

**CITY OF COVINGTON, KENTUCKY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**GENERAL FUND**  
**Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes				
Real Property	\$ 4,983,909	\$ 4,983,909	\$ 5,171,399	\$ 187,490
Personal Property	588,000	588,000	553,057	(34,943)
Bank Deposit	60,000	60,000	59,042	(958)
Franchise	2,025,000	2,025,000	1,978,504	(46,496)
Insurance Premium	4,900,000	4,900,000	5,242,337	342,337
Licenses and Permits				
Payroll License Fees	22,357,940	22,357,940	21,656,929	(701,011)
Net Profits License Fees	2,500,000	2,500,000	2,959,729	459,729
Night Club Permits	135,000	135,000	125,000	(10,000)
Liquor and Beer Licenses	150,000	150,000	144,321	(5,679)
Building and Zoning	-	-	5,145	5,145
Dog Licenses	8,000	8,000	6,073	(1,927)
Intergovernmental	505,000	505,000	288,295	(216,705)
Fines and Forfeitures	595,000	595,000	711,786	116,786
Charges for Services				
Waste Fees	1,185,645	1,185,645	1,170,789	(14,856)
Parking	1,075,000	1,075,000	1,041,332	(33,668)
Squad Runs	975,000	1,047,337	1,073,548	26,211
Rental Property	340,000	340,000	398,067	58,067
Other	117,000	117,000	110,418	(6,582)
Interest	67,200	67,200	112,006	44,806
Miscellaneous	296,000	1,031,580	423,478	(608,102)
Total Revenues	<u>42,863,694</u>	<u>43,671,611</u>	<u>43,231,255</u>	<u>(440,356)</u>
<b>Expenditures</b>				
General Government				
Administration Department				
Payroll	633,815	633,815	612,058	21,757
Employee Benefits	292,182	292,182	263,566	28,616
Contractual Services	395,346	395,346	196,410	198,936
Materials and Supplies	46,015	46,015	48,727	(2,712)
Miscellaneous	-	-	1,034	(1,034)
Total Administration Department	<u>1,367,358</u>	<u>1,367,358</u>	<u>1,121,795</u>	<u>245,563</u>
Legal Department				
Payroll	235,149	235,149	174,648	60,501
Employee Benefits	103,842	103,842	77,874	25,968
Contractual Services	48,700	48,700	66,333	(17,633)
Materials and Supplies	19,249	19,249	12,376	6,873
Miscellaneous	-	-	-	-
Total Legal Department	<u>406,940</u>	<u>406,940</u>	<u>331,231</u>	<u>75,709</u>
Finance Department				
Payroll	539,948	539,948	513,067	26,881
Employee Benefits	268,118	268,118	258,284	9,834
Contractual Services	423,216	423,216	416,970	6,246
Materials and Supplies	26,350	26,350	22,877	3,473
Miscellaneous	-	-	-	-
Total Finance Department	<u>1,257,632</u>	<u>1,257,632</u>	<u>1,211,198</u>	<u>46,434</u>
Total General Government	<u>3,031,930</u>	<u>3,031,930</u>	<u>2,664,224</u>	<u>367,706</u>

(Continued)

**CITY OF COVINGTON, KENTUCKY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**GENERAL FUND**  
**Year Ended June 30, 2007**  
**(Continued)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Police				
Payroll	\$ 8,000,693	\$ 7,929,873	\$ 7,686,113	\$ 243,760
Employee Benefits	5,001,988	4,754,071	4,633,186	120,885
Contractual Services	803,605	803,605	928,789	(125,184)
Materials and Supplies	404,805	404,805	501,378	(96,573)
Miscellaneous	-	-	-	-
Total Police	<u>14,211,091</u>	<u>13,892,354</u>	<u>13,749,466</u>	<u>142,888</u>
Fire				
Payroll	6,896,981	7,232,561	7,193,295	39,266
Employee Benefits	4,331,482	4,331,482	4,335,701	(4,219)
Contractual Services	640,810	674,558	482,286	192,272
Materials and Supplies	301,857	301,857	255,985	45,872
Miscellaneous	-	-	-	-
Total Fire	<u>12,171,130</u>	<u>12,540,458</u>	<u>12,267,267</u>	<u>273,191</u>
General Services				
Payroll	1,854,657	1,854,657	1,745,427	109,230
Employee Benefits	1,074,382	1,074,382	930,277	144,105
Contractual Services	1,959,276	1,958,776	1,935,704	23,072
Materials and Supplies	617,180	617,680	680,499	(62,819)
Miscellaneous	-	-	453	(453)
Total General Services	<u>5,505,495</u>	<u>5,505,495</u>	<u>5,292,360</u>	<u>213,135</u>
Recreation				
Payroll	1,212,009	1,212,009	1,122,429	89,580
Employee Benefits	586,462	586,462	600,815	(14,353)
Contractual Services	434,000	434,000	343,952	90,048
Materials and Supplies	262,972	262,972	242,763	20,209
Miscellaneous	-	-	-	-
Total Recreation	<u>2,495,443</u>	<u>2,495,443</u>	<u>2,309,959</u>	<u>185,484</u>
Code Enforcement and Economic Development				
Code Enforcement				
Payroll	422,133	422,133	414,022	8,111
Employee Benefits	222,913	222,913	234,792	(11,879)
Contractual Services	129,688	129,688	106,313	23,375
Materials and Supplies	22,000	22,000	21,678	322
Miscellaneous	-	-	-	-
Total Code Enforcement	<u>796,734</u>	<u>796,734</u>	<u>776,805</u>	<u>19,929</u>

(Continued)

**CITY OF COVINGTON, KENTUCKY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**GENERAL FUND**  
**Year Ended June 30, 2007**  
**(Continued)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Economic Development				
Payroll	\$ 236,052	\$ 236,052	\$ 242,546	\$ (6,494)
Employee Benefits	102,022	102,022	105,008	(2,986)
Contractual Services	122,390	122,390	97,722	24,668
Materials and Supplies	11,900	11,900	6,818	5,082
Miscellaneous	-	-	-	-
Total Economic Development	<u>472,364</u>	<u>472,364</u>	<u>452,094</u>	<u>20,270</u>
Total Code Enforcement and Economic Development	<u>1,269,098</u>	<u>1,269,098</u>	<u>1,228,899</u>	<u>40,199</u>
Parking Garages				
Contractual Services	732,129	732,129	725,785	6,344
Materials and Supplies	7,200	7,200	8,616	(1,416)
Total Parking Garages	<u>739,329</u>	<u>739,329</u>	<u>734,401</u>	<u>4,928</u>
Capital Outlay				
General Government	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
General Services	-	-	-	-
Housing	-	-	-	-
Recreation	-	-	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service				
Principal	299,183	529,183	638,342	(109,159)
Interest	175,000	417,345	260,096	157,249
Total Debt Service	<u>474,183</u>	<u>946,528</u>	<u>898,438</u>	<u>48,090</u>
Total Expenditures	<u>39,897,699</u>	<u>40,420,635</u>	<u>39,145,014</u>	<u>1,275,621</u>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<u>2,965,995</u>	<u>3,250,976</u>	<u>4,086,241</u>	<u>835,265</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	929,000	962,748	764,000	(198,748)
Proceeds from Capital Leases	-	-	-	-
Transfers Out	(4,438,153)	(4,213,725)	(4,846,715)	(632,990)
Total Other Financing Sources (Uses)	<u>(3,509,153)</u>	<u>(3,250,977)</u>	<u>(4,082,715)</u>	<u>(831,738)</u>
Net Change in Fund Balance	(543,158)	(1)	3,526	3,527
<b>Fund Balance July 1, 2006</b>	<u>-</u>	<u>-</u>	<u>673,405</u>	<u>673,405</u>
<b>Fund Balance June 30, 2007</b>	<u>\$ (543,158)</u>	<u>\$ (1)</u>	<u>\$ 676,931</u>	<u>\$ 676,932</u>

**CITY OF COVINGTON, KENTUCKY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**COMMUNITY DEVELOPMENT BLOCK GRANT**  
**Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 1,864,471	\$ 3,349,888	\$ 1,948,733	\$ (1,401,155)
Miscellaneous	<u>503,658</u>	<u>503,658</u>	<u>960,450</u>	<u>456,792</u>
Total Revenues	<u>2,368,129</u>	<u>3,853,546</u>	<u>2,909,183</u>	<u>(944,363)</u>
<b>Expenditures</b>				
Code Enforcement and Economic Development	1,286,471	1,760,989	1,354,171	406,818
Debt Service				
Principal	67,000	67,000	67,000	-
Interest and Other Charges	36,658	36,658	36,658	-
Capital Outlay	<u>703,000</u>	<u>1,713,899</u>	<u>1,197,354</u>	<u>516,545</u>
Total Expenditures	<u>2,093,129</u>	<u>3,578,546</u>	<u>2,655,183</u>	<u>923,363</u>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<u>275,000</u>	<u>275,000</u>	<u>254,000</u>	<u>(21,000)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	<u>(275,000)</u>	<u>(275,000)</u>	<u>(254,000)</u>	<u>21,000</u>
Net Change in Fund Balance	-	-	-	-
<b>Fund Balance July 1, 2006</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance June 30, 2007</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF COVINGTON, KENTUCKY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**HOME PROGRAM**  
**Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 507,229	\$ 1,457,229	\$ 315,705	\$ (1,141,524)
Investment Earnings	-	-	10,027	10,027
Miscellaneous	<u>210,000</u>	<u>210,000</u>	<u>322,442</u>	<u>112,442</u>
Total Revenues	<u>717,229</u>	<u>1,667,229</u>	<u>648,174</u>	<u>(1,019,055)</u>
<b>Expenditures</b>				
Code Enforcement and Economic Development	717,229	717,229	402,493	314,736
Capital Outlay	<u>-</u>	<u>950,000</u>	<u>190,114</u>	<u>759,886</u>
Total Expenditures	<u>717,229</u>	<u>1,667,229</u>	<u>592,607</u>	<u>1,074,622</u>
Net Change in Fund Balance	-	-	55,567	55,567
<b>Fund Balance July 1, 2006</b>	<u>-</u>	<u>-</u>	<u>65,630</u>	<u>65,630</u>
<b>Fund Balance June 30, 2007</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,197</u>	<u>\$ 121,197</u>

CITY OF COVINGTON, KENTUCKY  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (WITH VARIANCES)  
 HOUSING VOUCHER PROGRAM  
 Year Ended June 30, 2007

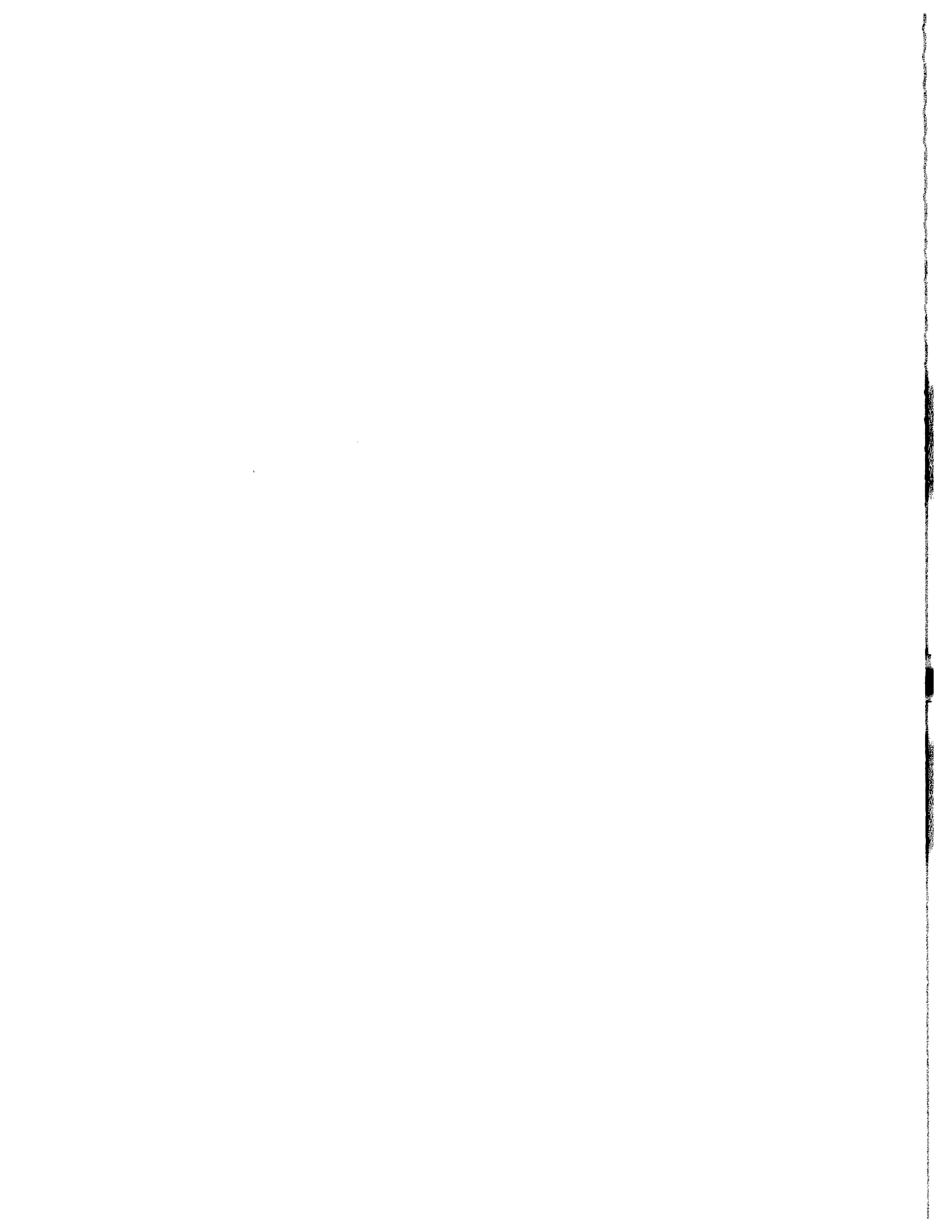
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 6,086,652	\$ 6,444,573	\$ 6,518,612	\$ 74,039
Investment Earnings	30,000	85,000	81,248	(3,752)
Miscellaneous	-	-	29,572	29,572
	<u>6,116,652</u>	<u>6,529,573</u>	<u>6,629,432</u>	<u>99,859</u>
<b>Total Revenues</b>				
<b>Expenditures</b>				
Code Enforcement and Economic Development	6,002,505	6,629,573	5,601,097	1,028,476
Capital Outlay	-	-	-	-
	<u>6,002,505</u>	<u>6,629,573</u>	<u>5,601,097</u>	<u>1,028,476</u>
<b>Total Expenditures</b>				
Net Change in Fund Balance	114,147	(100,000)	1,028,335	1,128,335
<b>Fund Balance July 1, 2006</b>	<u>-</u>	<u>-</u>	<u>490,871</u>	<u>490,871</u>
<b>Fund Balance June 30, 2007</b>	<u>\$ 114,147</u>	<u>\$ (100,000)</u>	<u>\$ 1,519,206</u>	<u>\$ 1,619,206</u>

**OTHER SUPPLEMENTARY INFORMATION**





**COMBINING FINANCIAL STATEMENTS  
NON-MAJOR GOVERNMENTAL FUNDS**



**CITY OF COVINGTON, KENTUCKY  
NON-MAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Police and Fire Incentive Pay**

This fund was established to account for entitlements received under the State of Kentucky's Policemen and Firemen's Supplemental Pay Programs.

**Newport Steel UDAG**

This fund is used to account for the proceeds from the repayment of a U.S. Housing and Urban Development loan to Newport Steel, Inc. The proceeds may be used for any purpose for which the Community Development Block Grant Program income may be utilized.

**Devou Park Maintenance**

This fund was established by Commissioners' ordinance in 1973 to account for the maintenance of roadways and streets within Devou Park.

**Investor Program**

This fund is used to account for resources provided by loan repayments made by loan recipients who had previously received loans from the U.S. Department of Housing and Urban Development. Those funds are then made available for rehabilitation loans to qualified property owners.

**City Hall Operations**

This fund was established to account for revenues and expenditures related to the City building.

**Fire Department Grant Funds**

This fund was established to account for the revenues and expenditures related to grants received related to the fire department.

**Arts District**

This fund was established to provide loans for specified projects within the Arts District in the city.

**501 Main Street Operations**

This fund was established to account for revenues and expenditures related to a city owned building at 501 Main Street.

**Police Forfeiture**

This fund was established to account for the resources provided for by police forfeitures.

**Police Block Grant**

This fund was established to account for revenues and expenditures related to the Police Block Grant.

**CITY OF COVINGTON, KENTUCKY  
NON MAJOR GOVERNMENTAL FUNDS  
(Continued)**

**CAD System**

This fund was established to account for revenues and expenditures related to the installation of a computer assisted dispatch system, and the subsequent debt service payments for the related capital lease.

**KLC Series 2002**

This fund was established to account for the proceeds of a BAN to finance certain projects of the City. BAN proceeds were replaced by capital lease proceeds in the prior year to finish the projects.

**Renaissance Grant Fund**

This fund was established to account for revenues and expenses related to renaissance grants received by the City.

**Working Capital Reserve**

This fund was established to accumulate funds to be used for future working capital needs of the City.

**CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for the accumulation of specific resources that are intended to be used for future capital improvements.

**Capital Improvement Fund**

This fund was established to account for significant funds received by the City that will be used for future capital projects.

**DEBT SERVICE FUNDS**

Debt service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

**1990 First Mortgage Bonds**

The proceeds of this issue were used to finance the construction of the South Covington Firehouse.

**2004 Pension Obligation Bonds**

The proceeds of this issue were used to fund the Employees' Retirement Fund and the Police and Fire Retirement Fund.

**2005 Refunding Bonds**

The proceeds of this issue were used to refund the 1995 First Mortgage Bonds.

**Sewer Maintenance Fees**

This fund was established to account for resources provided by the collection of sewer maintenance fees. These fees are to be used to retire the debt owed to the Sanitation District.

CITY OF COVINGTON, KENTUCKY  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2007

Special Revenue Funds

	Police and Fire Incentive	Newport Steel UDAG	Devou Park Maintenance	Investor Program	City Hall Operations	Fire Dept. Grant Fund	Arts District	501 Main Street Operations	Police Block Grant
<b>Assets</b>									
Cash and Cash Equivalents	\$ 45,758	\$ 212,529	\$ 73,305	\$ 373,577	\$ 5,588	\$ -	\$ -	\$ -	\$ 292,769
Receivables	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-
Intergovernmental	33,955	-	-	-	-	-	-	-	-
Notes	-	1,338,243	-	1,033,826	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	28,896	-	2,043	49,330	-	12,012	30,467	-
Prepays	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 79,713</b>	<b>\$ 1,579,668</b>	<b>\$ 73,305</b>	<b>\$ 1,409,446</b>	<b>\$ 54,918</b>	<b>\$ -</b>	<b>\$ 12,012</b>	<b>\$ 30,467</b>	<b>\$ 292,769</b>
<b>Liabilities and Fund Balances</b>									
<b>Liabilities</b>									
Accounts Payable	\$ -	\$ 1,500	\$ -	\$ 15,528	\$ 54,918	\$ -	\$ -	\$ 9,827	\$ 478
Accrued Liabilities	-	-	-	-	-	-	-	-	-
Due to Other Funds	79,713	1,452	-	-	-	-	2,043	-	3,000
Deferred Revenue	-	1,337,789	-	1,033,826	-	-	-	20,640	-
<b>Total Liabilities</b>	<b>79,713</b>	<b>1,340,741</b>	<b>-</b>	<b>1,049,354</b>	<b>54,918</b>	<b>-</b>	<b>2,043</b>	<b>30,467</b>	<b>3,478</b>
<b>Fund Balances</b>									
Reserved for	-	-	-	-	-	-	-	-	-
Prepays	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-
Undesignated, Reported In	-	-	-	-	-	-	-	-	-
Special Revenue Funds	-	238,927	73,305	360,092	-	-	9,969	-	289,291
Capital Projects Funds	-	-	-	-	-	-	-	-	-
Debt Service Funds	-	-	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>238,927</b>	<b>73,305</b>	<b>360,092</b>	<b>-</b>	<b>-</b>	<b>9,969</b>	<b>-</b>	<b>289,291</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 79,713</b>	<b>\$ 1,579,668</b>	<b>\$ 73,305</b>	<b>\$ 1,409,446</b>	<b>\$ 54,918</b>	<b>\$ -</b>	<b>\$ 12,012</b>	<b>\$ 30,467</b>	<b>\$ 292,769</b>

**CITY OF COVINGTON, KENTUCKY  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2007  
(Continued)**

	Special Revenue Funds				Capital Projects		Debt Service Funds				Non-Major Governmental Funds
	CAD System	KLC Series 2002	Renaissance Grant Fund	Working Capital Reserve	Capital Improvement Fund	1990 First Mortgage Bonds	2004 Pension Obligation	2005 Refunding Bonds	Maintenance Fees	Sewer Fees	
<b>Assets</b>											
Cash and Cash Equivalents	\$ 97,961	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,760	\$ 9,949	\$ 31,324	\$ 1,241,520	
Receivables											
Taxes	33,360	-	-	-	-	-	-	-	-	33,360	
Intergovernmental	-	-	83,281	-	27,051	-	-	-	-	144,287	
Notes	-	-	-	-	-	-	-	-	-	2,372,069	
Accounts	-	-	10,000	-	1,600,432	-	395	200	-	1,611,027	
Inventories	-	-	-	-	-	-	-	-	-	-	
Due from Other Funds	-	1,052,314	120,763	970,264	190,294	-	-	-	800,000	3,256,383	
Prepays	-	-	-	-	-	-	-	-	-	-	
<b>Total Assets</b>	<b>\$ 131,321</b>	<b>\$ 1,052,314</b>	<b>\$ 214,044</b>	<b>\$ 970,264</b>	<b>\$ 1,817,777</b>	<b>\$ -</b>	<b>\$ 99,155</b>	<b>\$ 10,149</b>	<b>\$ 831,324</b>	<b>\$ 8,658,646</b>	

**Liabilities and Fund Balances**

<b>Liabilities</b>										
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 251,002	\$ -	\$ -	\$ -	\$ 52,505	\$ 385,758
Accrued Liabilities	-	-	-	-	-	-	-	-	-	-
Due to Other Funds	-	1,052,314	190,294	-	1,097,045	-	-	-	-	2,425,861
Deferred Revenue	-	-	23,750	-	-	-	-	-	-	2,416,005
<b>Total Liabilities</b>	<b>-</b>	<b>1,052,314</b>	<b>214,044</b>	<b>-</b>	<b>1,348,047</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,505</b>	<b>5,227,624</b>

**Fund Balances**

Reserved for										
Prepays	-	-	-	-	-	-	-	-	-	-
Unreserved										
Undesignated, Reported In										
Special Revenue Funds	131,321	-	-	970,264	-	-	-	-	-	2,073,169
Capital Projects Funds	-	-	-	-	469,730	-	-	-	-	469,730
Debt Service Funds	-	-	-	-	-	-	99,155	10,149	778,819	888,123
<b>Total Fund Balances</b>	<b>131,321</b>	<b>-</b>	<b>-</b>	<b>970,264</b>	<b>469,730</b>	<b>-</b>	<b>99,155</b>	<b>10,149</b>	<b>778,819</b>	<b>3,431,022</b>

**Total Liabilities and Fund Balances**

<b>Total Liabilities and Fund Balances</b>	<b>\$ 131,321</b>	<b>\$ 1,052,314</b>	<b>\$ 214,044</b>	<b>\$ 970,264</b>	<b>\$ 1,817,777</b>	<b>\$ -</b>	<b>\$ 99,155</b>	<b>\$ 10,149</b>	<b>\$ 831,324</b>	<b>\$ 8,658,646</b>
--	-------------------	---------------------	-------------------	-------------------	---------------------	-------------	------------------	------------------	-------------------	---------------------

**CITY OF COVINGTON, KENTUCKY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
Year Ended June 30, 2007

	Special Revenue Funds									
	Police and Fire Incentive	Newport Steel UDAG	Devou Park Maintenance	Investor Program	City Hall Operations	Fire Dept. Grant Fund	Arts District	501 Main Street Operations	Police Forfeiture	Police Block Grant
<b>Revenues</b>										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	877,860	-	-	-	-	265,186	-	-	77,483	-
Charges for Services	-	-	-	-	262,124	-	-	47,892	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	38,553	3,477	25,347	1,132	-	2,663	-	15,209	4,732
Miscellaneous	-	280,613	-	231,421	-	-	-	-	-	-
<b>Total Revenues</b>	<b>877,860</b>	<b>319,166</b>	<b>3,477</b>	<b>256,768</b>	<b>263,256</b>	<b>265,186</b>	<b>2,663</b>	<b>47,892</b>	<b>92,692</b>	<b>4,732</b>
<b>Expenditures</b>										
Current										
General Government	-	-	-	-	281,883	-	-	41,249	-	-
Police	422,729	-	-	-	-	-	-	-	60,282	126,955
Fire	457,011	-	-	-	-	265,186	-	-	-	-
General Services	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-
Code Enforcement and Economic Development	-	-	-	229,169	-	-	-	-	-	-
Parking Garage	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-
Interest and Other Charges	-	-	-	-	-	-	15,000	-	-	-
Capital Outlay	-	-	-	-	13,952	-	21,241	78,623	-	-
<b>Total Expenditures</b>	<b>879,740</b>	<b>153,184</b>	<b>-</b>	<b>229,169</b>	<b>295,835</b>	<b>265,186</b>	<b>36,241</b>	<b>119,872</b>	<b>60,282</b>	<b>129,643</b>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<b>(1,880)</b>	<b>165,982</b>	<b>3,477</b>	<b>27,599</b>	<b>(32,579)</b>	<b>-</b>	<b>(33,578)</b>	<b>(71,980)</b>	<b>32,410</b>	<b>(124,911)</b>
<b>Other Financing Sources (Uses)</b>										
Transfers In	1,880	-	10,000	-	32,579	-	-	71,980	-	-
Capital Lease Acquisitions	-	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,880</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>32,579</b>	<b>-</b>	<b>-</b>	<b>71,980</b>	<b>-</b>	<b>-</b>
<b>Special Item</b>										
Proceeds from Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>165,982</b>	<b>13,477</b>	<b>27,599</b>	<b>-</b>	<b>-</b>	<b>(33,578)</b>	<b>-</b>	<b>32,410</b>	<b>(124,911)</b>
<b>Fund Balance July 1, 2006</b>	<b>-</b>	<b>72,945</b>	<b>59,828</b>	<b>332,493</b>	<b>-</b>	<b>-</b>	<b>43,547</b>	<b>-</b>	<b>256,881</b>	<b>124,911</b>
<b>Fund Balance June 30, 2007</b>	<b>\$ -</b>	<b>\$ 238,927</b>	<b>\$ 73,305</b>	<b>\$ 360,092</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,969</b>	<b>\$ -</b>	<b>\$ 289,291</b>	<b>\$ -</b>

**CITY OF COVINGTON, KENTUCKY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
Year Ended June 30, 2007  
(Continued)

	Special Revenue Funds				Working Capital Reserve	Capital Projects		Debt Service Funds				Sewer Maintenance Fees	Non-Major Governmental Funds
	CAD System	KLC Series 2002	Renaissance Grant Fund	Capital Improvement Fund		2004		1990 First Mortgage Bonds	Pension Obligation Bonds	2005 Refunding Bonds			
						Capital Fund							
<b>Revenues</b>													
Taxes	\$ 549,921	-	-	-	-	-	-	-	-	-	-	-	\$ 549,921
Licenses and Permits	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	177,423	734,792	-	-	-	-	-	-	-	-	2,132,744
Charges for Services	-	-	-	-	-	-	-	-	-	-	-	-	310,016
Fines and Forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Earnings	5,729	-	-	-	-	-	5,055	-	481	-	24,877	-	127,255
Miscellaneous	-	-	79,396	15,000	-	-	-	-	-	-	-	-	606,430
<b>Total Revenues</b>	<b>555,650</b>	<b>-</b>	<b>256,819</b>	<b>749,792</b>	<b>-</b>	<b>-</b>	<b>5,055</b>	<b>-</b>	<b>481</b>	<b>-</b>	<b>24,877</b>	<b>-</b>	<b>3,726,366</b>
<b>Expenditures</b>													
Current													
General Government	-	-	-	29,568	-	-	75,594	-	-	-	-	-	428,294
Police	-	-	-	-	-	-	-	-	-	-	-	-	609,966
Fire	-	-	-	-	-	-	-	-	-	-	-	-	722,197
General Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-
Code Enforcement and Economic Development	-	-	129,896	-	-	-	-	-	-	-	-	-	512,249
Parking Garage	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	440,245	-	-	-	26,493	315,000	920,000	2,022,643	-	305,905	-	2,022,643
Interest and Other Charges	-	450,786	-	-	-	1,256	637,878	214,685	1,404,469	-	144,070	-	1,404,469
Capital Outlay	-	-	190,294	1,519,149	-	-	-	-	1,870,153	-	-	-	1,870,153
<b>Total Expenditures</b>	<b>-</b>	<b>891,031</b>	<b>320,190</b>	<b>1,548,717</b>	<b>-</b>	<b>27,749</b>	<b>1,028,472</b>	<b>1,134,685</b>	<b>7,569,971</b>	<b>-</b>	<b>449,975</b>	<b>-</b>	<b>7,569,971</b>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<b>555,650</b>	<b>(891,031)</b>	<b>(63,371)</b>	<b>(798,925)</b>	<b>-</b>	<b>(27,749)</b>	<b>(1,023,417)</b>	<b>(1,134,204)</b>	<b>(3,843,605)</b>	<b>-</b>	<b>(425,098)</b>	<b>-</b>	<b>(3,843,605)</b>
<b>Other Financing Sources (Uses)</b>													
Transfers In	-	1,944,059	63,371	690,969	400,000	27,716	1,028,471	1,134,685	5,405,710	-	-	-	5,405,710
Capital Lease Acquisitions	-	-	-	1,630,000	-	-	-	-	1,630,000	-	-	-	1,630,000
Transfers Out	(510,000)	-	-	(1,052,314)	-	-	-	-	(1,562,314)	-	-	-	(1,562,314)
<b>Total Other Financing Sources (Uses)</b>	<b>(510,000)</b>	<b>1,944,059</b>	<b>63,371</b>	<b>1,268,655</b>	<b>400,000</b>	<b>27,716</b>	<b>1,028,471</b>	<b>1,134,685</b>	<b>5,473,396</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,473,396</b>
<b>Special Item</b>													
Proceeds from Sale of Capital Assets	-	-	-	-	239,660	-	-	-	239,660	-	-	-	239,660
Net Change in Fund Balances	45,650	1,053,028	-	469,730	639,660	(33)	5,054	481	(425,098)	1,869,451	-	-	1,869,451
<b>Fund Balance July 1, 2006</b>	<b>85,671</b>	<b>(1,053,028)</b>	<b>-</b>	<b>-</b>	<b>330,604</b>	<b>33</b>	<b>94,101</b>	<b>9,668</b>	<b>1,203,917</b>	<b>1,561,571</b>	<b>-</b>	<b>-</b>	<b>1,561,571</b>
<b>Fund Balance June 30, 2007</b>	<b>\$ 131,321</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 469,730</b>	<b>\$ 970,264</b>	<b>\$ -</b>	<b>\$ 99,155</b>	<b>\$ 10,149</b>	<b>\$ 778,819</b>	<b>\$ 3,431,022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,431,022</b>



**INDIVIDUAL FUND SCHEDULES  
NON-MAJOR GOVERNMENTAL FUNDS**



**CITY OF COVINGTON, KENTUCKY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**POLICE AND FIRE INCENTIVE**  
**Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 840,000	\$ 900,000	\$ 877,860	\$ (22,140)
<b>Expenditures</b>				
Police	426,873	486,873	422,729	64,144
Fire	413,127	413,127	457,011	(43,884)
Total Expenditures	840,000	900,000	879,740	20,260
<b>Excess (Deficit) of Revenues Over Expenditures</b>	-	-	(1,880)	(1,880)
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	1,880	1,880
Net Change in Fund Balance	-	-	-	-
<b>Fund Balance July 1, 2006</b>	-	-	-	-
<b>Fund Balance June 30, 2007</b>	\$ -	\$ -	\$ -	\$ -

CITY OF COVINGTON, KENTUCKY  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (WITH VARIANCES)  
 NEWPORT STEEL UDAG  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 190,000	\$ -	\$ -	\$ -
Investment Earnings	169,000	59,000	38,553	(20,447)
Miscellaneous	<u>101,000</u>	<u>241,000</u>	<u>280,613</u>	<u>39,613</u>
Total Revenues	<u>460,000</u>	<u>300,000</u>	<u>319,166</u>	<u>19,166</u>
<b>Expenditures</b>				
Code Enforcement and Economic Development	<u>300,000</u>	<u>300,000</u>	<u>153,184</u>	<u>146,816</u>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<u>160,000</u>	<u>-</u>	<u>165,982</u>	<u>165,982</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	160,000	-	165,982	165,982
<b>Fund Balance July 1, 2006</b>	<u>-</u>	<u>-</u>	<u>72,945</u>	<u>72,945</u>
<b>Fund Balance June 30, 2007</b>	<u>\$ 160,000</u>	<u>\$ -</u>	<u>\$ 238,927</u>	<u>\$ 238,927</u>

**CITY OF COVINGTON, KENTUCKY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**DEVOU PARK MAINTENANCE**  
**Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment Earnings	\$ 3,000	\$ 3,000	\$ 3,477	\$ 477
<b>Expenditures</b>				
General Government	5,000	5,000	-	5,000
Capital Outlay	64,000	55,000	-	55,000
Total Expenditures	69,000	60,000	-	60,000
<b>Excess (Deficit) of Revenues Over Expenditures</b>	(66,000)	(57,000)	3,477	60,477
<b>Other Financing Sources (Uses)</b>				
Transfers In	10,000	10,000	10,000	-
Net Change in Fund Balance	(56,000)	(47,000)	13,477	60,477
<b>Fund Balance July 1, 2006</b>	-	47,000	59,828	12,828
<b>Fund Balance June 30, 2007</b>	<u>\$ (56,000)</u>	<u>\$ -</u>	<u>\$ 73,305</u>	<u>\$ 73,305</u>

CITY OF COVINGTON, KENTUCKY  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (WITH VARIANCES)  
 INVESTOR PROGRAM  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment Earnings	\$ -	\$ 25,000	\$ 25,347	\$ 347
Miscellaneous	<u>66,670</u>	<u>166,670</u>	<u>231,421</u>	<u>64,751</u>
Total Revenues	<u>66,670</u>	<u>191,670</u>	<u>256,768</u>	<u>65,098</u>
<b>Expenditures</b>				
Code Enforcement and Economic Development	<u>366,670</u>	<u>366,670</u>	<u>229,169</u>	<u>137,501</u>
Net Change in Fund Balance	(300,000)	(175,000)	27,599	202,599
Fund Balance July 1, 2006	<u>-</u>	<u>175,000</u>	<u>332,493</u>	<u>157,493</u>
Fund Balance June 30, 2007	<u><u>\$ (300,000)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 360,092</u></u>	<u><u>\$ 360,092</u></u>

CITY OF COVINGTON, KENTUCKY  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (WITH VARIANCES)  
 CITY HALL OPERATIONS  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$ 327,826	\$ 270,933	\$ 262,124	\$ (8,809)
Investment Earnings	-	-	1,132	1,132
<b>Total Revenues</b>	<u>327,826</u>	<u>270,933</u>	<u>263,256</u>	<u>(7,677)</u>
<b>Expenditures</b>				
General Government	233,055	303,092	281,883	21,209
Capital Outlay	16,495	-	13,952	(13,952)
<b>Total Expenditures</b>	<u>249,550</u>	<u>303,092</u>	<u>295,835</u>	<u>7,257</u>
Excess (Deficit) of Revenues Over Expenditures	78,276	(32,159)	(32,579)	(420)
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	32,159	32,579	420
<b>Net Change in Fund Balance</b>	78,276	-	-	-
<b>Fund Balance July 1, 2006</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance June 30, 2007</b>	<u>\$ 78,276</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF COVINGTON, KENTUCKY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**FIRE DEPT. GRANT FUND**  
**Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 265,186	\$ 265,186	\$ -
<b>Expenditures</b>				
Fire	-	265,186	265,186	-
Net Change in Fund Balance	-	-	-	-
Fund Balance July 1, 2006	-	-	-	-
Fund Balance June 30, 2007	\$ -	\$ -	\$ -	\$ -



**CITY OF COVINGTON, KENTUCKY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**ARTS DISTRICT**  
**Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment Earnings	\$ -	\$ -	\$ 2,663	\$ 2,663
<b>Expenditures</b>				
General Government	-	-	-	-
Debt Service				
Principal	-	15,000	15,000	-
Interest and Other Charges	-	19,050	21,241	(2,191)
Capital Outlay	-	-	-	-
 Total Expenditures	 -	 34,050	 36,241	 (2,191)
 Net Change in Fund Balance	 -	 (34,050)	 (33,578)	 472
 <b>Fund Balance July 1, 2006</b>	 -	 34,050	 43,547	 9,497
 <b>Fund Balance June 30, 2007</b>	 \$ -	 \$ -	 \$ 9,969	 \$ 9,969

CITY OF COVINGTON, KENTUCKY  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (WITH VARIANCES)  
 501 MAIN STREET OPERATIONS  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$ -	\$ 60,000	\$ 47,892	\$ (12,108)
<b>Expenditures</b>				
General Government	-	39,125	41,249	(2,124)
Debt Service				
Interest and Other Charges	-	80,875	78,623	2,252
 Total Expenditures	 -	 120,000	 119,872	 128
 Excess (Deficit) of Revenues Over Expenditures	 -	 (60,000)	 (71,980)	 (11,980)
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	60,000	71,980	11,980
 Net Change in Fund Balance	 -	 -	 -	 -
<b>Fund Balance July 1, 2006</b>	 -	 -	 -	 -
 <b>Fund Balance June 30, 2007</b>	 \$ -	 \$ -	 \$ -	 \$ -

**CITY OF COVINGTON, KENTUCKY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**POLICE FORFEITURE**  
**Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 70,000	\$ 70,000	\$ 77,483	\$ 7,483
Investment Earnings	10,000	10,000	15,209	5,209
<b>Total Revenues</b>	<u>80,000</u>	<u>80,000</u>	<u>92,692</u>	<u>12,692</u>
<b>Expenditures</b>				
Police	9,460	125,000	60,282	64,718
Capital Outlay	178,690	200,000	-	200,000
<b>Total Expenditures</b>	<u>188,150</u>	<u>325,000</u>	<u>60,282</u>	<u>264,718</u>
<b>Net Change in Fund Balance</b>	(108,150)	(245,000)	32,410	277,410
<b>Fund Balance July 1, 2006</b>	<u>-</u>	<u>245,000</u>	<u>256,881</u>	<u>11,881</u>
<b>Fund Balance June 30, 2007</b>	<u>\$ (108,150)</u>	<u>\$ -</u>	<u>\$ 289,291</u>	<u>\$ 289,291</u>

CITY OF COVINGTON, KENTUCKY  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (WITH VARIANCES)  
 POLICE BLOCK GRANT  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 80,000	\$ 80,000	\$ -	\$ (80,000)
Investment Earnings	<u>-</u>	<u>-</u>	<u>4,732</u>	<u>4,732</u>
Total Revenues	<u>80,000</u>	<u>80,000</u>	<u>4,732</u>	<u>(75,268)</u>
<b>Expenditures</b>				
Police	-	195,000	126,955	68,045
Capital Outlay	<u>1,312</u>	<u>5,000</u>	<u>2,688</u>	<u>2,312</u>
Total Expenditures	<u>1,312</u>	<u>200,000</u>	<u>129,643</u>	<u>70,357</u>
Net Change in Fund Balance	78,688	(120,000)	(124,911)	(4,911)
<b>Fund Balance July 1, 2006</b>	<u>-</u>	<u>120,000</u>	<u>124,911</u>	<u>4,911</u>
<b>Fund Balance June 30, 2007</b>	<u>\$ 78,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF COVINGTON, KENTUCKY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**CAD SYSTEM**  
**Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 340,000	\$ 627,000	\$ 549,921	\$ (77,079)
Investment Earnings	<u>2,000</u>	<u>5,000</u>	<u>5,729</u>	<u>729</u>
Total Revenues	342,000	632,000	555,650	(76,350)
<b>Other Financing Sources (Uses)</b>				
Transfers Out	<u>(300,000)</u>	<u>(632,000)</u>	<u>(510,000)</u>	<u>122,000</u>
Net Change in Fund Balance	42,000	-	45,650	45,650
<b>Fund Balance July 1, 2006</b>	<u>-</u>	<u>-</u>	<u>85,671</u>	<u>85,671</u>
<b>Fund Balance June 30, 2007</b>	<u>\$ 42,000</u>	<u>\$ -</u>	<u>\$ 131,321</u>	<u>\$ 131,321</u>

CITY OF COVINGTON, KENTUCKY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (WITH VARIANCES)  
KLC SERIES 2002  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
General Government	\$ -	\$ -	\$ -	\$ -
Debt Service				
Principal	-	450,000	440,245	9,755
Interest and Other Charges	-	904,551	450,786	453,765
Capital Outlay	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>800,000</u>	<u>1,354,551</u>	<u>891,031</u>	<u>463,520</u>
Excess (Deficit) of Revenues Over Expenditures	(800,000)	(1,354,551)	(891,031)	463,520
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>-</u>	<u>1,354,551</u>	<u>1,944,059</u>	<u>589,508</u>
Net Change in Fund Balance	(800,000)	-	1,053,028	1,053,028
<b>Fund Balance July 1, 2006</b>	<u>-</u>	<u>-</u>	<u>(1,053,028)</u>	<u>(1,053,028)</u>
<b>Fund Balance June 30, 2007</b>	<u><u>\$ (800,000)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF COVINGTON, KENTUCKY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**RENAISSANCE GRANT FUND**  
**Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 265,000	\$ 177,423	\$ (87,577)
Miscellaneous	-	110,000	79,396	(30,604)
<b>Total Revenues</b>	<u>-</u>	<u>375,000</u>	<u>256,819</u>	<u>(118,181)</u>
<b>Expenditures</b>				
Code Enforcement and Economic Development	-	150,000	129,896	20,104
Capital Outlay	-	295,000	190,294	104,706
<b>Total Expenditures</b>	<u>-</u>	<u>445,000</u>	<u>320,190</u>	<u>124,810</u>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	-	(70,000)	(63,371)	6,629
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	70,000	63,371	(6,629)
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance July 1, 2006</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance June 30, 2007</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF COVINGTON, KENTUCKY  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (WITH VARIANCES)  
 WORKING CAPITAL RESERVE  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$ -	\$ 400,000	\$ 400,000	\$ -
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Other Financing Sources (Uses)	 -	 400,000	 400,000	 -
<b>Special Item</b>				
Proceeds from Sale of Capital Assets	<u>-</u>	<u>239,660</u>	<u>239,660</u>	<u>-</u>
 Net Change in Fund Balance	 -	 639,660	 639,660	 -
 <b>Fund Balance July 1, 2006</b>	 <u>-</u>	 <u>-</u>	 <u>330,604</u>	 <u>330,604</u>
 <b>Fund Balance June 30, 2007</b>	 <u>\$ -</u>	 <u>\$ 639,660</u>	 <u>\$ 970,264</u>	 <u>\$ 330,604</u>



CITY OF COVINGTON, KENTUCKY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (WITH VARIANCES)  
CAPITAL IMPROVEMENT FUND  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 626,000	\$ 734,792	\$ 108,792
Miscellaneous	-	-	15,000	15,000
<b>Total Revenues</b>	<u>-</u>	<u>626,000</u>	<u>749,792</u>	<u>123,792</u>
<b>Expenditures</b>				
General Government	-	-	29,568	(29,568)
Capital Outlay	-	1,636,000	1,519,149	116,851
<b>Total Expenditures</b>	<u>-</u>	<u>1,636,000</u>	<u>1,548,717</u>	<u>87,283</u>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<u>-</u>	<u>(1,010,000)</u>	<u>(798,925)</u>	<u>211,075</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	644,000	690,969	46,969
Proceeds from Capital Lease	-	1,378,000	1,630,000	252,000
Transfers Out	-	(1,012,000)	(1,052,314)	(40,314)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>1,010,000</u>	<u>1,268,655</u>	<u>258,655</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>-</u>	<u>469,730</u>	<u>469,730</u>
<b>Fund Balance July 1, 2006</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance June 30, 2007</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 469,730</u>	<u>\$ 469,730</u>

CITY OF COVINGTON, KENTUCKY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (WITH VARIANCES)  
1990 FIRST MORTGAGE BONDS  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
Debt Service				
Principal	\$ -	\$ 30,000	\$ 26,493	\$ 3,507
Interest and Other Charges	-	10,447	1,256	9,191
	<u>-</u>	<u>40,447</u>	<u>27,749</u>	<u>12,698</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	40,500	40,447	27,716	(12,731)
Transfers Out	-	-	-	-
	<u>40,500</u>	<u>40,447</u>	<u>27,716</u>	<u>(12,731)</u>
Net Change in Fund Balance	40,500	-	(33)	(33)
<b>Fund Balance July 1, 2006</b>	<u>-</u>	<u>-</u>	<u>33</u>	<u>33</u>
<b>Fund Balance June 30, 2007</b>	<u>\$ 40,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF COVINGTON, KENTUCKY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**2004 PENSION OBLIGATION BONDS**  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment Earnings	\$ -	\$ -	\$ 5,055	\$ 5,055
<b>Expenditures</b>				
General Government	-	80,000	75,594	4,406
Debt Service				
Principal	-	315,000	315,000	-
Interest and Other Charges	-	705,000	637,878	67,122
 Total Expenditures	 -	 1,100,000	 1,028,472	 71,528
 Deficit of Revenues Over Expenditures	 -	 (1,100,000)	 (1,023,417)	 76,583
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	1,100,000	1,028,471	(71,529)
 Net Change in Fund Balance	 -	 -	 5,054	 5,054
 <b>Fund Balance July 1, 2006</b>	 -	 -	 94,101	 94,101
 <b>Fund Balance June 30, 2007</b>	 \$ -	 \$ -	 \$ 99,155	 \$ 99,155

CITY OF COVINGTON, KENTUCKY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (WITH VARIANCES)  
2005 REFUNDING BONDS  
Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Investment Earnings	\$ -	\$ -	\$ 481	\$ 481
<b>Expenditures</b>				
General Government	-	-	-	-
Debt Service				
Principal	-	920,000	920,000	-
Interest and Other Charges	-	276,721	214,685	62,036
 Total Expenditures	 -	 1,196,721	 1,134,685	 62,036
 Deficit of Revenues Over Expenditures	 -	 (1,196,721)	 (1,134,204)	 62,517
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	1,196,721	1,134,685	(62,036)
 Net Change in Fund Balance	 -	 -	 481	 481
<b>Fund Balance July 1, 2006</b>	 -	 -	 9,668	 9,668
 <b>Fund Balance June 30, 2007</b>	 \$ -	 \$ -	 \$ 10,149	 \$ 10,149

**CITY OF COVINGTON, KENTUCKY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**SEWER MAINTENANCE FEES**  
**Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment Earnings	\$ 80,000	\$ 25,000	\$ 24,877	\$ (123)
<b>Expenditures</b>				
Principal	306,000	450,000	305,905	144,095
Capital Outlay	<u>-</u>	<u>-</u>	<u>144,070</u>	<u>(144,070)</u>
Total Expenditures	<u>306,000</u>	<u>450,000</u>	<u>449,975</u>	<u>25</u>
Net Change in Fund Balance	(226,000)	(425,000)	(425,098)	(98)
<b>Fund Balance July 1, 2006</b>	<u>-</u>	<u>425,000</u>	<u>1,203,917</u>	<u>778,917</u>
<b>Fund Balance June 30, 2007</b>	<u><u>\$ (226,000)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 778,819</u></u>	<u><u>\$ 778,819</u></u>

INTENTIONALLY BLANK

**COMBINING FINANCIAL STATEMENTS**  
**PROPRIETARY FUNDS**





CITY OF COVINGTON, KENTUCKY  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 June 30, 2007

	Internal Service Funds		
	Liability Insurance	Medical and Dental Insurance	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 62,347	\$ 382,767	\$ 445,114
Accounts Receivable	-	-	-
Due from Other Funds	1,172,330	614,589	1,786,919
Total Assets	1,234,677	997,356	2,232,033
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	4,238	1,524	5,762
Estimated Liability for Claims	-	995,832	995,832
Due to Other Funds	-	-	-
Total Liabilities	4,238	997,356	1,001,594
<b>Net Assets</b>			
Unrestricted	\$ 1,230,439	\$ -	\$ 1,230,439

**CITY OF COVINGTON, KENTUCKY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**Year Ended June 30, 2007**

	<b>Internal Service Funds</b>		
	<b>Liability Insurance</b>	<b>Medical and Dental Insurance</b>	<b>Total</b>
<b>Operating Revenues</b>			
Insurance Premium Payments	\$ -	\$ 4,723,205	\$ 4,723,205
Other Operating Revenues	8,257	497	8,754
<b>Total Operating Revenues</b>	<u>8,257</u>	<u>4,723,702</u>	<u>4,731,959</u>
<b>Operating Expenses</b>			
Contractual Services	164,462	386,117	550,579
Claims and Judgments	59,244	4,376,035	4,435,279
<b>Total Operating Expenses</b>	<u>223,706</u>	<u>4,762,152</u>	<u>4,985,858</u>
Operating Loss	(215,449)	(38,450)	(253,899)
<b>Non-Operating Revenues</b>			
Investment Income	39,458	22,555	62,013
Loss Before Transfers	(175,991)	(15,895)	(191,886)
Transfers In	495,200	-	495,200
Change in Net Assets	319,209	(15,895)	303,314
<b>Net Assets July 1, 2006</b>	<u>911,230</u>	<u>15,895</u>	<u>927,125</u>
<b>Net Assets June 30, 2007</b>	<u>\$ 1,230,439</u>	<u>\$ -</u>	<u>\$ 1,230,439</u>

**CITY OF COVINGTON, KENTUCKY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**Year Ended June 30, 2007**

	<b>Internal Service Funds</b>		
	<u>Liability Insurance</u>	<u>Medical and Dental Insurance</u>	<u>Total</u>
<b>Cash Flows From Operating Activities</b>			
Cash Received from Other Funds	\$ (976,768)	\$ 4,559,118	\$ 3,582,350
Cash Received from Other Activities	8,257	497	8,754
Cash Paid for Claims	<u>(225,586)</u>	<u>(4,265,019)</u>	<u>(4,490,605)</u>
Net Cash (Used) Provided by Operating Activities	(1,194,097)	294,596	(899,501)
<b>Cash Flows from Non-Capital Financing Activities</b>			
Transfer from Other Funds	495,200	-	495,200
<b>Cash Flows from Investing Activities</b>			
Interest Income	<u>39,458</u>	<u>22,555</u>	<u>62,013</u>
Net Change in Cash	(659,439)	317,151	(342,288)
<b>Cash and Cash Equivalents July 1, 2006</b>	<u>721,786</u>	<u>65,616</u>	<u>787,402</u>
<b>Cash and Cash Equivalents June 30, 2007</b>	<u>\$ 62,347</u>	<u>\$ 382,767</u>	<u>\$ 445,114</u>
<b>Reconciliation of Operating Loss to Net Cash (Used) Provided by Operating Activities</b>			
Operating Loss	\$ (215,449)	\$ (38,450)	\$ (253,899)
Change in Assets and Liabilities			
Accounts Receivable	-	11,403	11,403
Due from Other Funds	(976,768)	535,411	(441,357)
Accounts Payable	(1,880)	(783)	(2,663)
Estimated Liability for Claims	-	497,916	497,916
Due to Other Funds	<u>-</u>	<u>(710,901)</u>	<u>(710,901)</u>
Net Cash (Used) Provided by Operating Activities	<u>\$ (1,194,097)</u>	<u>\$ 294,596</u>	<u>\$ (899,501)</u>

INTENTIONALLY BLANK

**INDIVIDUAL FUND SCHEDULES**  
**PROPRIETARY FUNDS**



CITY OF COVINGTON, KENTUCKY  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
BUDGET AND ACTUAL (WITH VARIANCES)  
LIABILITY INSURANCE  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating Revenues</b>				
Insurance Premium Payments	\$ -	\$ -	\$ -	\$ -
Other Operating Revenues	-	-	8,257	8,257
<b>Total Operating Revenues</b>	<u>-</u>	<u>-</u>	<u>8,257</u>	<u>8,257</u>
<b>Operating Expenses</b>				
Contractual Services	113,000	155,000	164,462	(9,462)
Claims and Judgments	325,000	325,000	59,244	265,756
<b>Total Operating Expenses</b>	<u>438,000</u>	<u>480,000</u>	<u>223,706</u>	<u>256,294</u>
<b>Operating Loss</b>	(438,000)	(480,000)	(215,449)	264,551
<b>Non-Operating Revenues</b>				
Investment Income	60,000	30,000	39,458	9,458
<b>Income (Loss) Before Transfers</b>	(378,000)	(450,000)	(175,991)	274,009
Transfers In	445,200	450,000	495,200	45,200
<b>Change in Net Assets</b>	67,200	-	319,209	319,209
<b>Net Assets July 1, 2006</b>	<u>-</u>	<u>-</u>	<u>911,230</u>	<u>911,230</u>
<b>Net Assets June 30, 2007</b>	<u>\$ 67,200</u>	<u>\$ -</u>	<u>\$ 1,230,439</u>	<u>\$ 1,230,439</u>

CITY OF COVINGTON, KENTUCKY  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
BUDGET AND ACTUAL (WITH VARIANCES)  
MEDICAL AND DENTAL INSURANCE  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating Revenues</b>				
Insurance Premium Payments	\$ 2,739,600	\$ 5,075,000	\$ 4,723,205	\$ (351,795)
Other Operating Revenues	-	-	497	497
Total Operating Revenues	<u>2,739,600</u>	<u>5,075,000</u>	<u>4,723,702</u>	<u>(351,298)</u>
<b>Operating Expenses</b>				
Contractual Services	461,600	511,600	386,117	125,483
Claims and Judgments	<u>2,303,000</u>	<u>4,588,400</u>	<u>4,376,035</u>	<u>212,365</u>
Total Operating Expenses	<u>2,764,600</u>	<u>5,100,000</u>	<u>4,762,152</u>	<u>337,848</u>
Operating Loss	(25,000)	(25,000)	(38,450)	(13,450)
<b>Non-Operating Revenues</b>				
Investment Income	<u>25,000</u>	<u>25,000</u>	<u>22,555</u>	<u>(2,445)</u>
Income (Loss) Before Transfers	-	-	(15,895)	(15,895)
Transfers In	-	-	-	-
Change in Net Assets	-	-	(15,895)	(15,895)
<b>Net Assets July 1, 2006</b>	<u>-</u>	<u>-</u>	<u>15,895</u>	<u>15,895</u>
<b>Net Assets June 30, 2007</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**COMBINING FINANCIAL STATEMENTS**  
**FIDUCIARY FUNDS**



CITY OF COVINGTON, KENTUCKY  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 June 30, 2007

	Fiduciary Funds		
	Employees' Retirement	Police and Firemen's Pension	Totals
<b>Assets</b>			
Cash and Cash Equivalents	\$ 731,650	\$ 410,736	\$ 1,142,386
Investments - Mutual Funds	5,920,029	15,812,733	21,732,762
Notes Receivable	-	140,305	140,305
	<u>6,651,679</u>	<u>16,363,774</u>	<u>23,015,453</u>
<b>Liabilities</b>			
Accounts Payable	-	3,721	3,721
Interfund Loans	919	302,731	303,650
	<u>919</u>	<u>306,452</u>	<u>307,371</u>
<b>Net Assets</b>			
Held in Trust for Pension Benefits	\$ <u>6,650,760</u>	\$ <u>16,057,322</u>	\$ <u>22,708,082</u>

**CITY OF COVINGTON, KENTUCKY**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**Year Ended June 30, 2007**

	<b>Fiduciary Funds</b>		
	<b>Employees' Retirement</b>	<b>Police and Firemen's Pension</b>	<b>Totals</b>
<b>Additions</b>			
Contributions			
Employee Contributions	\$ 8,627	\$ -	\$ 8,627
Miscellaneous	-	-	-
Impounding Lot	-	139,668	139,668
Total Revenues	<u>8,627</u>	<u>139,668</u>	<u>148,295</u>
Investment Earnings			
Interest and Dividends	224,644	576,119	800,763
Net Appreciation in Fair Value of Investments	<u>725,255</u>	<u>2,017,884</u>	<u>2,743,139</u>
Total Investment Earnings	<u>949,899</u>	<u>2,594,003</u>	<u>3,543,902</u>
Total Additions	<u>958,526</u>	<u>2,733,671</u>	<u>3,692,197</u>
<b>Deductions</b>			
Benefit Payments	753,560	1,751,956	2,505,516
Administration	21,625	67,562	89,187
Impounding Lot	-	13,227	13,227
Total Deductions	<u>775,185</u>	<u>1,832,745</u>	<u>2,607,930</u>
Change in Net Assets	183,341	900,926	1,084,267
<b>Net Assets July 1, 2006</b>	<u>6,467,419</u>	<u>15,156,396</u>	<u>21,623,815</u>
<b>Net Assets June 30, 2007</b>	<u>\$ 6,650,760</u>	<u>\$ 16,057,322</u>	<u>\$ 22,708,082</u>

## STATISTICAL SECTION (1)

- (1) A statistical table presenting Revenue Bond Coverage – last ten fiscal years is not included since the City has no enterprise funds.

A statistical table presenting direct and overlapping debt is not included since no general obligation bonds are outstanding.

A statistical table presenting special assessments billings and collections is not included since there are no special assessments.



# Statistical Section

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

## Contents

## Page

### **Financial Trends**

94-97

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

### **Revenue Capacity**

98-103

These schedules contain trend information to help the reader assess the factors affecting the city's ability to generate its occupational license/payroll tax and property taxes.

### **Debt Capacity**

104-106

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

### **Demographic and Economic Information**

107-108

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.

### **Operating Information**

109-111

These schedules contain trend information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial for the relevant year. The City implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.





**Schedule 1**  
**City of Covington**  
**Net Assets by Component,**  
**Last Five Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year				
	2007	2006	2005	2004	2003
Governmental Activities / Primary Government					
Invested in Capital Assets, net of Related Debt	39,709,313	40,851,867	41,483,876	4,519,630	(2,888,790)
Restricted	888,123	1,307,719	1,593,846	1,943,252	1,943,882
Unrestricted	17,286,863	15,104,828	1,947,609	15,614,883	22,540,375
<b>Total Governmental Activities Net Assets</b>	<b>57,884,299</b>	<b>57,264,414</b>	<b>45,025,331</b>	<b>22,077,765</b>	<b>21,595,467</b>

**Note:** The city implemented GASB Statement 34 in fiscal year 2003.

**Schedule 2**  
**City of Covington**  
**Changes in Net Assets, Last Five Fiscal Years**  
**Last Five Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year				
	2007	2006	2005	2004	2003
<b>Expenses</b>					
Governmental Activities:					
General Government	6,975,709	7,781,587	9,381,965	3,939,011	4,822,043
Police	14,873,868	14,482,761	13,660,495	13,582,260	12,712,976
Fire	13,595,531	12,512,512	11,930,245	11,286,851	10,328,208
General Service	6,001,968	5,324,831	5,561,622	8,020,228	7,440,215
Recreation	2,350,546	2,325,250	2,575,568	1,045,289	787,164
Code Enforcement and Economic Development	9,345,867	9,817,626	9,086,241	9,825,619	10,876,935
Parking Garage	734,401	727,419	803,715	809,425	743,982
Interest on Long-term Debt	1,872,816	1,919,888	1,437,434	1,171,229	1,605,271
<b>Total governmental activities expenses</b>	<b>55,750,706</b>	<b>54,891,874</b>	<b>54,437,285</b>	<b>49,679,912</b>	<b>49,316,794</b>
<b>Program Revenues</b>					
Governmental Activities:					
General Government	1,096,558	1,215,111	761,041	1,928,888	1,737,441
Police	331,579	372,192	-	344,287	516,097
Fire	1,073,548	912,526	987,802	546,276	510,848
General Service	1,170,789	1,226,952	1,092,970	1,154,023	1,373,968
Recreation	-	-	-	90,465	39,525
Code Enforcement and Economic Development	114,177	56,017	-	-	1,312,485
Parking Garage	1,041,332	1,059,369	1,252,755	-	-
Interest on Long-term Debt	-	-	-	1,194,146	-
Operating Grants and Contributions	8,840,224	9,652,316	8,754,883	9,218,291	9,114,414
Capital Grants and Contributions	1,279,884	716,322	3,106,704	902,562	799,478
<b>Total Governmental Activities Expenses</b>	<b>14,948,091</b>	<b>15,210,805</b>	<b>15,956,155</b>	<b>15,378,938</b>	<b>15,404,256</b>
<b>General Revenues and Other changes in Net Assets</b>					
Governmental Activities:					
Taxes					
Real Property Taxes, Levied for General Purposes	5,590,772	5,913,401	4,399,593	4,945,540	5,094,960
Personal Property Taxes, Levied for General Purposes	553,057	589,401	496,286	474,360	679,089
Public Services Taxes	1,978,504	2,092,335	1,909,267	1,892,053	2,078,467
Taxes, Levied for Bank Deposits	59,042	62,232	62,323	102,802	74,272
Insurance Premium Taxes	5,242,337	5,324,223	5,240,743	4,909,972	4,746,726
Payroll Taxes	21,656,929	21,263,831	19,543,654	18,319,549	17,683,867
Net Profit Taxes	2,959,729	2,554,150	2,303,123	2,590,933	1,993,189
Other Taxes	552,641	490,889	358,751	376,845	351,664
Investment earnings	389,885	310,239	228,382	132,820	186,286
Fines and Forfeitures	-	-	444,832	-	-
Licenses and Permits	-	-	367,376	-	-
Commissions	-	-	-	-	-
Special item - Gain on Sale of Capital Assets	214,010	576,242	-	-	-
Miscellaneous	2,225,594	1,710,802	1,878,640	1,038,363	20,047,710
Transfers	-	-	(14,275,000)	-	(345,200)
<b>Total General Revenues and Transfers</b>	<b>41,422,500</b>	<b>40,887,745</b>	<b>22,957,970</b>	<b>34,783,237</b>	<b>52,591,030</b>
<b>Change in Net Assets</b>					
<b>Total Primary Government</b>	<b>619,885</b>	<b>1,206,676</b>	<b>(15,523,160)</b>	<b>482,263</b>	<b>18,678,492</b>

**Note:** The city implemented GASB Statement 34 in fiscal year 2003.

Schedule 3  
 City of Covington  
 Fund Balances, Governmental Funds,  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Fund										
Reserved	1,611	122,892	5,388	-	-	125,771	115,779	129,072	149,427	159,300
Unreserved	675,320	550,513	229,739	291,457	920,556	1,204,885	1,208,499	938,012	872,329	791,777
Total general fund	\$ 676,931	\$ 673,405	\$ 235,127	\$ 291,457	\$ 920,556	\$ 1,330,656	\$ 1,324,278	\$ 1,067,084	\$ 1,021,752	\$ 951,077
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,342	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	3,716,572	810,353	1,207,276	2,578,865	3,439,783	3,037,818	4,466,029	5,429,314	8,466,071	7,640,851
Capital projects funds	469,730	-	-	-	-	-	-	-	-	-
Debt service funds	888,123	1,307,719	1,593,846	3,745,979	4,053,087	6,494,886	13,141,399	5,501,061	2,409,320	2,424,341
Total all other governmental funds	\$ 5,074,425	\$ 2,118,072	\$ 2,801,122	\$ 6,324,844	\$ 7,492,870	\$ 9,572,046	\$ 17,607,428	\$ 10,930,375	\$ 10,875,391	\$ 10,065,192

Note:

**Schedule 4**  
**City of Covington**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Five Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year				
	2007	2006	2005	2004	2003
<b>Revenues</b>					
Taxes	13,554,260	13,466,713	12,762,470	12,395,102	12,104,042
Licenses and Permits	24,897,197	24,123,130	22,214,153	21,287,327	20,028,720
Intergovernmental	11,204,089	10,345,557	9,636,936	10,120,853	9,913,892
Charges for services	4,104,170	4,128,721	4,094,568	4,745,670	4,721,842
Fines and Forfeitures	711,786	603,286	444,832	478,752	447,020
Investment Earnings	330,536	278,531	223,704	123,538	186,286
Miscellaneous	2,342,372	1,734,234	4,109,294	1,539,153	2,656,223
<b>Total Revenues</b>	<b>57,144,410</b>	<b>54,680,172</b>	<b>53,485,957</b>	<b>50,690,395</b>	<b>50,058,025</b>
<b>Expenditures</b>					
<b>Current</b>					
General Government	3,092,518	3,537,750	3,365,074	3,366,630	3,558,293
Police	14,359,432	14,109,828	13,239,562	12,833,125	11,913,958
Fire	12,989,464	12,168,065	11,429,099	10,800,154	9,947,813
General Service	5,292,360	5,180,111	5,358,833	7,761,571	7,105,526
Recreation	2,309,959	2,289,413	2,372,300	717,870	737,049
Code Enforcement and Economic Development	9,098,909	9,832,881	9,096,233	9,778,417	10,831,082
Parking Garage	734,401	727,419	803,715	809,425	743,982
<b>Debt Service</b>					
Principal	2,727,985	2,763,879	5,553,494	7,665,518	12,325,046
Interest and Other Charges	1,701,223	1,965,386	1,509,839	1,464,763	1,605,271
Capital Outlay	3,257,621	2,701,215	6,722,898	3,082,026	6,247,041
<b>Total Expenditures</b>	<b>55,563,872</b>	<b>55,275,947</b>	<b>59,451,047</b>	<b>58,279,499</b>	<b>65,015,061</b>
<b>Excess of revenues Over (under) Expenditures</b>					
	1,580,538	(595,775)	(5,965,090)	(7,589,104)	(14,957,036)
<b>Other Financing Sources (Uses)</b>					
Bonds issued			12,806,241	4,996,000	-
Lease proceeds	1,630,000			840,944	12,809,056
Transfers in	6,169,710	6,006,833	11,506,504	3,006,160	2,766,134
Transfer out	(6,663,029)	(6,252,032)	(25,926,704)	(3,051,160)	(3,111,334)
Capital Assets		596,202			
Miscellaneous			(1,003)		
<b>Total other financing sources (uses)</b>	<b>1,136,681</b>	<b>351,003</b>	<b>(1,614,962)</b>	<b>5,791,944</b>	<b>12,463,856</b>
<b>Special Item</b>					
Proceeds from Sale of Capital Asse	239,660				
<b>Net change in fund balances</b>	<b>2,956,879</b>	<b>(244,772)</b>	<b>(7,580,052)</b>	<b>(1,797,160)</b>	<b>(2,493,180)</b>
<b>Debt service as a percentage of non capital expenditures</b>	<b>8.47%</b>	<b>9.00%</b>	<b>13.40%</b>	<b>16.54%</b>	<b>23.70%</b>

**Note:** With the implementation of GASB statement 34 in fiscal year 2003, classification of revenue and expenditure by category were revised and not restated for earlier fiscal years

**Schedule 5  
City of Covington  
Occupational License Fees - Payroll Withholding  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total Gross Taxable Wages</b>	<b>Total Withholding Fees</b>	<b>Total Direct Rate</b>
1998	52,255,924,000	13,063,981	0.025%
1999	56,782,672,000	14,195,668	0.025%
2000	61,669,264,000	15,417,316	0.025%
2001	65,562,528,000	16,390,632	0.025%
2002	67,515,012,000	16,878,753	0.025%
2003	70,735,468,000	17,683,867	0.025%
2004	73,278,196,000	18,319,549	0.025%
2005	78,174,616,000	19,543,654	0.025%
2006	85,055,324,000	21,263,831	0.025%
2007	86,627,716,000	21,656,929	0.025%

**Notes:** There has been no change in tax rate since adoption in 1966

**Schedule 6  
City of Covington  
Principal Occupational Payroll Tax Payers  
Current Year and Nine Years Ago**

<b>Taxpayer</b>	
<b>2007</b>	<b>1998</b>
A. C. Nielsen	A. C. Nielsen
Atkins & Pearce	Atkins & Pearce
Club Chef	Commonwealth of Kentucky
Commonwealth of Kentucky	Covington Board of Education
Covington Board of Education	Duro Bag
Fidelity Investments	Fidelity Investments
Internal Revenue Service	Internal Revenue Service
No. Ky. Mental Health and Retardation Board	No. Ky. Mental Health and Retardation Board
Omnicare	Rosedale Manor
St. Elizabeth Hospital	St. Elizabeth Hospital

**Notes:** Taxpayer information is listed alphabetically.

**Source:** City of Covington Finance Department

**Schedule 7  
City of Covington  
Assessed Value and Estimated Actual Value of Taxable Property,  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
<i>(Amounts in thousands)</i>					
1998	1,112,335	143,996	54,141	1,202,190	0.353
1999	1,165,955	161,901	56,529	1,271,327	0.353
2000	1,240,574	171,655	57,440	1,354,789	0.322
2001	1,318,915	190,967	59,908	1,449,974	0.322
2002	1,374,693	179,133	60,047	1,493,779	0.322
2003	1,554,730	179,132	57,688	1,676,174	0.299
2004	1,600,532	155,966	58,542	1,697,956	0.299
2005	1,617,670	160,191	57,720	1,720,141	0.299
2006	1,687,690	203,668	57,570	1,833,788	0.299
2007	1,828,664	195,876	58,296	1,966,244	0.284

**Notes:** Property in Covington is reassessed once every four years. City property was last reassessed in 2007. The next reassessment will occur in 2011. The reassessment is conducted by the Kenton County Property Value Administrator. The property is assessed at 100% of value.

Tax rates are per \$100 of assessed value.

**Schedule 8**  
**City of Covington**  
**Direct and Overlapping Property Tax Rates,**  
**Last Ten Fiscal Years**  
*(rate per \$100 of assessed value)*

Fiscal Year	City			School Districts				Totals			
	Direct Rate	Covington Independent	Kenton County	Covington	County	State	Other	Covington Schools Area	Kenton County Schools Area		
1998	0.3532	0.895	0.465	0.1300	0.157	0.1100	1.6452	1.2152			
1999	0.3532	0.891	0.478	0.1290	0.148	0.1070	1.5973	1.1843			
2000	0.3223	0.870	0.478	0.1310	0.141	0.1077	1.5720	1.1800			
2001	0.3223	0.890	0.477	0.1310	0.136	0.1100	1.5893	1.1763			
2002	0.3223	0.865	0.492	0.1310	0.135	0.1120	1.5420	1.1690			
2003	0.2990	0.894	0.548	0.1310	0.133	0.1150	1.5720	1.2260			
2004	0.2990	0.925	0.558	0.1350	0.131	0.1320	1.6220	1.2550			
2005	0.2990	0.942	0.556	0.1360	0.131	0.1350	1.6430	1.2570			
2006	0.2990	0.922	0.556	0.1380	0.128	0.1410	1.6132	1.2472			
2007	0.2842	0.961	0.564	0.1410	0.124	0.1488	1.6590	1.2620			

**Notes:** Portions of the City of Covington are located in Kenton County Common School District and pay taxes to that entity instead of Covington Independent School District. Consequently both rates are shown.

The city's basic property tax may be increased up to the compensating rate plus 4% without being subject to a voter referendum. The compensating rate is defined as that rate which when applied to the current years assessment of property subject to taxation excluding new property and personal property produces an amount of revenue equal to that produced in the preceding year.



Schedule 9  
City of Covington  
Principal Property Tax Payers,  
Current Year and Nine Years Ago

Taxpayer	2007				1998			
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value		
CPX-Rivercenter Dev/Corp	\$ 140,563,400	1	7.15%	\$ 112,038,600	1	9.32%		
Fidelity Properties Inc	91,854,600	2	4.67%	61,406,500	2	5.11%		
Scott Street Land Co. Inc	14,960,000	3	0.76%	10,475,100	3	0.87%		
J & S Company Inc	10,482,000	4	0.53%	8,922,500	6	0.74%		
OZRE Lodging I LLC	13,947,100	5	0.71%	9,458,300	5	0.79%		
Atkins & Pearce Mftg	10,000,000	6	0.51%	10,118,000	4	0.84%		
Pioneer Park Assoc #2 LLC	6,812,500	7	0.35%	7,118,000	8	0.59%		
Latonia Realty Inc	6,590,000	8	0.34%	7,758,500	7	0.65%		
Scottenstein Trust	6,565,000	9	0.33%					
Atria Highland Crossing	6,165,000	10	0.31%					
Gateway Hotel LLC				6,486,000	9	0.54%		
A.C.D. Co.Inc				5,630,500	10	0.47%		
<b>Total</b>	<b>\$ 307,939,600</b>		<b>15.66%</b>	<b>\$ 239,412,000</b>		<b>19.91%</b>		

Schedule 10  
 City of Covington  
 Property Tax Levies and Collections,  
 Last Five Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Fiscal Year	Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 5,011,764	\$ 4,824,742	96.27%	151,416	\$ 4,976,158	99.29%
2004	5,076,892	4,907,183	96.66%	120,864	\$ 5,028,047	99.04%
2005	5,143,225	4,926,477	95.79%	134,948	\$ 5,061,425	98.41%
2006	5,483,028	5,293,287	96.54%	103,496	\$ 5,396,783	98.43%
2007	5,656,394	5,469,125	96.69%		\$ 5,469,125	96.69%

**Note:** Data was not available in the same format presented with the implementation of GASB Statement 44 prior to 2003.

**Schedule 11**  
**City of Covington**  
**Ratios of Outstanding Debt by Type,**  
**Last Five Fiscal Years**  
*(dollars in thousands, except per capita)*

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Capital Leases</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income (a)</b>	<b>Per Capita (a)</b>
2003	\$ -	\$ 36,734	\$ 36,734	3.40%	\$ 847
2004	4,962	29,344	34,306	3.18%	791
2005	26,487	19,415	45,902	4.26%	1,058
2006	27,907	15,231	43,138	4.00%	995
2007	25,888	16,153	42,041	3.90%	970

**Note:** Details of city's outstanding debt can be found in the notes to the financial statements.  
 Data was not available in the same format presented with the implementation of GASB Statement 44 prior to 2003.

(a) See Schedule 12 for personal income and population data.

**Schedule 12**  
**City of Covington**  
**Ratios of General Bonded Debt Outstanding,**  
**Last Five Fiscal Years**  
*(dollars in thousands, except per capita)*

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
2003	\$ -	0.00%	\$ -
2004	4,962	0.29%	114.41
2005	26,487	1.54%	643.46
2006	27,907	1.52%	596.86
2007	25,888	1.32%	596.91

**Note:** The City had no General Obligation Bonds prior to fiscal year 2003.

**Schedule 13**  
**City of Covington**  
**Legal Debt Margin Information,**  
**Last Five Fiscal Years**  
*(dollars in thousands)*

**Legal Debt Margin Calculation for Fiscal Year 2007**

Assessed value	\$ 1,966,244
Debt limit (10% of assessed value)	\$ 196,624
Debt applicable to limit:	
General Obligation	\$ 25,888
Total net debt applicable to limit	\$ 25,888
Legal debt margin	<u>\$ 170,736</u>

	Fiscal Year				
	2007	2006	2005	2004	2003
Debt limit	\$ 196,624	\$ 183,379	\$ 172,014	\$ 169,796	\$ 167,618
Total net debt applicable to limit	25,888	27,907	26,487	4,962	-
Legal debt margin	\$ 170,736	\$ 155,472	\$ 145,527	\$ 164,834	\$ 167,618
Total net debt applicable to the limit as a percentage of debt limit	13.17%	15.22%	15.40%	2.92%	0.00%

**Note:** The City had no total debt applicable to limit prior to fiscal year 2003.

**Schedule 14**  
**City of Covington**  
**Demographic and Economic Statistics,**  
**Last Ten Fiscal Years**

<b>Calendar Year</b>	<b>Population (a)</b>	<b>Personal Income (a) (thousands of dollars)</b>	<b>Per Capita Personal Income (a)</b>	<b>Median Age (a)</b>	<b>School Enrollment (b)</b>	<b>Unemployment Rate (c)</b>
1998	43,264	918,365	21,227	32.8	4,730	2.7%
1999	43,264	918,365	21,227	32.8	4,676	3.3%
2000	43,370	1,077,787	24,851	33.1	4,660	3.3%
2001	43,370	1,077,787	24,851	33.1	4,415	3.2%
2002	43,370	1,077,787	24,851	33.1	4,299	4.6%
2003	43,370	1,077,787	24,851	33.1	4,190	6.0%
2004	43,370	1,077,787	24,851	33.1	4,034	5.7%
2005	43,370	1,077,787	24,851	33.1	3,889	5.6%
2006	43,370	1,077,787	24,851	33.1	3,975	5.2%
2007	43,370	1,077,787	24,851	33.1	3,937	4.5%

**Sources:**

- (a) U. S. Department of the Census (2000 Census) & (1996 Census)
- (b) Covington Independent School District
- (c) Kentucky Department of Employment Services

**Schedule 15  
City of Covington  
Principal Employers,  
Current Year**

<b>Employer</b>	<b>2007</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Internal Revenue Service	4,800	1	24.24%
Fidelity Investments	4,100	2	20.71%
Covington Board of Education	925	3	4.67%
St. Elizabeth Hospital	775	4	3.91%
A. C. Nielsen	425	5	2.15%
State of Kentucky	360	6	1.82%
Ommicare	325	7	1.64%
Club Chef	300	8	1.52%
No. KY MH-MR Board	290	9	1.46%
Atkins & Pearce Mftg	250	10	1.26%
<b>Total</b>	<b>12,550</b>		<b>63.38%</b>

**Note:** Data is unavailable for nine years ago.

**Source:** City of Covington Finance Department

**Schedule 16**  
**City of Covington**  
**Full-Time-Equivalent City Government Employees by Function/Program,**  
**Last Ten Fiscal Years**

	<b>Full-time-Equivalent Employees as of June 30</b>									
<b>Function/Program</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
General government										
Management services	16	17	17	18	17	15	12	14	14	15
Finance	14	15	15	16	15	15	14	13	13	13
Economic development	6	5	5	7	6	5	4	4	4	4
Code enforcement	9	10	10	10	9					
Housing	16	16	16	18	20	24	24	24	24	24
Police										
Officers	116	116	116	116	113	113	110	110	110	106
Civilians	33	34	34	32	31	31	31	28	28	27
Fire										
Firefighters and officers	118	118	118	117	117	117	117	117	117	117
Civilians	1	1	1	1	1	1	1	1	1	1
Other public works										
Public works	35	36	38	38	38	52	49	46	45	45
Engineering	3	2	2	3	3	3	3	3	3	3
Parks and recreation	18	20	20	20	20	3	3	3	3	3
<b>Total</b>	<b>385</b>	<b>390</b>	<b>392</b>	<b>396</b>	<b>390</b>	<b>379</b>	<b>368</b>	<b>363</b>	<b>362</b>	<b>358</b>



Schedule 17  
 City of Covington  
 Operating Indicators by Function/Program,  
 Last Five Fiscal Years

Function/Program	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Police										
Physical arrests	5,762	5,819	5,342	5,017	5,167	4,942	5,177	6,426	6,044	5,806
Parking violations	14,863	15,622	14,721	13,016	13,775	15,494	14,216	13,842	13,703	13,912
Traffic violation	9,778	9,721	9,894	9,714	9,581	9,919	9,478	5,540	4,296	4,224
Fire										
Fire responses	3,752	3,985	4,167	3,951	4,209	4,376	4,218	4,323	6,995	6,117
Ambulance runs	10,246	9,742	8,602	7,927	7,931	7,755	7,435	7,377	8,730	7,918
Inspections	2,540	2,576	2,521	2,696	2,618	3,291	2,348	2,023	3,385	2,758

Schedule 18  
 City of Covington  
 Capital Assets Statistics by Function/Program,  
 Last Five Fiscal Years

Function/Program	Fiscal Year					2000	1999
	2007	2006	2005	2004	2003		
Police							
Stations	1	1	1	1	1	1	1
Zone offices	4	4	4	5	5	5	5
Patrol units	83	83	83	83	83	83	83
Fire stations	5	5	5	5	5	5	5
Other public works							
Streets (miles)	120	130	126	126	120	120	120
Streetlights	3,246	3,246	3,246	3,246	3,246	3,246	3,176
Parks and recreation							
Acreage	850	850	850	850	850	850	822
Playgrounds	28	28	28	28	28	28	21
Baseball/softball diamonds	10	10	10	10	10	10	14
Soccer/football fields	5	5	5	5	5	5	-
Swimming pools	4	4	4	4	4	4	4

**SINGLE AUDIT SECTION**



**CITY OF COVINGTON, KENTUCKY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 Year Ended June 30, 2007

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fund Balance at June 30, 2006	Revenues	Expenditures	Fund Balance at June 30, 2007
<b>U.S. Department of HUD</b>						
Direct Programs						
Section 8 Housing Choice Vouchers	14.871 (M)	KY-133-VO-0054-0F04	\$ - 490,871	\$ 6,518,612 (F) 110,820 (NF)	\$ 6,518,612 (F) (917,515) (NF)	\$ - 1,519,206
Community Development Block Grants/Entitlement Grants	14.218	B-02-MC-21-0001	-	1,948,733 (F)	1,948,733 (F)	-
HOME Program	14.239	M-02-MC-21-0200 M-03-MC-21-0200	65,630	332,469 (NF) 315,705 (F)	276,902 (NF) 315,705 (F)	121,197
<b>U.S. Department of HUD</b>						
Direct Programs						
Fire Department			-	265,186 (F)	265,186 (F)	-
Highway Safety			-	32,522 (F)	32,522 (F)	-
<b>Total Federal Financial Assistance</b>						
			\$ - 556,501	\$ 9,080,758 (F) 1,403,739 (NF)	\$ 9,080,758 (F) 319,837 (NF)	\$ - 1,640,403

F - Federal Funds  
 NF - Non-Federal Funds  
 M - Major Program

**Note to Schedule of Federal Awards**

Basis of Presentation - The accompanying Schedule of Federal Awards includes federal grant activity of the City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, therefore some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

INTENTIONALLY BLANK



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor  
Board of Commissioners  
City of Covington, Kentucky

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Covington, Kentucky as of and for the year ended June 30, 2007, which collectively comprise the City of Covington, Kentucky's basic financial statements and have issued our report thereon dated December 20, 2007. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Devou Properties, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Covington, Kentucky's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Covington, Kentucky's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Covington, Kentucky's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Covington, Kentucky's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Covington, Kentucky's financial statements that is more than inconsequential will not be prevented or detected by the City of Covington, Kentucky's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2007-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Covington, Kentucky's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above as Finding 2007-1 to be material weakness.

Honorable Mayor  
Board of Commissioners  
City of Covington, Kentucky  
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Covington, Kentucky's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of Covington, Kentucky's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Covington, Kentucky's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the finance committee, management, others within the organization, the Mayor and Board of Commissioners and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*VonLehman & Company Inc.*

Fort Mitchell, Kentucky  
December 20, 2007





**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor  
Board of Commissioners  
City of Covington, Kentucky

Compliance

We have audited the compliance of the City of Covington, Kentucky with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007.

The City of Covington, Kentucky's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Covington, Kentucky's management. Our responsibility is to express an opinion on City of Covington, Kentucky's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Covington, Kentucky's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Covington, Kentucky's compliance with those requirements.

In our opinion, the City of Covington, Kentucky complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the City of Covington, Kentucky is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Covington, Kentucky's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Covington, Kentucky's internal control over compliance.

Honorable Mayor  
Board of Commissioners  
City of Covington, Kentucky  
Page Two

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the finance committee, management, others within the organization, the Mayor and Board of Commissioners and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*VonLehman & Company Inc.*

Fort Mitchell, Kentucky  
December 20, 2007

**CITY OF COVINGTON, KENTUCKY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2007

**SECTION 1 – SUMMARY OF AUDITORS' RESULTS**

<b>FINANCIAL STATEMENTS</b>	
Type of Financial Statement Opinion	Unqualified
Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	Yes
Were there any material weaknesses reported at the financial statement level (GAGAS)?	Yes
Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<b>FEDERAL AWARDS</b>	
Were there any significant deficiencies in internal control reported for major federal programs?	No
Were there any material weaknesses reported for major federal programs?	None Reported
Type of Major Programs Compliance Opinion	Unqualified
Is there any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510?	No
Major Programs (list):	Section 8 Housing Choice Voucher [CFDA 14.871]
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: > all others
Low Risk Auditee?	Yes

**CITY OF COVINGTON, KENTUCKY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2007**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

Internal Control

2007-1 Prior Period Adjustment

Finding:

As noted in Note 2 to the financial statements, net assets on the government-wide statement of net assets have been restated as of July 1, 2006 to record the net pension obligation asset. A proper system of internal controls over financial reporting is essential in order to prevent, detect, and correct misstatements. Due to the complex accounting and disclosure requirements applicable to the City's defined benefit pension plans, the City failed to record the net pension obligation asset in prior years. The City has now recorded the net pension obligation asset in the government-wide statement of net assets in the current year. This omission in the prior years did not affect the fund balance on the governmental funds balance sheet.

Management's Response:

The city has corrected the omission and has implemented appropriate controls to ensure accurate financial reporting.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters to be reported.

**CITY OF COVINGTON, KENTUCKY**  
**SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2007**

**PRIOR YEAR – FINANCIAL STATEMENT FINDINGS**

Non-Compliance

2006-1 Expenditures in excess of budget appropriations

Current Status:

There were no material instances of non-compliance in the current year related to expenditures in excess of budget appropriations.

**PRIOR YEAR – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**INTENTIONALLY BLANK**