenses	<u>57,313</u>	<u>38,331</u>	<u>29,922</u>	<u>500</u>
Operating Transfer Out	-	-	<u>59,752</u>	<u>36,491</u>
Total Uses	<u>\$ 57,313</u>	<u>\$ 38,331</u>	<u>\$ 89,674</u>	<u>\$ 36,991</u>

Total Operating Expenditures by Year



LOCAL IMPROVEMENT DISTRICT NO. 99-01

<u>Account Number</u>	<u>Description</u>	<u>2014 Budget</u>
330-000-597-00-00-00	Operating Transfer Out Expenditure	\$ 36,491 <u>36,491</u>
330-000-595-90-41-10	Professional Services Other Services and Charges	<u>500</u> <u>500</u>
	Grand Total	<u>\$ 36,991</u>



LONG-TERM DEBT SERVICE

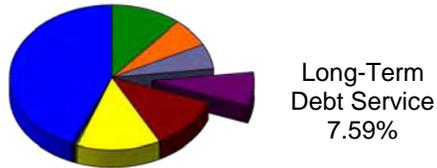
Fund Overview

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

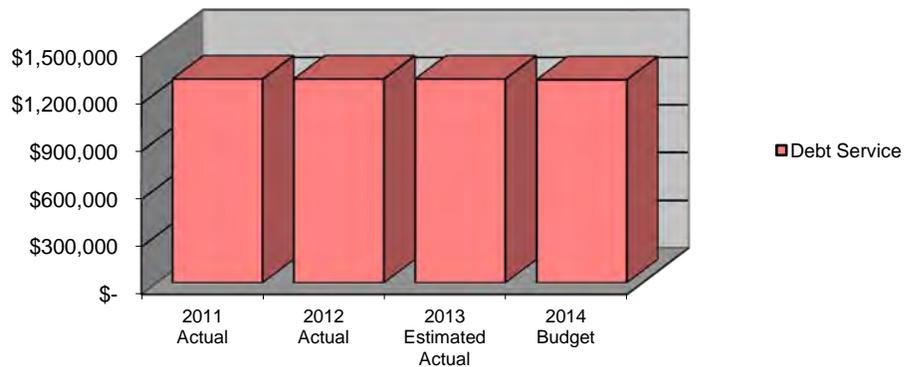
None

2014 Budget All Funds



	2011 Actual	2012 Actual	2013 Estimated Actual	2014 Budget
Uses of Funds: Debt Service	\$1,282,976	\$1,283,323	\$1,283,211	\$1,278,415
Total Uses	<u>\$1,282,976</u>	<u>\$1,283,323</u>	<u>\$1,283,211</u>	<u>\$1,278,415</u>

Total Operating Expenditures by Year



LONG-TERM DEBT SERVICE

Account Number	Description	2014 Budget
202-000-591-95-71-01	2007T GO Bond Principal	\$ 570,000
202-000-591-95-71-03	2008 GO Bond Principal	19,054
202-000-591-95-78-00	PWTF Principal	<u>214,896</u>
	Debt Service: Principal	<u>803,950</u>
202-000-592-95-83-01	2007T Interest payment	39,533
202-000-592-95-83-02	2007A Interest Payment	414,684
202-000-592-95-83-03	2008 GO Interest Payment	8,429
202-000-592-95-83-04	PWTF Interest	<u>11,819</u>
	Debt Service: Interest	<u>474,465</u>
	Grand Total	<u>\$ 1,278,415</u>



INTERNAL SERVICE UNEMPLOYMENT INSURANCE BENEFIT

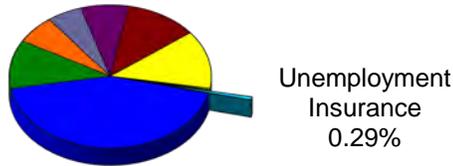
Fund Overview

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

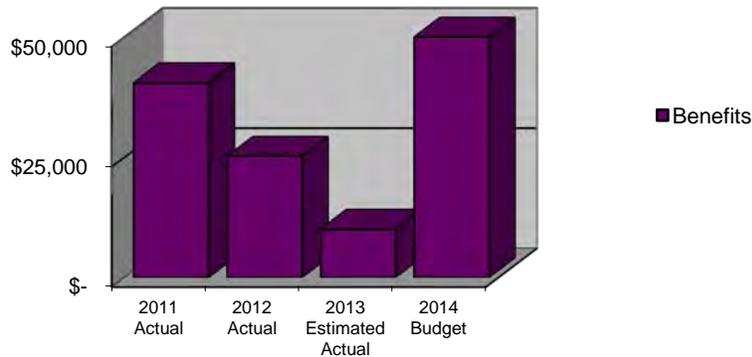
None

2014 Budget All Funds



	2011 Actual	2012 Actual	2013 Estimated Actual	2014 Budget
Uses of Funds:				
Benefits	\$ 40,479	\$ 25,220	\$ 10,000	\$ 50,000
Total Uses	<u>\$ 40,479</u>	<u>\$ 25,220</u>	<u>\$ 10,000</u>	<u>\$ 50,000</u>

Total Operating Expenditures by Year



**INTERNAL SERVICE
UNEMPLOYMENT INSURANCE BENEFIT**

<u>Account Number</u>	<u>Description</u>	<u>2014 Budget</u>
501-000-517-70-21-04	Unemployment Compensation	\$ 50,000
	Personnel Benefits	<u>50,000</u>
	Grand Total	<u>\$ 50,000</u>



INTERNAL SERVICE EQUIPMENT REPLACEMENT

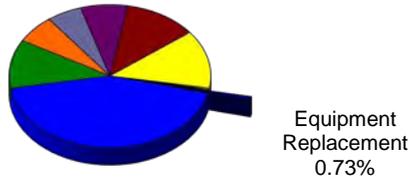
Fund Overview

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

Major Activities

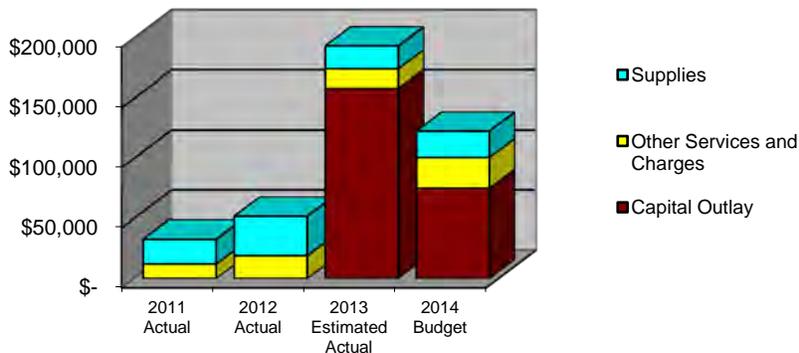
- Inspect, maintain, and repair of City fleet
- Purchase new and replacement vehicles as per schedule
- Maintain updated records for City fleet
- Complete a comprehensive Fleet Policy

2014 Budget All Funds



Uses of Funds:	2011 Actual	2012 Actual	2013 Estimated Actual	2014 Budget
Supplies	\$ 20,535	\$ 32,456	\$ 19,000	\$ 21,972
Other Services and Charges	12,189	19,083	16,186	25,656
Capital Outlay	-	-	158,188	75,000
Total Uses	<u>\$ 32,724</u>	<u>\$ 51,539</u>	<u>\$ 193,374</u>	<u>\$ 122,628</u>

Total Operating Expenditures by Year



INTERNAL SERVICE EQUIPMENT REPLACEMENT

Account Number	Description	2014 Budget
502-000-548-60-31-05	Operating Supplies	\$ 3,672
502-000-548-60-32-00	Fuel	<u>18,300</u>
	Supplies	<u>21,972</u>
502-000-548-60-48-01	Repairs/Maintenance of Equip	<u>25,656</u>
	Other Services and Charges	<u>25,656</u>
502-000-594-18-64-06	Machinery/Equipment	<u>75,000</u>
	Capital Outlay	<u>75,000</u>
	Grand Total	<u>\$ 122,628</u>

**City of Covington
2014 Budget
Decision Cards**

General Fund

No.	Title/Description	Fund	Initiating		Amount Requested		Amount Funded		Notes/Comments
			Dept.	One-Time	Ongoing	One-Time	Ongoing		
1	Cost of living adjustment cut	GF	Exec	-	(18,363)	-	-	-	Total cost is \$(44,408) allocated as follows: General Fund \$(18,363), Street Fund \$(3,857), Development Services Fund \$(5,901), Parks Fund \$(9,342), SWM Fund \$(6,945)
2	Council chamber microphones	GF	Exec	5,025	-	-	5,025	-	
3	Small Business Assistance Center	GF	Exec	-	10,000	-	-	10,000	
4	Economic development resource	GF	Exec	2,685	77,500	-	-	-	
5	Adobe Creative Suite 5.5 Design Standard	GF	Exec	1,100	-	-	1,100	-	
6	Credit card implementation	GF	Finance	900	4,420	-	-	-	Total cost is \$15,960 allocated as follows: General Fund \$5,320, Street Fund \$35, Development Services Fund \$8,600, Parks Fund \$130, Capital Investment Program Fund \$1,875
7	Office Technician I (0.20 FTE)	GF	Finance	2,200	8,925	2,200	8,925	-	
8	Additional attorney hours	GF	Legal	-	17,400	-	-	17,400	
9	Implementation of salary survey results	GF	Personnel	-	2,800	-	-	2,800	Total cost is \$7,645 allocated as follows: General Fund \$2,800, Street Fund \$100, SWM Fund \$4,745
10	Upgrade of employee dental plan	GF	Personnel	-	516	-	-	516	Total cost is \$1,215 allocated as follows: General Fund \$516, Street Fund \$141, Development Services Fund \$177, Parks Fund \$130, SWM Fund \$251
11	Carpet replacement fund	GF	Cent Svcs	-	7,800	-	-	7,800	
12	Network monitoring and threat detection	GF	IT	-	1,500	-	-	1,500	
13	Network license upgrade	GF	IT	1,500	-	-	1,500	-	
14	Digital whiteboard	GF	IT	250	3,120	-	-	-	
15	Server monitoring	GF	IT	-	700	-	-	700	
16	Comprehensive Emergency Management Plan update	GF	Emerg Mgt	50,000	-	-	50,000	-	
17	TBD - Police Officer (1.0 FTE) Reduce General Fund transfer to Street Fund	GF	Police	2,060 (2,060)	178,325 (178,325)	-	-	-	
18	Civilian Crime Prevention Officer	GF	Police	25,100	97,355	-	-	-	
19	Comprehensive plan update (GMA mandate)	GF	Planning	120,000	-	-	120,000	-	
20	TBD - Convert 0.5 FTE Code Enforcement Officer to 1.0 FTE Code Enforcement/Associate Planner Reduce General Fund transfer to Street Fund	GF	Planning	-	33,634 (33,634)	-	-	-	Total cost is \$66,975 allocated as follows: General Fund \$33,634, Development Services Fund \$33,341
21	Increase professional services	GF	Planning	-	5,000	-	-	5,000	
22	Transfer-out to Parks Fund for CIP update carryover	GF	Parks	18,100	-	-	-	18,100	
23	Transfer-out for Office Technician II (0.75 FTE)	GF	PW	-	75,000	-	-	-	Total transfer-out is \$75,000 allocated as follows: Transfer-in to Street Fund \$(30,000), SWM Fund \$(30,000), and Parks Fund \$(15,000)
24	Transfer-out to CIP for Opportunity Fund	GF	Parks	-	38,000	-	-	-	
	Net Total General Fund			226,860	331,673	197,925	54,641		
Summary:									
	Total Expenditures			210,820	430,632	179,825	54,641		
	Total Related Revenue			-	-	-	-		
	Total Transfers-in			-	-	-	-		
	Total Transfers-out			16,040	(98,959)	18,100	-		
	Total Interfund Loan Receipts			-	-	-	-		
	Total Interfund Loan Disbursements			-	-	-	-		
	Debt Proceeds			-	-	-	-		
	Net Total General Fund			226,860	331,673	197,925	54,641		

Street Fund

No.	Title/Description	Fund	Initiating		Amount Requested		Amount Funded		Notes/Comments
			Dept.	One-Time	Ongoing	One-Time	Ongoing		
1	Cost of living adjustment cut	ST	ST	-	(3,857)	-	-	-	Total cost is \$(44,408) allocated as follows: General Fund \$(18,363), Street Fund \$(3,857), Development Services Fund \$(5,901), Parks Fund \$(9,342), SWM Fund \$(6,945)
2	Upgrade of employee dental plan	ST	ST	-	141	-	-	141	Total cost is \$1,215 allocated as follows: General Fund \$516, Street Fund \$141, Development Services Fund \$177, Parks Fund \$130, SWM Fund \$251
3	Implementation of salary survey results	ST	ST	-	100	-	-	100	Total cost is \$7,645 allocated as follows: General Fund \$2,800, Street Fund \$100, SWM Fund \$4,745
4	Transportation Benefit District use of funds TBD revenue	ST	ST	-	500,000 (500,000)	-	-	-	
5	Credit card implementation	ST	ST	-	35	-	-	-	Total cost is \$15,960 allocated as follows: General Fund \$5,320, Street Fund \$35, Development Services Fund \$8,600, Parks Fund \$130, Capital Investment Program Fund \$1,875
6	Mini excavator and trailer	ST	ST	10,645	925	10,645	925	-	Total cost is \$77,150 allocated as follows: Street Fund \$11,570, SWM Fund \$65,580
7	Maintenance facility cost study	ST	ST	2,000	-	-	-	-	Total cost is \$5,000 allocated as follows: Street Fund \$2,000, SWM Fund \$2,000, Parks Fund \$1,000
8	Office Technician II (0.75 FTE) Transfer-in from General Fund	ST	ST	1,334 -	33,780 (30,000)	-	-	-	Total cost is \$87,785 allocated as follows: General Fund \$75,000, Street Fund \$5,114, Parks Fund \$2,557, SWM Fund \$5,114
9	Anti-icer tank for 5-yard hook truck	ST	ST	19,000	2,500	19,000	2,500	-	
10	Equipment replacement costs for new mower	ST	ST	-	3,400	-	-	3,400	Total cost is \$8,500 allocated as follows: Street Fund \$3,400, SWM Fund \$3,400, Parks Maintenance \$1,700
	Net Total Street Fund			32,979	7,024	29,645	7,066		
Summary:									
	Total Expenditures			32,979	537,024	29,645	7,066		
	Total Related Revenue			-	-	-	-		
	Total Transfers-in			-	(530,000)	-	-		
	Total Transfers-out			-	-	-	-		
	Total Interfund Loan Receipts			-	-	-	-		
	Total Interfund Loan Disbursements			-	-	-	-		
	Debt Proceeds			-	-	-	-		
	Net Total Street Fund			32,979	7,024	29,645	7,066		

City of Covington
2014 Budget
Decision Cards

Development Services Fund

No.	Title/Description	Fund	Initiating Dept.	Amount Requested		Amount Funded		Notes/Comments
				One-Time	Ongoing	One-Time	Ongoing	
1	Cost of living adjustment cut	DS	Dev Svcs	-	(5,901)	-	-	Total cost is \$(44,408) allocated as follows: General Fund \$(18,363), Street Fund \$(3,857), Development Services Fund \$(5,901), Parks Fund \$(9,342), SWM Fund \$(6,945)
2	Convert 0.5 FTE Code Enforcement Officer to 1.0 FTE Code Enforcement/Associate Planner	DS	Dev Svcs	-	33,341	-	-	Total cost is \$66,975 allocated as follows: General Fund \$33,634, Development Services Fund \$33,341
3	Upgrade of employee dental plan	DS	Dev Svcs	-	177	-	177	Total cost is \$1,215 allocated as follows: General Fund \$516, Street Fund \$141, Development Services Fund \$177, Parks Fund \$130, SWM Fund \$251
4	Limited-term Associate Planner (0.5 FTE)	DS	Dev Svcs	66,900	-	66,900	-	Only if TBD does not go through
5	Credit card implementation	DS	Dev Svcs	-	8,600	-	-	Total cost is \$15,960 allocated as follows: General Fund \$5,320, Street Fund \$35, Development Services Fund \$8,600, Parks Fund \$130, Capital Investment Program Fund \$1,875
Net Total Development Services				66,900	36,217	66,900	177	
Summary:								
Total Expenditures				66,900	36,217	66,900	177	
Total Related Revenue				-	-	-	-	
Total Transfers-in				-	-	-	-	
Total Transfers-out				-	-	-	-	
Total Interfund Loan Receipts				-	-	-	-	
Total Interfund Loan Disbursements				-	-	-	-	
Debt Proceeds				-	-	-	-	
Net Total Development Services				66,900	36,217	66,900	177	

Parks Fund

No.	Title/Description	Fund	Initiating Dept.	Amount Requested		Amount Funded		Notes/Comments
				One-Time	Ongoing	One-Time	Ongoing	
1	Cost of living adjustment cut	Parks		-	(9,342)	-	-	Total cost is \$(44,408) allocated as follows: General Fund \$(18,363), Street Fund \$(3,857), Development Services Fund \$(5,901), Parks Fund \$(9,342), SWM Fund \$(6,945)
2	Upgrade of employee dental plan	Parks		-	130	-	130	Total cost is \$1,215 allocated as follows: General Fund \$516, Street Fund \$141, Development Services Fund \$177, Parks Fund \$130, SWM Fund \$251
3	Office Technician II (0.75 FTE) Transfer-in from General Fund	Parks	Pks Maint	667	16,890	-	-	Total cost is \$87,785 allocated as follows: General Fund \$75,000, Street Fund \$5,114, Parks Fund \$2,557, SWM Fund \$5,114
4	Equipment replacement costs for new mower	Parks	Pks Maint	-	1,700	-	1,700	Total cost is \$8,500 allocated as follows: Street Fund \$3,400, SWM Fund \$3,400, Parks Maintenance \$1,700
5	Maintenance facility cost study	Parks	Pks Maint	1,000	-	-	-	Total cost is \$5,000 allocated as follows: Street Fund \$2,000, SWM Fund \$2,000, Parks Fund \$1,000
6	Land lease form Tahoma School District	Parks	Aquatics	-	10,000	-	-	
7	Aquatics Specialist (1.0 FTE) Revenue from Friday/Saturday programs	Parks	Aquatics	-	83,315	-	83,315	
8	Lifeguard II and WSI II	Parks	Aquatics	-	1,200	-	1,200	
9	Scholarship fund	Parks	Aquatics	3,750	-	-	-	
10	Pool shell maintenance	Parks	Aquatics	20,730	-	20,730	-	Every five years
11	Swimming pool accessibility	Parks	Aquatics	23,360	-	23,360	-	
12	Credit card implementation	Parks	Recreation	-	130	-	-	Total cost is \$15,960 allocated as follows: General Fund \$5,320, Street Fund \$35, Development Services Fund \$8,600, Parks Fund \$130, Capital Investment Program Fund \$1,875
13	Increase Recreation Assistant to 0.5 FTE	Parks	Recreation	2,100	49,040	-	-	
14	Increase Recreation Aide hours	Parks	Recreation	-	1,710	-	1,710	
15	Adobe Creative Suite 5.5 Design Standard	Parks	Recreation	1,100	-	1,100	-	
16	Performance stage	Parks	Recreation	6,390	-	-	-	
17	Stage cover	Parks	Recreation	4,790	-	-	-	
18	Aquatic Center art project	Parks	Recreation	4,000	-	4,000	-	
19	Training for Recreation Manager	Parks	Recreation	-	950	-	950	
20	Limited-term Park Planner (0.35 FTE)	Parks	Parks	45,250	-	45,250	-	
21	Park impact fee study	Parks	Parks	59,695	9,700	59,695	9,700	
22	Park CIP update carryover Transfer-in from General Fund	Parks	Parks	18,100	-	18,100	-	
23	Transfer-out to CIP for demolition of Cedar Creek Park houses Rental management fees Loss of rental revenue	Parks	Parks	30,000	-	-	-	
24	NRPA conference for Director	Parks	Parks	-	2,105	-	2,105	
Net Total Parks Fund				202,832	114,933	154,135	34,515	
Summary:								
Total Expenditures				220,932	163,928	172,235	100,810	
Total Related Revenue				-	(33,995)	-	(66,295)	
Total Transfers-in				(18,100)	(15,000)	(18,100)	-	
Total Transfers-out				-	-	-	-	
Total Interfund Loan Receipts				-	-	-	-	
Total Interfund Loan Disbursements				-	-	-	-	
Debt Proceeds				-	-	-	-	
Net Total Parks Fund				202,832	114,933	154,135	34,515	

**City of Covington
2014 Budget
Decision Cards**

Surface Water Management Fund

No.	Title/Description	Fund	Initiating Dept.	Amount Requested		Amount Funded		Notes/Comments
				One-Time	Ongoing	One-Time	Ongoing	
1	Cost of living adjustment cut	SWM	SWM	-	(6,945)	-	-	Total cost is \$(44,408) allocated as follows: General Fund \$(18,363), Street Fund \$(3,857), Development Services Fund \$(5,901), Parks Fund \$(9,342), SWM Fund \$(6,945)
2	Upgrade of employee dental plan	SWM	SWM	-	251	-	251	Total cost is \$1,215 allocated as follows: General Fund \$516, Street Fund \$141, Development Services Fund \$177, Parks Fund \$130, SWM Fund \$251
3	Implementation of salary survey results	SWM	SWM	-	4,745	-	4,745	Total cost is \$7,645 allocated as follows: General Fund \$2,800, Street Fund \$100, SWM Fund \$4,745
4	Transportation Benefit District use of funds	SWM	SWM	-	27,000	-	-	
5	NPDES Implementation Grant allocation DOE Grant	SWM	SWM	45,460 (49,315)	12,150	45,460 (49,315)	12,150	
6	Mini excavator and trailer	SWM	SWM	60,350	5,230	60,350	5,230	Total cost is \$77,150 allocated as follows: Street Fund \$11,570, SWM Fund \$65,580
7	Maintenance facility cost study	SWM	SWM	2,000	-	-	-	Total cost is \$5,000 allocated as follows: Street Fund \$2,000, SWM Fund \$2,000, Parks Fund \$1,000
8	Office Technician II (0.75 FTE) Transfer-in from General Fund	SWM	SWM	1,334 (30,000)	33,780	-	-	Total cost is \$87,785 allocated as follows: General Fund \$75,000, Street Fund \$5,114, Parks Fund \$2,557, SWM Fund \$5,114
9	Equipment replacement costs for new mower	SWM	SWM	-	3,400	-	3,400	Total cost is \$8,500 allocated as follows: Street Fund \$3,400, SWM Fund \$3,400, Parks Maintenance \$1,700
Net Total Surface Water Management Fund				59,829	49,611	56,495	25,776	
Summary:								
Total Expenditures				109,144	79,611	105,810	25,776	
Total Related Revenue				(49,315)	-	(49,315)	-	
Total Transfers-in				-	(30,000)	-	-	
Total Transfers-out				-	-	-	-	
Total Interfund Loan Receipts				-	-	-	-	
Total Interfund Loan Disbursements				-	-	-	-	
Debt Proceeds				-	-	-	-	
Net Total Surface Water Management Fund				59,829	49,611	56,495	25,776	

Equipment Replacement Fund

No.	Title/Description	Fund	Initiating Dept.	Amount Requested		Amount Funded		Notes/Comments
				One-Time	Ongoing	One-Time	Ongoing	
1	Equipment replacement costs for new mower	ER	ER	-	(8,500)	-	(8,500)	
Net Capital Investment Program Fund				-	(8,500)	-	(8,500)	
Summary:								
Total Expenditures				-	-	-	-	
Total Related Revenue				-	(8,500)	-	(8,500)	
Total Transfers-in				-	-	-	-	
Total Transfers-out				-	-	-	-	
Total Interfund Loan Receipts				-	-	-	-	
Total Interfund Loan Disbursements				-	-	-	-	
Debt Proceeds				-	-	-	-	
Net Capital Investment Program Fund				-	(8,500)	-	(8,500)	

Capital Investment Program Fund

No.	Title/Description	Fund	Initiating Dept.	Amount Requested		Amount Funded		Notes/Comments
				One-Time	Ongoing	One-Time	Ongoing	
1	Credit card implementation	CIP	Finance	-	1,875	-	-	Total cost is \$15,960 allocated as follows: General Fund \$5,320, Street Fund \$35, Development Services Fund \$8,600, Parks Fund \$130, Capital Investment Program Fund \$1,875
2	Transportation Benefit District use of funds TBD revenue	CIP	CIP	-	250,000 (250,000)	-	-	
3	Demolition of Cedar Creek Park houses Transfer-in from Parks Fund	CIP	Parks	30,000 (30,000)	-	-	-	
4	Parks Capital Improvement Program Opportunity Fund Transfer-in from General Fund	CIP	Parks	-	38,000 (38,000)	-	-	
Net Capital Investment Program Fund				-	1,875	-	-	
Summary:								
Total Expenditures				30,000	289,875	-	-	
Total Related Revenue				-	-	-	-	
Total Transfers-in				(30,000)	(288,000)	-	-	
Total Transfers-out				-	-	-	-	
Total Interfund Loan Receipts				-	-	-	-	
Total Interfund Loan Disbursements				-	-	-	-	
Debt Proceeds				-	-	-	-	
Net Capital Investment Program Fund				-	1,875	-	-	

Net Total Decision Cards For All Funds

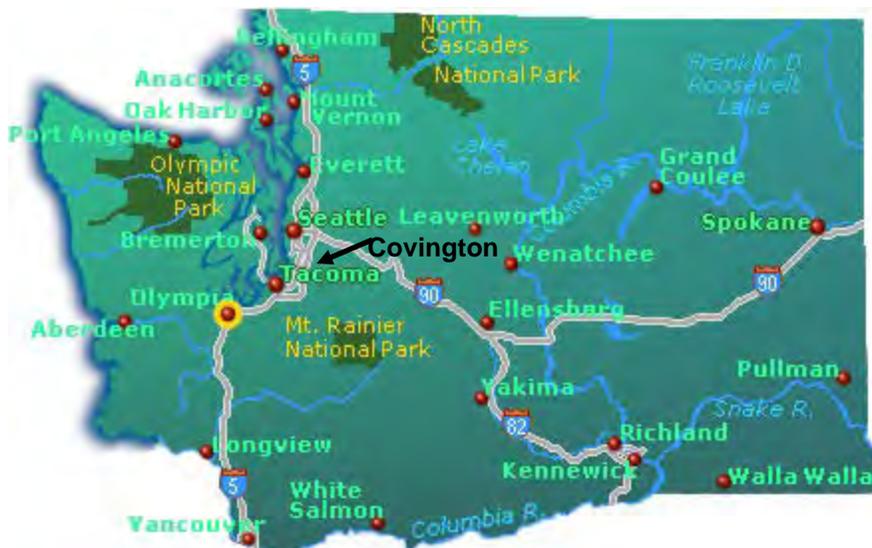
589,400 532,833 505,100 113,675

Summary of Decision Cards For All Funds

Total Expenditures	670,775	1,537,287	554,415	188,470
Total Related Revenue	(49,315)	(42,495)	(49,315)	(74,795)
Total Transfers-in	(48,100)	(863,000)	(18,100)	-
Total Transfers-out	16,040	(98,959)	18,100	-
Total Interfund Loan Receipts	-	-	-	-
Total Interfund Loan Disbursements	-	-	-	-
Debt Proceeds	-	-	-	-
Net Total Decision Cards for all Funds:	589,400	532,833	505,100	113,675

STATISTICAL

Covington's place in the State of Washington



Overview

- Incorporated 1997
- Type of Government: Council-Manager
- 47 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 45% since 1997 to current 18,100
- 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 2013. Number of acres has increased from 12 acres in 2000 to 135 in 2004

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

	<u>2014</u>	<u>2013 (Note 3)</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>
Function										
General Government	14	13	13	13	13	13	13	12	12	14
Community Development	7	7	8	6	10	16	16	15	15	4
Public Safety (Note 1)	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	14	11	11	10	10	9	9	8	8	13
Highways and Streets	4	4	12	10	13	14	14	11	11	5
Surface Water Management	<u>8</u>	<u>8</u>	<u>-</u>							
Total	<u>47</u>	<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>

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.

Note 3: In 2013, the City began reporting Surface Water Management separately. Prior to this it was reported in Streets and Highways.

City of Covington
Employee Positions/Salary Range Schedule
For the Fiscal Year 2014

Position	Salary Range Annual	
City Manager	\$ 143,472	- \$ 171,312
Community Development Director	\$ 113,645	- \$ 135,697
Finance Director	\$ 113,645	- \$ 135,697
Parks & Recreation Director	\$ 113,645	- \$ 135,697
Public Works Director	\$ 113,645	- \$ 135,697
Building Official	\$ 92,639	- \$ 110,616
City Engineer	\$ 92,639	- \$ 110,616
Development Review Engineer	\$ 82,449	- \$ 98,448
Senior Information Systems Administrator	\$ 80,115	- \$ 95,661
City Clerk/Executive Assistant	\$ 77,781	- \$ 92,874
Personnel Manager	\$ 75,581	- \$ 90,247
Principal Planner	\$ 75,581	- \$ 90,247
Senior Accountant	\$ 73,379	- \$ 87,617
Maintenance Supervisor	\$ 73,379	\$ 87,617
Communications & Marketing Manager	\$ 73,379	\$ 87,617
Plans Examiner/Building Inspector	\$ 73,379	- \$ 87,617
Recreation Manager	\$ 73,379	- \$ 87,617
Senior Planner	\$ 71,302	- \$ 85,138
Aquatic Supervisor	\$ 69,225	- \$ 82,658
Surface Water Management Program Coordinator	\$ 67,226	- \$ 80,272
Permit Center Coordinator	\$ 65,307	- \$ 77,980
Construction Inspector	\$ 65,307	- \$ 77,980
Parks Planner	\$ 65,307	\$ 77,980
Associate Planner	\$ 63,458	- \$ 75,773

City of Covington
Employee Positions/Salary Range Schedule
For the Fiscal Year 2014

Position	Salary Range Annual	
Programs Supervisor/Public Works	\$ 63,458	- \$ 75,773
Code Enforcement Officer	\$ 61,610	- \$ 73,566
Engineering Technician/GIS Coordinator	\$ 61,610	\$ 73,566
Personnel & Human Services Analyst	\$ 59,866	- \$ 71,483
Senior Deputy City Clerk	\$ 59,866	\$ 71,483
Finance Specialist	\$ 58,124	- \$ 69,403
Maintenance Worker	\$ 58,124	- \$ 69,403
Accounting Clerk	\$ 51,729	- \$ 61,767
Aquatics Specialist	\$ 51,729	- \$ 61,767
Executive Department Assistant/Receptionist	\$ 47,420	- \$ 56,622
Office Technician II/Executive Office	\$ 44,735	- \$ 53,415
Management Assistant	\$ 39,814	- \$ 47,539
Water Safety Instructor II	\$ 34,628	- \$ 41,347
Specialty Instructor	\$ 32,667	- \$ 39,006
Water Safety Instructor	\$ 32,667	- \$ 39,006
Recreation Assistant	\$ 32,667	\$ 39,006
Engineering/GIS Intern	\$ 28,910	\$ 34,519
Aquatics Lead	\$ 27,531	\$ 32,875
Lifeguard II	\$ 27,531	\$ 32,875
Maintenance Worker (Seasonal)	\$ 27,250	- \$ 32,538
Lifeguard	\$ 25,973	\$ 31,013
Recreation Aide	\$12/hr flat rate	
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)		
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
2014	595,322,736	984,665,314	738,141	-	26,629,589	18,047,054	208,803	1,625,611,637	30,588,960

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

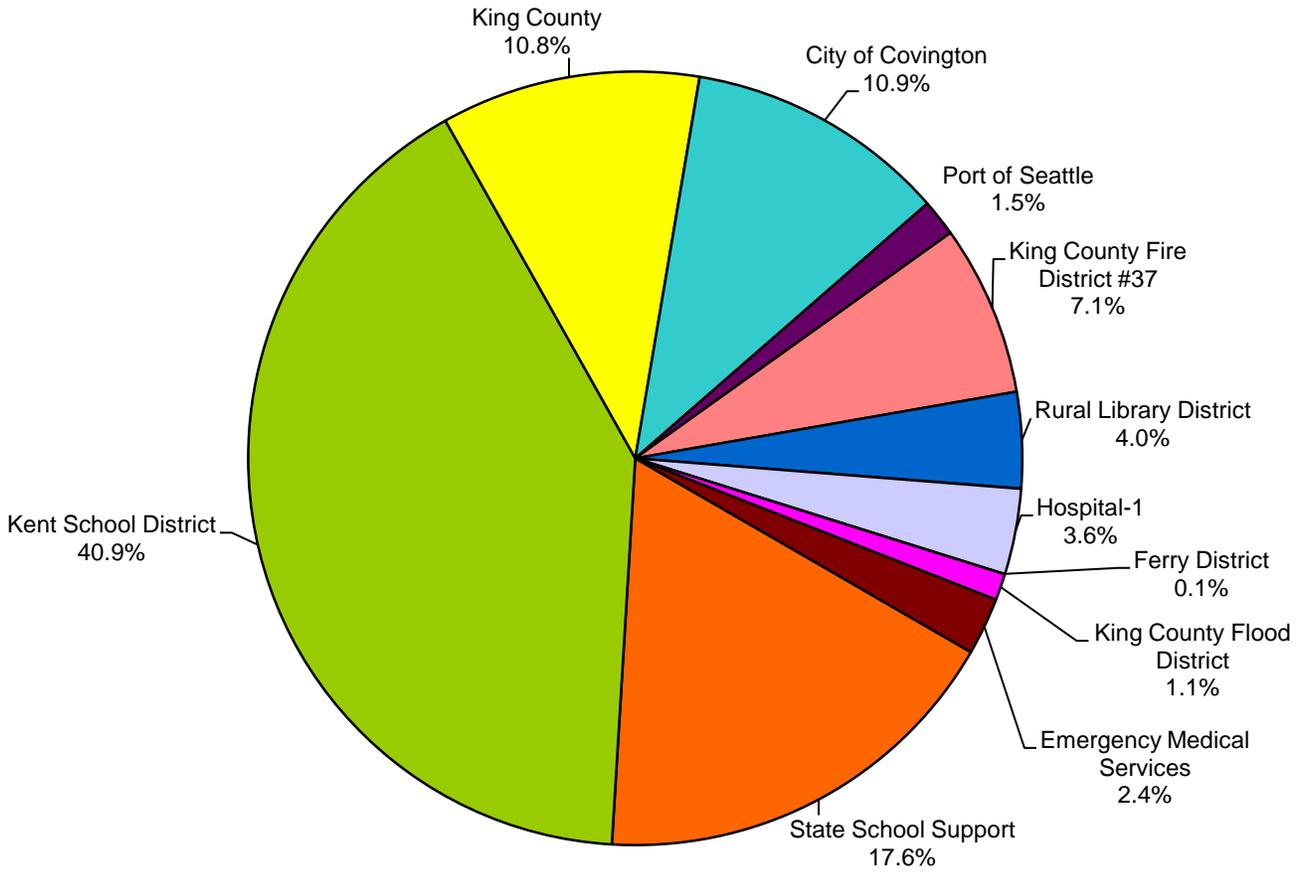
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
State School Fund	\$ 2.68951	\$ 2.49787	\$ 2.32535	\$ 2.13233	\$ 1.96268	\$ 2.22253	\$ 2.27990	\$ 2.42266	\$ 2.56720	\$ 2.47044
Kent School District										
Special Levy	2.74299	2.65755	2.58756	2.39044	2.30024	2.80694	3.25368	3.55234	3.84665	3.74406
Bond Levy	1.83877	1.73553	1.28303	1.73225	1.52691	1.72361	1.84496	1.74641	1.86073	1.68425
Building Fund Levy	0.21633	0.20026	0.30500	0.27067	0.24237	0.27800	0.28828	0.30111	0.32081	0.30622
King County										
Regular Levies										
Current Expense	0.94845	0.89604	0.84558	0.76686	0.69697	0.80597	0.84638	0.89508	1.00051	0.94477
County River Improvement	0.01039	0.00986	0.00922	-	-	-	-	-	-	-
Inter-county River	0.00020	0.00019	0.00017	0.00015	0.00013	0.00015	0.00015	0.00016	0.00016	0.00015
Veteran's Aid	0.00879	0.00834	0.00780	0.00706	0.00643	0.00746	0.00778	0.00819	0.00846	0.00798
Mental Health	0.01954	0.01854	0.01733	0.01570	0.01430	0.01657	0.01746	0.01838	0.01899	0.01790
Transportation	-	-	-	-	-	0.06501	0.06884	0.07500	0.07500	0.07500
Councilmanic Bond Redemption	0.07210	0.07076	0.06208	0.05923	0.05661	0.06714	0.07479	0.08150	-	-
AFIS (voted)	0.04933	0.05000	0.05680	0.05146	0.04473	0.04571	0.03528	0.03530	0.05920	0.05588
Children/Family Justice Center	-	-	-	-	-	-	-	-	0.07000	0.06597
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	0.04948
Parks (voted)	0.04785	0.04542	0.04244	0.05000	0.04749	0.05451	0.05821	0.06308	0.06595	0.18770
Conservation Futures	0.05791	0.05488	0.05135	0.04641	0.04246	0.04918	0.05191	0.05483	0.05613	0.05296
Bond Fund Unlimited	0.16773	0.17466	0.15007	0.11851	0.10255	0.07410	0.07207	0.07128	0.06772	0.05826
City of Covington	1.24664	1.20452	1.15224	1.04814	0.98104	1.15290	1.36485	1.48090	1.54758	1.53016
Port of Seattle										
General Fund	0.10079	0.08259	0.09552	0.10447	0.19700	0.21597	0.10061	0.10278	0.10430	0.05646
Bond Fund	0.15242	0.15071	0.13606	0.11912	-	-	0.12305	0.12704	0.12894	0.15887
King County Fire District #37	1.50000	1.42180	1.35107	1.35000	1.35001	1.35000	1.00000	1.00000	1.00000	1.00000
King County Fire District #37 Reserve	-	-	-	0.15000	0.14999	0.15000	-	-	-	-
Rural Library District	0.48288	0.45884	0.43295	0.39186	0.36118	0.42188	0.50000	0.50000	0.50000	0.50000
Rural Library District- G.O. Bonds	0.04967	0.07540	0.06732	0.06150	0.05618	0.06338	0.06622	0.06992	0.06743	0.06175
Hospital-1	0.09039	0.05900	0.55652	0.50854	0.47141	0.53290	0.55753	0.50000	0.50000	0.50000
Hospital-1 G.O. Bonds	-	-	-	-	-	-	-	-	-	-
Ferry District	-	-	-	0.05500	0.05018	0.00348	0.00360	0.00372	0.00378	0.00349
King County Flood District	-	-	-	0.10000	0.09123	0.10514	0.10976	0.11616	0.13210	0.15369
Emergency Medical Services	0.23182	0.21982	0.20621	0.30000	0.27404	0.30000	0.30000	0.30000	0.30000	0.33500
Total Levy Rate	\$ 12.72450	\$ 12.09258	\$ 11.74167	\$ 11.92202	\$ 11.11218	\$ 12.61172	\$ 13.13060	\$ 13.63892	\$ 14.42002	\$ 14.02044

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

	(1)	(2)	(3)	(4) Omits	(5)	(6)	(7) Regular Levy	(8)	(9)	(10)	(11)
Fiscal Year	Total Assessed Value	Assessed Value of Exempt Property	Assessed Value	Levy Rate Per \$1,000	Levy (3x4)	Assessed Value (1-2-3)	Levy Rate Per \$1,000	Regular Levy (6x7)	Total Property Tax Levy (5+8)	Less Exempt Property (Senior Citizen)	Net Assessed Value for Excess Levy (6-10)
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
2014	1,625,611,637	7,593,347	208,803	Note 1	306	1,617,809,487	1.53016	2,475,507	2,475,813	9,393,164	1,608,416,323

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 2014 Assessed Value (A.V.) 1,617,809,487

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%	\$ 24,267,142	\$ 24,267,142	\$ -	\$ -	\$ -	\$ -
2.50%	-	-	40,445,237	40,445,237	40,445,237	-
7.50%	-	-	-	-	-	121,335,712
Less Outstanding Debt	\$10,955,449	-	-	-	-	\$10,955,449
Remaining Debt Capacity	\$ 13,311,693	\$ 24,267,142	\$ 40,445,237	\$40,445,237	\$ 40,445,237	\$ 110,380,263

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, 2013**

Series	Date of Issuance	Final Maturity	Original Par	Bonds Outstanding
2007T (Taxable)	6/5/2007	11/1/2015	\$ 2,505,000	\$ 740,000
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	\$ 215,449

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	
2014	589,054	462,646	-	-	214,896	11,819	1,278,415
2015	607,660	431,438	-	-	214,896	10,745	1,264,738
2016	650,625	403,267	-	-	214,896	9,670	1,278,458
2017	676,458	375,659	-	-	214,896	8,596	1,275,609
2018	712,325	342,042	-	-	214,896	7,521	1,276,784
2019-2023	3,992,163	1,259,931	-	-	1,074,479	21,490	6,348,063
2024-2028	3,715,000	390,638	-	-	214,896	1,074	4,321,608
Total	\$ 10,943,285	\$ 3,665,622	\$ -	\$ -	\$ 2,363,854	\$ 70,916	\$ 17,043,676

City Bond Ratings

On February 27, 2014 the City held the following bond ratings:

Bond Type	Moody's
Limited Tax General Obligation	Aa3
Overall City Rating	Aa2

**City of Covington
Population Statistics**

Sex and Age (1)			Race(1)		
	Number	Percent		Number	Percent
Total Population	17,575	100.0%	One Race	16,549	94.2%
Male	8,786	50.0%	White	13,378	76.1%
Female	8,789	50.0%	Black or African American	741	2.5%
Under 5 Years	1,194	6.8%	American Indian and Alaska Native	145	0.8%
5 to 9 Years	1,326	7.5%	Asian	1,491	8.5%
10 to 14 Years	1,481	8.4%	Asian Indian	257	1.5%
15 to 19 Years	1,621	9.2%	Chinese	160	0.9%
20 to 24 Years	969	5.5%	Filipino	467	2.7%
25 to 29 Years	1,023	5.8%	Japanese	101	0.6%
30 to 34 Years	1,264	7.2%	Korean	153	0.9%
35 to 39 Years	1,328	7.6%	Vietnamese	133	0.8%
40 to 44 Years	1,451	8.3%	Other Asian (2)	220	1.3%
45 to 49 Years	1,652	9.4%	Native Hawaiian and Other Pacific Islander	100	0.6%
50 to 54 Years	1,384	7.9%	Native Hawaiian	15	0.1%
55 to 59 Years	1,078	6.1%	Guamanian or Chamorro	5	-
60 to 64 Years	699	4.0%	Samoan	43	0.2%
65 to 69 Years	445	2.5%	Other Pacific Islander (3)	37	-
70 to 74 Years	258	1.5%	Some Other Race	694	3.9%
75 to 79 Years	179	1.0%	Two or More Races	1,026	5.8%
80 to 84 Years	118	0.7%	Race Alone or in Combination with One or More Other Races (4)		
85 Years and Over	105	0.6%	White	14,297	81.3%
Median Age (Years)	34.7	(X)	Black or African American	1,033	5.9%
18 Years and Over	12,555	71.4%	American Indian and Alaska Native	429	2.4%
Male	6,189	35.2%	Asian	1,938	11.0%
Female	6,366	36.2%	Native Hawaiian and Other Pacific Islander	192	1.1%
21 Years and Over	11,751	66.9%	Some Other Race	847	4.8%
62 Years and Over	1,492	8.5%	Hispanic or Latino and Race(1)		
65 Years and Over	515	2.9%		Number	Percent
Male	487	2.8%	Total Population	17,575	100.0%
Female	618	3.5%	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
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
2013	204	22,309,004

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Function										
City Manager (Note 1)										
Citizen Action Requests	171	212	194	275	281	268	347	401	N/A	N/A
Community Room Rentals	221	181	141	160	295	283	230	232	N/A	N/A
Contacts by Citizens (Phone and Walk-in)	10,473	10,802	11,894	11,279	13,088	15,116	12,984	12,014	N/A	N/A
Finance (Note 1)										
AP Checks Processed	1,722	1,757	1,738	1,794	1,772	1,758	1,600	1,829	1,689	1,513
AP Invoices Processed	2,889	2,796	2,797	2,931	3,166	2,994	2,638	2,982	2,339	2,290
AP \$ (in Millions)	9	10	7	10	10	20	17	10	6	8
AR Invoices/Statements Processed	402	614	838	753	827	751	902	1,020	826	624
Payroll Checks Processed	2,361	2,194	2,007	1,976	2,161	2,201	1,950	1,900	1,787	1,211
City Clerk (Note 1)										
Public Disclosure Requests	110	97	85	88	97	255	288	255	205	N/A
Covington Connection E-mails Received	61	93	78	116	178	186	243	219	194	N/A
Media Pitches (fka Press Releases)	19	40	36	57	40	71	62	47	59	N/A
Contracts/Agreements	103	76	61	45	63	66	35	93	64	N/A
Ordinances/Resolutions Passed	22	30	32	49	38	49	65	130	113	N/A
Community Development										
No. of Permits Issued	204	268	122	115	131	209	225	135	207	387
Estimated Value (in Millions)	22	57	39	15	8	49	89	25	36	78
Public Safety (Note 2)										
No. of Calls for Service	4,421	4,289	3,803	4,196	4,135	4,026	3,837	4,098	3,982	3,720
Reported Crimes	1,303	1,417	1,418	1,638	1,311	1,631	1,591	1,385	1,338	1,292
Traffic Citations	1,257	1,055	5,925	1,170	1,470	1,451	1,795	1,956	1,776	970
No. of Arrests										
Adults	393	441	578	602	585	403	418	368	356	289
Juveniles	70	101	80	114	148	117	86	122	141	145
Culture and Recreation (Note 3)										
Number of Parks	5	5	5	5	5	5	5	5	4	4
Park Acreage	135	135	135	135	135	135	135	135	135	135
Participants at Recreation Swims	26,523	23,556	20,527	22,068	18,949	21,920	15,351	33,684	32,838	-
Participants in Aquatic Activities	51,459	43,343	36,135	37,657	37,235	36,437	35,576	39,064	33,787	-
Aquatic Center Rental Hours	1,625	1,302	1,227	1,395	1,271	1,235	1,125	1,211	1,229	-
Total Program Attendance	110,652	92,949	81,197	87,620	81,599	83,057	73,427	96,958	91,195	-
Public Works (Note 1)										
Catch Basins Cleaned	1,342	248	184	956	2,265	2,265	2,100	1,841	N/A	N/A
Slope Mowing Miles	12	20	24	37	210	96	48	71	N/A	N/A
Landscape Mowing Miles	95	80	78	100	71	65	86	22	N/A	N/A
Miles of Streets Swept	1,828	2,056	843	2,274	2,054	2,290	1,192	1,754	N/A	N/A
Tons of Asphalt Used	11	87	269	58	95	100	94	155	N/A	N/A
Work Orders Completed	1,066	1,367	1,460	1,519	1,461	1,368	1,267	656	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 2013				
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Unknown	3	0.1%	\$ 7,383	0.2%
Agriculture, Forestry, Fishing	15	0.3%	3,323	0.1%
Mining	5	0.1%	199	0.0%
Utilities	4	0.1%	360	0.0%
Construction	1,274	23.6%	332,114	9.9%
Manufacturing	312	5.8%	21,951	0.7%
Wholesale Trade	770	14.3%	53,542	1.6%
Retail Trade	1,478	27.4%	2,314,265	69.1%
Transportation and Warehousing	16	0.3%	862	0.0%
Information	206	3.8%	90,030	2.7%
Finance and Insurance	56	1.0%	6,937	0.2%
Real Estate, Rental, Leasing	144	2.7%	16,893	0.5%
Prof, Sci, Technical Svcs	238	4.4%	12,722	0.4%
Company Management	-	0.0%	-	0.0%
Admin, Supp, Remed Svcs	435	8.1%	31,431	0.9%
Educational Services	46	0.9%	613	0.0%
Health Care Social Assistance	32	0.6%	6,323	0.2%
Arts, Entertain, Recreation	32	0.6%	27,547	0.8%
Accommodation and Food Svcs	73	1.4%	357,098	10.7%
Other Services	241	4.5%	34,668	1.0%
Public Administration	9	0.2%	30,664	0.9%
	5,389	100.0%	\$ 3,348,925	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
2014 (Note 1,2)

<u>Taxpayer</u>	<u>Type of Business/Property</u>	<u>2014 Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value</u>
Multicare Health Systems	Healthcare	\$ 33,377,400	1	2.05%
TRC MM, LLC	Shopping Center	27,769,700	2	1.71%
South Adagio Apartments, LLC	Apartments	27,393,000	3	1.69%
Covington Esplanade, LLC	Shopping Center	25,942,700	4	1.60%
Covington Group, LLC	Shopping Center	21,479,600	5	1.32%
Fred Meyer Inc.	Department Store	21,221,700	6	1.31%
Costco Wholesale Corp	Commercial	18,821,200	7	1.16%
Wal-Mart Stores, Inc.	Department Store	16,169,000	8	0.99%
Covington Commercial II, LLC	Shopping Center	15,574,600	9	0.96%
Covington Retail Associates, LLC	Shopping Center	<u>13,500,600</u>	10	<u>0.83%</u>
Total Assessed Value of 10 Largest Taxpayers		<u>\$ 221,249,500</u>		<u>13.61%</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. 65
7 Member Elected City Councilmembers Mayor Appointed From Within the Council		Fire Protection: Annexed Into Fire District #37	
Number of Employees	47	Police Protection: Contracted Through King County	
Population (1)	18,100	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	10,478	Sewer System: Provided by Soos Creek Sewer District	
Number of Votes Cast Last City Election	3,833		
Percentage Voting Last City Election November 2013	37%		

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: Foster community cohesiveness, communications, and cooperation, 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.