

**REQUIRED SUPPLEMENTARY INFORMATION**

## City of Covington, Kentucky

### Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund

Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes -				
Real property	\$ 6,112,402	\$ 6,112,402	\$ 6,073,468	\$ (38,934)
Personal property	500,000	500,000	563,891	63,891
Bank deposit	64,896	64,896	87,014	22,118
Franchise	2,337,485	2,337,485	1,944,431	(393,054)
Insurance premium	5,250,000	5,250,000	4,988,428	(261,572)
Licenses and permits -				
Payroll license fees	23,000,000	23,000,000	22,764,392	(235,608)
Net profits license fees	2,400,000	2,400,000	3,011,825	611,825
Night club permits	135,000	135,000	120,416	(14,584)
Liquor and beer licenses	150,000	150,000	144,619	(5,381)
Building and zoning	120,000	120,000	133,373	13,373
Dog licenses	8,000	8,000	685	(7,315)
Intergovernmental	2,833,000	2,833,000	1,862,791	(970,209)
Fines and forfeitures	675,000	675,000	439,189	(235,811)
Charges for services -				
Waste fees	2,322,533	2,322,533	2,342,050	19,517
Parking	1,194,000	1,194,000	1,674,834	480,834
Squad runs	1,350,000	1,350,000	1,333,724	(16,276)
Rental property	290,000	290,000	300,000	10,000
Other	1,218,528	1,220,328	412,715	(807,613)
Interest	30,000	30,000	21,948	(8,052)
Miscellaneous	583,450	583,450	695,022	111,572
Total revenues	50,574,294	50,576,094	48,914,815	(1,661,279)
<b>EXPENDITURES</b>				
General government -				
Administration department -				
Payroll	632,477	632,477	629,879	2,598
Employee benefits	300,221	300,221	343,620	(43,399)
Contractual services	363,839	363,839	406,402	(42,563)
Materials and supplies	27,600	27,600	28,125	(525)
Miscellaneous	15,150	15,150	20,514	(5,364)
Total administration department	1,339,287	1,339,287	1,428,540	(89,253)
Legal department -				
Payroll	233,361	243,361	269,549	(26,188)
Employee benefits	121,014	121,014	183,498	(62,484)
Contractual services	53,550	53,550	35,384	18,166
Materials and supplies	8,150	8,150	1,369	6,781
Miscellaneous	9,259	9,259	8,702	557
Total legal department	425,334	435,334	498,502	(63,168)

**Note - Required Supplementary Information:** The basis of budgeting is the same as GAAP.

## City of Covington, Kentucky

### Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund

Year Ended June 30, 2012

EXPENDITURES - continued	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Finance department -				
Payroll	\$ 566,500	\$ 566,500	\$ 537,694	\$ 28,806
Employee benefits	287,806	287,806	371,684	(83,878)
Contractual services	332,970	332,970	355,064	(22,094)
Materials and supplies	43,400	41,754	11,382	30,372
Miscellaneous	<u>2,950</u>	<u>2,950</u>	<u>4,902</u>	<u>(1,952)</u>
Total finance department	<u>1,233,626</u>	<u>1,231,980</u>	<u>1,280,726</u>	<u>(48,746)</u>
Total general governmental	<u>2,998,247</u>	<u>3,006,601</u>	<u>3,207,768</u>	<u>(201,167)</u>
Police -				
Payroll	7,981,513	8,021,513	8,192,919	(171,406)
Employee benefits	5,883,741	5,735,567	5,569,032	166,535
Contractual services	576,413	576,413	663,292	(86,879)
Materials and supplies	431,807	431,807	472,184	(40,377)
Miscellaneous	<u>6,500</u>	<u>6,500</u>	<u>5,198</u>	<u>1,302</u>
Total police	<u>14,879,974</u>	<u>14,771,800</u>	<u>14,902,625</u>	<u>(130,825)</u>
Fire -				
Payroll	6,559,877	7,059,877	7,154,219	(94,342)
Employee benefits	4,906,208	5,131,208	5,117,768	13,440
Contractual services	261,000	261,000	675,334	(414,334)
Materials and supplies	302,790	302,790	290,856	11,934
Miscellaneous	<u>4,000</u>	<u>4,000</u>	<u>3,038</u>	<u>962</u>
Total fire	<u>12,033,875</u>	<u>12,758,875</u>	<u>13,241,215</u>	<u>(482,340)</u>
Public improvements -				
Payroll	2,503,571	2,503,571	2,409,371	94,200
Employee benefits	1,736,825	1,736,825	1,566,920	169,905
Contractual services	1,021,667	870,304	1,099,575	(229,271)
Materials and supplies	893,650	893,650	814,248	79,402
Miscellaneous	<u>3,730</u>	<u>3,730</u>	<u>1,588</u>	<u>2,142</u>
Total public improvements	<u>6,159,443</u>	<u>6,008,080</u>	<u>5,891,702</u>	<u>116,378</u>
Recreation -				
Payroll	199,533	199,533	207,788	(8,255)
Employee benefits	104,354	104,354	89,313	15,041
Contractual services	162,100	162,100	138,138	23,962
Materials and supplies	34,150	34,150	39,432	(5,282)
Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>930</u>	<u>570</u>
Total recreation	<u>501,637</u>	<u>501,637</u>	<u>475,601</u>	<u>26,036</u>
Community development -				
Payroll	538,764	538,764	527,499	11,265
Employee benefits	311,834	311,834	287,990	23,844
Contractual services	2,233,411	2,293,411	2,414,207	(120,796)
Materials and supplies	18,500	18,500	16,178	2,322
Miscellaneous	<u>670,500</u>	<u>620,500</u>	<u>126,204</u>	<u>494,296</u>
Total community development	<u>3,773,009</u>	<u>3,783,009</u>	<u>3,372,078</u>	<u>410,931</u>

**Note - Required Supplementary Information:** The basis of budgeting is the same as GAAP.

## City of Covington, Kentucky

### Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund

Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES - continued</b>				
Economic development -				
Payroll	\$ 329,538	\$ 261,538	\$ 310,269	\$ (48,731)
Employee benefits	190,995	178,995	161,296	17,699
Contractual services	128,930	112,230	92,014	20,216
Materials and supplies	17,000	13,700	10,416	3,284
Miscellaneous	<u>2,500</u>	<u>2,500</u>	<u>1,872</u>	<u>628</u>
Total economic development	<u>668,963</u>	<u>568,963</u>	<u>575,867</u>	<u>(6,904)</u>
 Total community development and economic development	 <u>4,441,972</u>	 <u>4,351,972</u>	 <u>3,947,945</u>	 <u>404,027</u>
 Parking garages -				
Contractual services	738,460	758,460	743,506	14,954
Materials and supplies	<u>10,700</u>	<u>10,700</u>	<u>-</u>	<u>10,700</u>
Total parking garages	<u>749,160</u>	<u>769,160</u>	<u>743,506</u>	<u>25,654</u>
Capital outlay -				
General government	<u>7,401,650</u>	<u>7,401,650</u>	<u>3,743,244</u>	<u>3,658,406</u>
Total capital outlay	<u>7,401,650</u>	<u>7,401,650</u>	<u>3,743,244</u>	<u>3,658,406</u>
 Debt service -				
Principal	1,589,048	1,589,048	2,147,521	(558,473)
Interest	<u>1,008,647</u>	<u>1,008,647</u>	<u>564,718</u>	<u>443,929</u>
Total debt service	<u>2,597,695</u>	<u>2,597,695</u>	<u>2,712,239</u>	<u>(114,544)</u>
 Total expenditures	 <u>51,763,653</u>	 <u>52,167,470</u>	 <u>48,865,845</u>	 <u>3,301,625</u>
 Excess (deficiency) of revenues over expenditures	 <u>(1,189,359)</u>	 <u>(1,591,376)</u>	 <u>48,970</u>	 <u>1,640,346</u>
 Other financing sources (uses) -				
Transfers in	3,727,866	3,797,866	1,595,013	(2,202,853)
Proceeds on sale of capital assets	-	-	5,517	5,517
Issuance of debt	4,530,000	4,530,000	-	(4,530,000)
Transfers out	<u>(6,792,502)</u>	<u>(6,717,502)</u>	<u>(3,937,681)</u>	<u>2,779,821</u>
Total other financing sources (uses)	<u>1,465,364</u>	<u>1,610,364</u>	<u>(2,337,151)</u>	<u>(3,947,515)</u>
 <b>NET CHANGE IN FUND BALANCE</b>	 276,005	 18,988	 (2,288,181)	 (2,307,169)
 <b>FUND BALANCE - beginning of year</b>	 <u>-</u>	 <u>-</u>	 <u>3,620,655</u>	 <u>(3,620,655)</u>
 <b>FUND BALANCE - end of year</b>	 <u>\$ 276,005</u>	 <u>\$ 18,988</u>	 <u>\$ 1,332,474</u>	 <u>\$ 1,313,486</u>

**Note - Required Supplementary Information:** The basis of budgeting is the same as GAAP.

## City of Covington, Kentucky

### Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Community Development Block Grant

Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,738,130	\$ 1,738,130	\$ 1,324,803	\$ (413,327)
Miscellaneous	<u>380,546</u>	<u>380,546</u>	<u>731,849</u>	<u>351,303</u>
Total revenues	<u>2,118,676</u>	<u>2,118,676</u>	<u>2,056,652</u>	<u>(62,024)</u>
<b>EXPENDITURES</b>				
Community development	1,335,051	1,335,051	1,558,287	(223,236)
Debt service -				
Interest and other charges	18,125	18,125	18,046	79
Capital outlay	<u>533,000</u>	<u>533,000</u>	<u>147,819</u>	<u>385,181</u>
Total expenditures	<u>1,886,176</u>	<u>1,886,176</u>	<u>1,724,152</u>	<u>162,024</u>
Excess (deficiency) of revenues over expenditures	232,500	232,500	332,500	100,000
Other financing uses -				
Transfers out	<u>(232,500)</u>	<u>(232,500)</u>	<u>(332,500)</u>	<u>(100,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE - beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Note - Required Supplementary Information:** The basis of budgeting is the same as GAAP.

## City of Covington, Kentucky

### Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and

#### Actual - HOME Program

Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 478,185	\$ 478,185	\$ 383,590	\$ (94,595)
Investment earnings	-	-	132	132
Miscellaneous	<u>210,000</u>	<u>210,000</u>	<u>66,359</u>	<u>(143,641)</u>
Total revenues	<u>688,185</u>	<u>688,185</u>	<u>450,081</u>	<u>(238,104)</u>
<b>EXPENDITURES</b>				
Community development	625,185	625,185	398,606	226,579
Capital outlay	<u>63,000</u>	<u>63,000</u>	<u>51,236</u>	<u>11,764</u>
Total expenditures	<u>688,185</u>	<u>688,185</u>	<u>449,842</u>	<u>238,343</u>
Excess (deficiency) of revenues over expenditures	-	-	239	239
<b>FUND BALANCE - beginning of year</b>	<u>-</u>	<u>-</u>	<u>129,183</u>	<u>(129,183)</u>
<b>FUND BALANCE - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,422</u>	<u>\$ 129,422</u>

**Note - Required Supplementary Information:** The basis of budgeting is the same as GAAP.

## City of Covington, Kentucky

### Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Housing Voucher Program

Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 6,619,573	\$ 6,619,573	\$ 6,815,992	\$ 196,419
Investment earnings	10,000	10,000	830	(9,170)
Miscellaneous	-	-	1,309	1,309
Total revenues	6,629,573	6,629,573	6,818,131	188,558
<b>Expenditures</b>				
Community development	6,629,573	6,629,573	6,562,044	67,529
Excess (deficiency) of revenues over expenditures	-	-	256,087	256,087
<b>Fund balance - beginning of year</b>	-	-	1,189,385	(1,189,385)
<b>Fund balance - end of year</b>	-	-	\$ 1,445,472	\$ 1,445,472

**Note - Required Supplementary Information:** The basis of budgeting is the same as GAAP.

**OTHER SUPPLEMENTARY INFORMATION**



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

**City of Covington, Kentucky**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**June 30, 2012**

	Special Revenue Funds					
	Police and Fire Incentive	Devou Park Maintenance	Devou Park Master Plan	Federal and State Grant Fund	Police Forfeiture	CAD System
<b>ASSETS</b>						
Cash and cash equivalents	\$ 47,116	\$ 374,812	\$ 5,356	\$ -	\$ 83,828	\$ 60,213
Receivables	-	-	-	-	-	-
Intergovernmental Notes	-	-	-	-	-	-
Accounts Due from other funds	38,183	-	589,460	200,011	-	-
	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 85,299</b>	<b>\$ 374,812</b>	<b>\$ 594,816</b>	<b>\$ 200,011</b>	<b>\$ 83,828</b>	<b>\$ 60,213</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 74,645	\$ 71,247	\$ 35,152	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to other funds	85,299	95,330	523,319	91,807	171	60,213
Deferred revenue	-	182,623	-	73,052	-	-
Total liabilities	<u>85,299</u>	<u>352,598</u>	<u>594,566</u>	<u>200,011</u>	<u>171</u>	<u>60,213</u>
<b>FUND BALANCES</b>						
Restricted for HUD projects Committed for Devou Park maintenance	-	22,214	250	-	-	-
Police Debt service	-	-	-	-	83,657	-
Total fund balances	<u>-</u>	<u>22,214</u>	<u>250</u>	<u>-</u>	<u>83,657</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 85,299</b>	<b>\$ 374,812</b>	<b>\$ 594,816</b>	<b>\$ 200,011</b>	<b>\$ 83,828</b>	<b>\$ 60,213</b>

**City of Covington, Kentucky**  
**Combining Balance Sheet - Non-Major Governmental Funds**

June 30, 2012

	Special Revenue Funds				Debt Service Funds		Non-Major Governmental Funds
	Renaissance Grant Fund	Home Consortium Fund	Homeless Prevention Fund	Neighborhood Stabilization Program	2004 Pension Obligation Bonds	2005 Refunding Bonds	
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 40	\$ -	\$ 64	\$ 279,023	\$ 10,607	\$ 861,059
Receivables	-	-	-	-	-	-	-
Intergovernmental	-	54,199	84,215	146,406	-	-	284,820
Notes	-	799,148	-	2,206,988	-	-	3,006,136
Accounts	-	-	-	-	-	-	827,654
Due from other funds	-	-	-	-	3,342	-	3,342
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 853,387</u>	<u>\$ 84,215</u>	<u>\$ 2,353,458</u>	<u>\$ 282,365</u>	<u>\$ 10,607</u>	<u>\$ 4,983,011</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ 84,215	\$ 106,037	\$ 2,990	\$ -	\$ 374,286
Accrued liabilities	-	-	-	-	-	-	-
Due to other funds	-	54,239	-	40,433	-	10,607	961,418
Deferred revenue	-	799,148	-	2,206,988	-	-	3,261,811
Total liabilities	<u>-</u>	<u>853,387</u>	<u>84,215</u>	<u>2,353,458</u>	<u>2,990</u>	<u>10,607</u>	<u>4,597,515</u>
<b>FUND BALANCES</b>							
Restricted for							
HUD projects	-	-	-	-	-	-	-
Committed for							
Devou Park maintenance	-	-	-	-	-	-	22,464
Police	-	-	-	-	-	-	83,657
Debt service	-	-	-	-	279,375	-	279,375
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>279,375</u>	<u>-</u>	<u>385,496</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 853,387</u>	<u>\$ 84,215</u>	<u>\$ 2,353,458</u>	<u>\$ 282,365</u>	<u>\$ 10,607</u>	<u>\$ 4,983,011</u>

**City of Covington, Kentucky**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds**  
**Year Ended June 30, 2012**

	Special Revenue Funds						
	Police and Fire Incentive	Devou Park Maintenance	Devou Park Master Plan	Federal and State Grant Fund	Police Forfeiture	CAD System	
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 805,015
Intergovernmental	906,968	-	-	445,741	205,958	-	-
Investment earnings	-	77	-	-	80	-	9
Miscellaneous	-	100,620	813,925	5,000	-	-	-
Total revenues	<u>906,968</u>	<u>100,697</u>	<u>813,925</u>	<u>450,741</u>	<u>206,038</u>	<u>-</u>	<u>805,024</u>
<b>EXPENDITURES</b>							
Current							
General government	-	34,209	268,281	-	-	-	-
Police	444,721	-	-	-	241,432	-	-
Fire	465,568	-	-	135,979	-	-	-
Community development	-	-	-	317,556	-	-	-
Debt service	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Capital outlay	-	74,645	529,644	-	-	-	-
Total expenditures	<u>910,289</u>	<u>108,854</u>	<u>797,925</u>	<u>453,535</u>	<u>241,432</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(3,321)</u>	<u>(8,157)</u>	<u>16,000</u>	<u>(2,794)</u>	<u>(35,394)</u>	<u>805,024</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	18,307	-	-	-	-	-
Transfers out	-	-	(15,750)	-	-	-	(815,547)
Total other financing sources (uses)	<u>-</u>	<u>18,307</u>	<u>(15,750)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(815,547)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(3,321)</u>	<u>10,150</u>	<u>250</u>	<u>(2,794)</u>	<u>(35,394)</u>	<u>(10,523)</u>	<u>-</u>
<b>FUND BALANCES - beginning of year</b>	<u>3,321</u>	<u>12,064</u>	<u>-</u>	<u>2,794</u>	<u>119,051</u>	<u>10,523</u>	<u>-</u>
<b>FUND BALANCES - end of year</b>	<u>\$ -</u>	<u>\$ 22,214</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ 83,657</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Covington, Kentucky**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds**  
**Year Ended June 30, 2012**

	Special Revenue Funds			Debt Service Funds		Non-Major Governmental Funds
	Renaissance Grant Fund	Home Consortium Fund	Homeless Prevention Fund	2004 Pension Obligation Bonds	2005 Refunding Bonds	
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 805,015
Intergovernmental	17,269	287,532	267,290	-	-	4,123,559
Investment earnings	-	-	-	-	-	174
Miscellaneous	-	34,938	-	8	-	954,483
Total revenues	<u>17,269</u>	<u>322,470</u>	<u>267,290</u>	<u>8</u>	<u>-</u>	<u>5,883,231</u>
<b>EXPENDITURES</b>						
Current						
General government	-	-	-	108,630	-	411,120
Police	-	-	-	-	-	686,153
Fire	-	-	-	-	-	601,547
Community development	1,361	322,470	267,290	-	-	1,637,680
Debt service	-	-	-	-	-	1,535,000
Principal	-	-	-	405,000	1,130,000	640,782
Interest and other charges	37,154	-	-	583,811	56,971	1,905,241
Capital outlay	38,515	322,470	267,290	-	-	7,417,523
Total expenditures	<u>75,970</u>	<u>652,160</u>	<u>534,580</u>	<u>1,097,441</u>	<u>1,186,971</u>	<u>11,952,006</u>
Excess (deficiency) of revenues over expenditures	<u>(21,246)</u>	<u>-</u>	<u>-</u>	<u>(1,097,433)</u>	<u>(1,186,971)</u>	<u>(1,534,292)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	2,495,181
Transfers out	-	-	-	1,262,841	1,214,033	(831,297)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,262,841</u>	<u>1,214,033</u>	<u>1,663,884</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(21,246)</u>	<u>-</u>	<u>-</u>	<u>165,408</u>	<u>27,062</u>	<u>129,592</u>
<b>FUND BALANCES - beginning of year</b>	<u>21,246</u>	<u>-</u>	<u>-</u>	<u>113,967</u>	<u>(27,062)</u>	<u>255,904</u>
<b>FUND BALANCES - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,375</u>	<u>\$ -</u>	<u>\$ 385,496</u>

**[THIS PAGE LEFT INTENTIONALLY BLANK]**

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

## City of Covington, Kentucky

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Police and Fire Incentive

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ <u>967,000</u>	\$ <u>967,000</u>	\$ <u>906,968</u>	\$ <u>(60,032)</u>
<b>Expenditures</b>				
Police	476,500	476,500	444,721	31,779
Fire	<u>490,500</u>	<u>490,500</u>	<u>465,568</u>	<u>24,932</u>
Total expenditures	<u>967,000</u>	<u>967,000</u>	<u>910,289</u>	<u>56,711</u>
Excess (deficiency) of revenues over expenditures	-	-	(3,321)	(3,321)
<b>Fund balance - beginning of year</b>	<u>-</u>	<u>-</u>	<u>3,321</u>	<u>3,321</u>
<b>Fund balance - end of year</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

**Note - Other Supplementary Information:** The basis of budgeting is the same as GAAP.



## City of Covington, Kentucky

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Devou Park Maintenance

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 77	\$ 77
Miscellaneous	<u>100,000</u>	<u>100,000</u>	<u>100,620</u>	<u>620</u>
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>100,697</u>	<u>697</u>
<b>Expenditures</b>				
General government	45,000	45,000	34,209	10,791
Capital outlay	<u>80,000</u>	<u>80,000</u>	<u>74,645</u>	<u>5,355</u>
Total expenditures	<u>125,000</u>	<u>125,000</u>	<u>108,854</u>	<u>16,146</u>
Excess (deficiency) of revenues over expenditures	(25,000)	(25,000)	(8,157)	16,843
<b>Other financing sources (uses)</b>				
Transfers in	100,000	100,000	18,307	(81,693)
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>	<u>75,000</u>
Total other financing sources (uses)	<u>25,000</u>	<u>25,000</u>	<u>18,307</u>	<u>(6,693)</u>
<b>Net change in fund balance</b>	-	-	10,150	10,150
<b>Fund balance - beginning of year</b>	<u>-</u>	<u>-</u>	<u>12,064</u>	<u>12,064</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,214</u>	<u>\$ 22,214</u>

**Note - Other Supplementary Information:** The basis of budgeting is the same as GAAP.

## City of Covington, Kentucky

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Devou Park Master Plan

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$ <u>2,000,000</u>	\$ <u>2,000,000</u>	\$ <u>813,925</u>	\$ <u>(1,186,075)</u>
<b>Expenditures</b>				
General government	425,000	425,000	268,281	156,719
Capital outlay	<u>1,525,000</u>	<u>1,475,000</u>	<u>529,644</u>	<u>945,356</u>
Total expenditures	<u>1,950,000</u>	<u>1,900,000</u>	<u>797,925</u>	<u>1,102,075</u>
Excess (deficiency) of revenues over expenditures	50,000	100,000	16,000	(84,000)
<b>Other financing sources (uses)</b>				
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(15,750)</u>	<u>34,250</u>
<b>Net change in fund balance</b>	-	50,000	250	(49,750)
<b>Fund balance - beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 250</u>	<u>\$ (49,750)</u>

**Note - Other Supplementary Information:** The basis of budgeting is the same as GAAP.

## City of Covington, Kentucky

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Federal and State Grant Fund

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 695,000	\$ 695,000	\$ 445,741	\$ (249,259)
Miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total revenues	<u>700,000</u>	<u>700,000</u>	<u>450,741</u>	<u>(249,259)</u>
<b>Expenditures</b>				
Fire	200,000	200,000	135,979	64,021
Community development	<u>500,000</u>	<u>500,000</u>	<u>317,556</u>	<u>182,444</u>
Total expenditures	<u>700,000</u>	<u>700,000</u>	<u>453,535</u>	<u>246,465</u>
Excess (deficiency) of revenues over expenditures	-	-	(2,794)	(2,794)
<b>Fund balance - beginning of year</b>	<u>-</u>	<u>-</u>	<u>2,794</u>	<u>2,794</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Note - Other Supplementary Information:** The basis of budgeting is the same as GAAP.

## City of Covington, Kentucky

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Police Forfeiture

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 375,000	\$ 375,000	\$ 205,958	\$ (169,042)
Investment earnings	<u>-</u>	<u>-</u>	<u>80</u>	<u>80</u>
Total revenues	375,000	375,000	206,038	(168,962)
<b>Expenditures</b>				
Police	<u>375,000</u>	<u>375,000</u>	<u>241,432</u>	<u>133,568</u>
Excess (deficiency) of revenues over expenditures	-	-	(35,394)	(35,394)
<b>Fund balance - beginning of year</b>	<u>-</u>	<u>-</u>	<u>119,051</u>	<u>119,051</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,657</u>	<u>\$ 83,657</u>

**Note - Other Supplementary Information:** The basis of budgeting is the same as GAAP.

**City of Covington, Kentucky**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -  
CAD System**

**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 824,000	\$ 824,000	\$ 805,015	\$ (18,985)
Investment earnings	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</u>
Total revenues	824,000	824,000	805,024	(18,976)
<b>Other financing sources (uses)</b>				
Transfers out	<u>(824,000)</u>	<u>(824,000)</u>	<u>(815,547)</u>	<u>8,453</u>
<b>Net change in fund balance</b>	-	-	(10,523)	(10,523)
<b>Fund balance - beginning of year</b>	<u>-</u>	<u>-</u>	<u>10,523</u>	<u>10,523</u>
<b>Fund balance - end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Note - Other Supplementary Information:** The basis of budgeting is the same as GAAP.

## City of Covington, Kentucky

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Renaissance Grant Fund

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ <u>500,000</u>	\$ <u>500,000</u>	\$ 17,269	\$ (482,731)
<b>Expenditures</b>				
Community development	-	-	1,361	(1,361)
Capital outlay	<u>500,000</u>	<u>500,000</u>	<u>37,154</u>	<u>462,846</u>
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>38,515</u>	<u>461,485</u>
Excess (deficiency) of revenues over expenditures	-	-	(21,246)	(21,246)
<b>Fund balance - beginning of year</b>	<u>-</u>	<u>-</u>	<u>21,246</u>	<u>21,246</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Note - Other Supplementary Information:** The basis of budgeting is the same as GAAP.

## City of Covington, Kentucky

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Home Consortium Fund

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 346,542	\$ 346,542	\$ 287,532	\$ (59,010)
Miscellaneous	<u>-</u>	<u>-</u>	<u>34,938</u>	<u>34,938</u>
Total revenues	346,542	346,542	322,470	(24,072)
<b>Expenditures</b>				
Community development	<u>346,542</u>	<u>346,542</u>	<u>322,470</u>	<u>24,072</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
<b>Fund balance - beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Note - Other Supplementary Information:** The basis of budgeting is the same as GAAP.

**City of Covington, Kentucky**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -  
Homeless Prevention Fund**

**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 361,087	\$ 361,087	\$ 267,290	\$ (93,797)
<b>Expenditures</b>				
Community development	<u>361,087</u>	<u>361,087</u>	<u>267,290</u>	<u>93,797</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
<b>Fund balance - beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Note - Other Supplementary Information:** The basis of budgeting is the same as GAAP.



## City of Covington, Kentucky

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Neighborhood Stabilization Program

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ <u>3,855,000</u>	\$ <u>3,855,000</u>	\$ <u>1,992,801</u>	\$ <u>(1,862,199)</u>
<b>Expenditures</b>				
Community development	1,220,000	1,220,000	729,003	490,997
Capital outlay	<u>2,335,000</u>	<u>2,335,000</u>	<u>1,263,798</u>	<u>1,071,202</u>
Total expenditures	<u>3,555,000</u>	<u>3,555,000</u>	<u>1,992,801</u>	<u>1,562,199</u>
Excess (deficiency) of revenues over expenditures	300,000	300,000	-	(300,000)
<b>Fund balance - beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ (300,000)</u>

**Note - Other Supplementary Information:** The basis of budgeting is the same as GAAP.

## City of Covington, Kentucky

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - 2004 Pension Obligation Bonds

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 8	\$ 8
<b>Expenditures</b>				
General government	75,000	75,000	108,630	(33,630)
Debt service -				
Principal	385,000	385,000	405,000	(20,000)
Interest and other charges	<u>779,870</u>	<u>779,870</u>	<u>583,811</u>	<u>196,059</u>
Total expenditures	<u>1,239,870</u>	<u>1,239,870</u>	<u>1,097,441</u>	<u>142,429</u>
Excess (deficiency) of revenues over expenditures	(1,239,870)	(1,239,870)	(1,097,433)	142,437
<b>Other financing sources (uses)</b>				
Transfers in	<u>1,270,886</u>	<u>1,270,886</u>	<u>1,262,841</u>	<u>(8,045)</u>
<b>Net change in fund balance</b>	31,016	31,016	165,408	134,392
<b>Fund balance - beginning of year</b>	-	-	<u>113,967</u>	<u>113,967</u>
<b>Fund balance - end of year</b>	<u>\$ 31,016</u>	<u>\$ 31,016</u>	<u>\$ 279,375</u>	<u>\$ 248,359</u>

**Note - Other Supplementary Information:** The basis of budgeting is the same as GAAP.

## City of Covington, Kentucky

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - 2005 Refunding Bonds

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Expenditures</b>				
Debt service -				
Principal	\$ 1,095,000	\$ 1,095,000	\$ 1,130,000	\$ (35,000)
Interest and other charges	<u>91,760</u>	<u>91,760</u>	<u>56,971</u>	<u>34,789</u>
Total expenditures	<u>1,186,760</u>	<u>1,186,760</u>	<u>1,186,971</u>	<u>(211)</u>
Excess (deficiency) of revenues over expenditures	(1,186,760)	(1,186,760)	(1,186,971)	(211)
<b>Other financing sources (uses)</b>				
Transfers in	<u>1,220,000</u>	<u>1,220,000</u>	<u>1,214,033</u>	<u>(5,967)</u>
<b>Net change in fund balance</b>	33,240	33,240	27,062	(6,178)
<b>Fund balance - beginning of year</b>	<u>-</u>	<u>-</u>	<u>(27,062)</u>	<u>(27,062)</u>
<b>Fund balance - end of year</b>	<u>\$ 33,240</u>	<u>\$ 33,240</u>	<u>\$ -</u>	<u>\$ (33,240)</u>

**Note - Other Supplementary Information:** The basis of budgeting is the same as GAAP.

**[THIS PAGE LEFT INTENTIONALLY BLANK]**

**COMBINING FINANCIAL STATEMENTS  
PROPRIETARY FUNDS**

**City of Covington, Kentucky**  
**Combining Statement of Net Assets - Internal Service Funds**  
**June 30, 2012**

	<u>Internal Service Funds</u>		Total
	Liability Insurance	Medical and Dental Insurance	
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 366,074	\$ 702,419	\$ 1,068,493
Due from other funds	<u>851,667</u>	<u>296,772</u>	<u>1,148,439</u>
Total assets	<u>1,217,741</u>	<u>999,191</u>	<u>2,216,932</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	163,382	4,048	167,430
Estimated liability for claims	<u>792,500</u>	<u>993,291</u>	<u>1,785,791</u>
Total liabilities	<u>955,882</u>	<u>997,339</u>	<u>1,953,221</u>
<b>NET ASSETS</b>			
Unrestricted	<u>\$ 261,859</u>	<u>\$ 1,852</u>	<u>\$ 263,711</u>

## City of Covington, Kentucky

### Combining Statement of Revenues, Expenditures and Changes in Fund Net Assets - Internal Service Funds

Year Ended June 30, 2012

	<u>Internal Service Funds</u>		Total
	Liability Insurance	Medical and Dental Insurance	
<b>OPERATING REVENUES</b>			
Insurance premium payments	\$ -	\$ 5,803,748	\$ 5,803,748
Other operating revenues	<u>150</u>	<u>420,328</u>	<u>420,478</u>
Total operating revenues	<u>150</u>	<u>6,224,076</u>	<u>6,224,226</u>
<b>OPERATING EXPENSES</b>			
Contractual services	167,530	525,515	693,045
Claims and judgments	<u>1,199,357</u>	<u>5,277,809</u>	<u>6,477,166</u>
Total operating expenses	<u>1,366,887</u>	<u>5,803,324</u>	<u>7,170,211</u>
<b>OPERATING INCOME (LOSS)</b>	(1,366,737)	420,752	(945,985)
<b>NON-OPERATING REVENUES</b>			
Investment income	<u>41</u>	<u>230</u>	<u>271</u>
Income (loss) before transfers	(1,366,696)	420,982	(945,714)
Transfers in	1,442,500	-	1,442,500
Transfers out	<u>-</u>	<u>(431,216)</u>	<u>(431,216)</u>
<b>CHANGE IN NET ASSETS</b>	75,804	(10,234)	65,570
<b>NET ASSETS - beginning of year</b>	<u>186,055</u>	<u>12,086</u>	<u>198,141</u>
<b>NET ASSETS - end of year</b>	<u>\$ 261,859</u>	<u>\$ 1,852</u>	<u>\$ 263,711</u>

**City of Covington, Kentucky**  
**Combining Statement of Cash Flows - Internal Service Funds**  
**Year Ended June 30, 2012**

	<u>Internal Service Funds</u>		<b>Total</b>
	<b>Liability Insurance</b>	<b>Medical and Dental Insurance</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from other funds	\$ -	\$ 5,900,917	\$ 5,900,917
Cash received from other activities	150	420,328	420,478
Cash paid for claims	<u>(479,082)</u>	<u>(5,657,129)</u>	<u>(6,136,211)</u>
<b>Net cash flows from operating activities</b>	<b>(478,932)</b>	<b>664,116</b>	<b>185,184</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	844,588	-	844,588
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	<u>41</u>	<u>230</u>	<u>271</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>365,697</b>	<b>664,346</b>	<b>1,030,043</b>
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<b><u>377</u></b>	<b><u>38,073</u></b>	<b><u>38,450</u></b>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<b><u>\$ 366,074</u></b>	<b><u>\$ 702,419</u></b>	<b><u>\$ 1,068,493</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (1,366,737)	\$ 420,752	\$ (945,985)
Change in operating assets and liabilities -			
Accounts receivable	-	186,350	186,350
Due from other funds	-	(89,181)	(89,181)
Accounts payable	95,305	(9,136)	86,169
Estimated liability for claims	<u>792,500</u>	<u>155,331</u>	<u>947,831</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>\$ (478,932)</u></b>	<b><u>\$ 664,116</u></b>	<b><u>\$ 185,184</u></b>



**INDIVIDUAL FUND SCHEDULES  
PROPRIETARY FUNDS**

## City of Covington, Kentucky

### Schedule of Revenues, Expenditures and Changes in Fund Net Assets - Budget and Actual - Liability Insurance

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Operating revenues</b>				
Other operating revenues	\$ -	\$ -	\$ 150	\$ 150
<b>Operating expenses</b>				
Contractual services	160,000	160,000	167,530	(7,530)
Claims and judgments	<u>440,000</u>	<u>440,000</u>	<u>1,199,357</u>	<u>(759,357)</u>
Total operating expenses	<u>600,000</u>	<u>600,000</u>	<u>1,366,887</u>	<u>(766,887)</u>
Operating loss	(600,000)	(600,000)	(1,366,737)	(766,737)
<b>Non-operating revenues</b>				
Investment income	-	-	41	41
Loss before transfers	(600,000)	(600,000)	(1,366,696)	(766,696)
Transfers in	<u>650,000</u>	<u>650,000</u>	<u>1,442,500</u>	<u>792,500</u>
<b>Change in net assets</b>	50,000	50,000	75,804	25,804
<b>Net assets - beginning of year</b>	-	-	<u>186,055</u>	<u>186,055</u>
<b>Net assets - end of year</b>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 261,859</u>	<u>\$ 211,859</u>

**Note - Other Supplementary Information:** The basis of budgeting is the same as GAAP.

## City of Covington, Kentucky

### Schedule of Revenues, Expenditures and Changes in Fund Net Assets - Budget and Actual - Medical and Dental Insurance

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Operating revenues</b>				
Insurance premium payments	\$ 6,600,000	\$ 6,600,000	\$ 5,803,748	\$ (796,252)
Other operating revenues	<u>-</u>	<u>-</u>	<u>420,328</u>	<u>420,328</u>
Total operating revenues	<u>6,600,000</u>	<u>6,600,000</u>	<u>6,224,076</u>	<u>(375,924)</u>
<b>Operating expenses</b>				
Contractual services	469,835	469,835	525,515	(55,680)
Claims and judgments	<u>6,130,165</u>	<u>6,130,165</u>	<u>5,277,809</u>	<u>852,356</u>
Total operating expenses	<u>6,600,000</u>	<u>6,600,000</u>	<u>5,803,324</u>	<u>796,676</u>
Operating income	-	-	420,752	420,752
<b>Non-operating revenues</b>				
Investment income	<u>-</u>	<u>-</u>	<u>230</u>	<u>230</u>
Income before transfers	-	-	420,982	420,982
Transfers out	<u>-</u>	<u>-</u>	<u>(431,216)</u>	<u>(431,216)</u>
<b>Change in net assets</b>	-	-	(10,234)	(10,234)
<b>Net assets - beginning of year</b>	<u>-</u>	<u>-</u>	<u>12,086</u>	<u>12,086</u>
<b>Net assets - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,852</u>	<u>\$ 1,852</u>

**Note - Other Supplementary Information:** The basis of budgeting is the same as GAAP.

**[THIS PAGE LEFT INTENTIONALLY BLANK]**

**STATISTICAL SECTION**

# City of Covington, Kentucky

## Statistical Section

### Narrative and Contents

June 30, 2012

---

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This information is unaudited.

#### *Contents*

##### *Financial Trends*

These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in historical perspective.

##### *Revenue Capacity*

These tables contain information that may assist the reader in assessing the viability of the City's most significant "own-source" revenue source, property taxes.

##### *Debt Capacity*

These tables present information that may assist the reader in analyzing the affordability of the County's current levels of outstanding debt and the City's ability to issue additional debt in the future.

##### *Demographic and Economic Information*

These tables present demographic and economic information intended (1) to assist users in understanding the socioeconomic environment within which the City operates and (2) to provide information that facilitates comparisons of financial statement information over time and among cities.

##### *Operating Information*

These tables contain service and infrastructure indicators that can inform one's understanding how the information in the City's financial statements relates to the services the City provides and the activities it performs.

##### *Data Source:*

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report for the applicable year. The City implemented GASB Statement No, 34 in fiscal year 2003 therefore tables presenting government-wide financial data include only nine years of information.

# City of Covington, Kentucky

## Net Assets by Component, Last Ten Years

(accrual basis of accounting)

### Schedule 1

	2003	2004	2005	2006	2007	2008	2009	2010	2011 (as restated)	2012
<b>Governmental Activities/Primary Government</b>										
Invested in capital assets, net of related debt	\$ (2,888,790)	\$ 4,519,630	\$ 41,483,876	\$ 40,851,867	\$ 39,709,313	\$ 41,334,965	\$ 36,577,167	\$ 34,539,885	\$ 36,088,303	\$ 34,173,497
Restricted for capital projects	-	-	-	-	-	-	-	-	1,577,223	190,681
Restricted for HUD Programs	-	-	-	-	-	-	-	-	15,837,661	16,648,464
Restricted for police incentive pay	-	-	-	-	-	-	-	-	3,321	-
Restricted for grant programs	-	-	-	-	-	-	-	-	24,040	-
Restricted	1,943,882	1,943,252	1,593,846	1,307,719	888,123	550,682	193,693	91,138	-	-
Unrestricted	<u>22,540,375</u>	<u>15,614,883</u>	<u>1,947,609</u>	<u>15,104,828</u>	<u>17,286,863</u>	<u>16,603,105</u>	<u>16,638,487</u>	<u>13,587,660</u>	<u>(5,585,863)</u>	<u>(4,806,437)</u>
Total governmental activities net assets	\$ <u>21,595,467</u>	\$ <u>22,077,765</u>	\$ <u>45,025,331</u>	\$ <u>57,264,414</u>	\$ <u>57,884,299</u>	\$ <u>58,488,752</u>	\$ <u>53,409,347</u>	\$ <u>48,218,683</u>	\$ <u>47,944,685</u>	\$ <u>46,206,205</u>

Note: The City implemented GASB Statement 34 in fiscal year 2003 and GASB Statement 54 in fiscal year 2011.

**City of Covington, Kentucky**  
**Changes in Net Assets, Last Ten Years**  
**(accrual basis of accounting)**

**Schedule 2**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Program revenues</b>										
Governmental activities										
General government	\$ 1,737,441	\$ 1,928,888	\$ 761,041	\$ 1,215,111	\$ 1,096,558	\$ 1,145,333	\$ 993,267	\$ 1,136,249	\$ 968,682	\$ 936,996
Police	516,097	344,287	-	372,192	331,579	382,318	406,557	412,722	307,539	189,671
Fire	510,848	546,276	987,802	912,526	1,073,548	1,084,825	1,077,448	1,282,105	1,175,621	1,333,724
Public improvements	1,373,968	1,154,023	1,092,970	1,226,952	1,170,789	1,464,056	1,859,171	1,918,838	2,082,635	2,342,050
Recreation	39,525	90,465	-	-	-	-	-	-	-	22,753
Community development	1,312,485	-	-	56,017	114,177	41,860	37,833	79,317	98,196	169,209
Parking garage	-	-	1,252,755	1,059,369	1,041,332	1,120,916	1,143,276	1,179,276	1,458,784	1,674,834
Interest on long-term debt	-	1,194,146	-	-	-	-	-	-	-	-
Operating grants and contributions	9,114,414	9,218,291	8,754,883	9,652,316	8,840,224	10,823,567	9,664,170	10,727,972	13,533,951	12,518,909
Capital grants and contributions	799,478	902,562	3,106,704	716,322	1,279,884	2,050,654	1,650,920	1,624,312	2,558,805	1,647,156
Total governmental activities revenues	<u>15,404,256</u>	<u>15,378,938</u>	<u>15,956,155</u>	<u>15,210,805</u>	<u>14,948,091</u>	<u>18,113,529</u>	<u>16,832,642</u>	<u>18,360,791</u>	<u>22,184,213</u>	<u>20,835,302</u>
<b>Expenses</b>										
Governmental activities										
General government	4,822,043	3,939,011	9,381,965	7,781,587	6,975,709	7,807,872	12,149,528	6,089,518	3,814,055	4,250,735
Police	12,712,976	13,582,260	13,660,495	14,482,761	14,873,868	15,501,195	15,593,684	16,498,516	16,536,402	16,455,964
Fire	10,328,208	11,286,851	11,930,245	12,512,512	13,595,531	14,753,208	14,224,985	15,048,966	15,318,421	15,180,999
Public improvements	7,440,215	8,020,228	5,561,622	5,324,831	6,001,968	5,995,347	7,185,210	11,847,116	11,780,808	11,349,786
Recreation	787,164	1,045,289	2,575,568	2,325,250	2,350,546	2,426,639	2,740,960	796,215	734,672	711,584
Community development	10,876,935	9,825,619	9,086,241	9,817,626	9,345,867	9,777,154	10,217,357	12,484,045	13,771,124	15,379,018
Parking garage	743,982	809,425	803,715	727,419	734,401	747,677	701,986	732,362	865,947	768,661
Interest on long-term debt	1,605,271	1,171,229	1,437,434	1,919,888	1,872,816	1,935,242	2,052,549	1,716,153	1,676,776	1,324,845
Total governmental activities expenses	<u>49,316,794</u>	<u>49,679,912</u>	<u>54,437,285</u>	<u>54,891,874</u>	<u>55,750,706</u>	<u>58,944,334</u>	<u>64,866,259</u>	<u>65,212,891</u>	<u>64,498,205</u>	<u>65,421,592</u>
Total net revenue (expense)	<u>(33,912,538)</u>	<u>(34,300,974)</u>	<u>(38,481,130)</u>	<u>(39,681,069)</u>	<u>(40,802,615)</u>	<u>(40,830,805)</u>	<u>(48,033,617)</u>	<u>(46,852,100)</u>	<u>(42,313,992)</u>	<u>(44,586,290)</u>



**City of Covington, Kentucky**  
**Changes in Net Assets, Last Ten Years**  
**(accrual basis of accounting)**

**Schedule 2 (continued)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General revenues and other changes in net assets</b>										
Governmental activities										
Taxes										
Real property taxes, levied for general purposes	\$ 5,094,960	\$ 4,945,540	\$ 4,399,593	\$ 5,913,401	\$ 5,590,772	\$ 4,680,355	\$ 6,024,885	\$ 6,114,035	\$ 6,481,511	\$ 6,141,332
Personal property taxes, levied for general purposes	679,089	474,360	496,286	589,401	553,057	601,109	653,748	557,999	516,905	796,259
Public service taxes	2,078,467	1,892,053	1,909,267	2,092,335	1,978,504	2,178,804	2,140,821	2,085,706	2,107,927	1,944,431
Taxes, levied for bank deposits	74,272	102,802	62,323	62,232	59,042	67,789	53,161	60,603	71,391	87,014
Insurance premium taxes	4,746,726	4,909,972	5,240,743	5,324,223	5,242,337	4,860,194	5,430,628	5,588,067	5,155,801	4,988,428
Payroll taxes	17,683,867	18,319,549	19,543,654	21,263,831	21,656,929	23,287,559	23,697,247	22,850,229	22,595,598	22,764,392
Net profit taxes	1,993,189	2,590,933	2,303,123	2,554,150	2,959,729	2,779,489	2,555,089	2,285,504	2,404,497	3,011,825
Other taxes	351,664	376,845	358,751	490,889	552,641	647,217	790,752	796,091	840,953	805,015
Investment earnings	186,286	132,820	228,382	310,239	389,885	317,416	112,064	25,094	47,503	23,084
Fines and forfeitures	-	-	444,832	-	-	-	-	-	-	-
Licenses and permits	-	-	367,376	-	-	-	-	-	-	-
Commissions	-	-	-	-	-	-	-	-	-	-
Special item - gain on sale of capital asset	-	-	-	576,242	214,010	-	-	-	-	-
Miscellaneous	20,047,710	1,038,363	1,878,640	1,710,802	2,225,594	2,015,326	1,495,817	1,298,108	1,817,908	2,286,030
Transfers	(345,200)	-	(14,275,000)	-	-	-	-	-	-	-
Total governmental revenues and transfers	<u>52,591,030</u>	<u>34,783,237</u>	<u>22,957,970</u>	<u>40,887,745</u>	<u>41,422,500</u>	<u>41,435,258</u>	<u>42,954,212</u>	<u>41,661,436</u>	<u>42,039,994</u>	<u>42,847,810</u>
<b>Change in net assets</b>										
Primary governmental activities	\$ <u>18,678,492</u>	\$ <u>482,263</u>	\$ <u>(15,523,160)</u>	\$ <u>1,206,676</u>	\$ <u>619,885</u>	\$ <u>604,453</u>	\$ <u>(5,079,405)</u>	\$ <u>(5,190,664)</u>	\$ <u>(273,998)</u>	\$ <u>(1,738,480)</u>

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

**City of Covington, Kentucky**  
**Changes in Fund Balances, Governmental Funds, Last Ten Years**  
 (modified accrual basis of accounting)

**Schedule 3**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General fund</b>										
Reserved	\$ -	\$ -	\$ 5,388	\$ 122,892	\$ 1,611	\$ 4,483	\$ 41,414	\$ -	\$ -	\$ -
Unreserved	<u>920,556</u>	<u>291,457</u>	<u>229,739</u>	<u>550,513</u>	<u>675,320</u>	<u>735,839</u>	<u>730,555</u>	<u>342,498</u>	-	-
Total general fund	<u>920,556</u>	<u>291,457</u>	<u>235,127</u>	<u>673,405</u>	<u>676,931</u>	<u>740,322</u>	<u>771,969</u>	<u>342,498</u>	-	-
<b>All other governmental funds</b>										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in										
Special revenue funds	3,439,783	2,578,865	1,207,276	810,353	3,713,572	4,296,812	4,821,080	4,007,906	-	-
Capital projects funds	-	-	-	-	469,730	91,947	158,251	(12,984)	-	-
Debt service funds	4,053,087	3,745,979	1,593,846	1,307,719	888,123	550,682	193,693	91,138	-	-
Non-spendable	-	-	-	-	-	-	-	-	-	98,617
Prepaid expenses	-	-	-	-	-	-	-	-	-	-
Restricted for										
Capital projects	-	-	-	-	-	-	-	-	1,577,223	190,681
HUD Programs	-	-	-	-	-	-	-	-	1,318,568	1,574,894
Police incentive fund	-	-	-	-	-	-	-	-	3,321	-
Grant programs	-	-	-	-	-	-	-	-	24,040	-
Committed for										
Devou Park maintenance	-	-	-	-	-	-	-	-	12,064	22,464
Police	-	-	-	-	-	-	-	-	119,051	83,657
CAD System	-	-	-	-	-	-	-	-	10,523	-
Debt service	-	-	-	-	-	-	-	-	113,967	279,375
Assigned for										
Community development	-	-	-	-	-	-	-	-	884,282	-
Budget deficit	-	-	-	-	-	-	-	-	202,358	-
City building operations	-	-	-	-	-	-	-	-	73,211	-
Capital projects	-	-	-	-	-	-	-	-	185,190	-
Unassigned	-	-	-	-	-	-	-	-	671,329	1,043,176
Total all other governmental funds	<u>\$ 7,492,870</u>	<u>\$ 6,324,844</u>	<u>\$ 2,801,122</u>	<u>\$ 2,118,072</u>	<u>\$ 5,071,425</u>	<u>\$ 4,939,441</u>	<u>\$ 5,173,024</u>	<u>\$ 4,086,060</u>	<u>\$ 5,195,127</u>	<u>\$ 3,292,864</u>

Note: The City implemented GASB Statement 54 in fiscal year 2011.

**City of Covington, Kentucky**  
**Changes in Fund Balances, Governmental Funds, Last Ten Years**

(modified accrual basis of accounting)

**Schedule 4**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Taxes	\$ 12,104,042	\$ 12,395,102	\$ 12,762,470	\$ 13,466,713	\$ 13,554,260	\$ 13,682,151	\$ 14,707,297	\$ 14,987,054	\$ 14,643,134	\$ 14,462,247
Licenses and permits	20,028,720	21,287,327	22,214,153	24,123,130	24,897,197	26,357,476	26,550,329	25,429,776	25,362,255	26,175,310
Intergovernmental	9,913,892	10,120,853	9,636,936	10,345,557	11,204,089	12,063,637	11,691,463	12,166,647	13,684,242	14,510,735
Charges for services	4,721,842	4,745,670	4,094,568	4,128,721	4,104,170	4,527,680	4,744,058	5,227,073	5,394,348	6,063,323
Fines and forfeitures	447,020	478,752	444,832	603,286	711,786	669,260	712,072	746,322	558,465	439,189
Investment earnings	186,286	123,538	223,704	278,531	330,536	270,519	99,619	24,439	47,244	23,084
Miscellaneous	2,656,223	1,539,153	4,109,294	1,734,234	2,342,372	2,382,312	1,557,868	1,351,353	2,004,920	2,449,022
Total revenues	<u>50,058,025</u>	<u>50,690,395</u>	<u>53,485,957</u>	<u>54,680,172</u>	<u>57,144,410</u>	<u>59,953,035</u>	<u>60,062,706</u>	<u>59,932,664</u>	<u>61,694,608</u>	<u>64,122,910</u>
<b>Expenditures</b>										
Current										
General government	3,558,293	3,366,630	3,365,074	3,537,750	3,092,518	3,554,133	3,783,523	3,785,714	4,315,649	3,618,888
Police	11,913,958	12,833,125	13,239,562	14,109,828	14,359,432	15,013,636	14,886,861	15,593,494	15,913,878	15,588,778
Fire	9,947,813	10,800,154	11,429,099	12,168,065	12,989,464	13,959,222	13,306,319	13,812,934	13,630,059	13,842,762
General service	7,105,526	7,761,571	5,358,833	5,180,111	5,292,360	5,644,983	6,690,503	6,514,905	6,268,883	5,891,702
Recreation	737,049	717,870	2,372,300	2,289,413	2,309,959	2,347,048	2,533,103	504,309	455,212	475,601
Community development	10,831,082	9,778,417	9,096,233	9,832,881	9,098,909	9,771,182	10,138,570	12,175,797	13,075,265	14,104,562
Parking garage	743,982	809,425	803,715	727,419	734,401	747,677	701,986	732,362	865,947	743,506
Debt service										
Principal retirement	12,325,046	7,665,518	5,553,494	2,763,879	2,727,985	2,918,585	3,516,517	2,980,841	3,131,379	3,682,521
Interest and other charges	1,605,271	1,464,763	1,509,839	1,965,386	1,701,223	1,829,031	2,054,516	1,679,854	1,503,485	1,223,546
Capital outlay	6,247,041	3,082,026	6,722,898	2,701,215	3,257,621	4,159,916	6,715,050	4,982,528	4,300,102	5,847,540
Total expenditures	<u>65,015,061</u>	<u>58,279,499</u>	<u>59,451,047</u>	<u>55,275,947</u>	<u>55,563,872</u>	<u>59,945,413</u>	<u>64,326,948</u>	<u>62,762,738</u>	<u>63,459,859</u>	<u>65,019,406</u>
Excess (deficiency) of revenues over expenditures	<u>(14,957,036)</u>	<u>(7,589,104)</u>	<u>(5,965,090)</u>	<u>(595,775)</u>	<u>1,580,538</u>	<u>7,622</u>	<u>(4,264,242)</u>	<u>(2,830,074)</u>	<u>(1,765,251)</u>	<u>(896,496)</u>

**City of Covington, Kentucky**  
**Changes in Fund Balances, Governmental Funds, Last Ten Years**  
(modified accrual basis of accounting)

**Schedule 4 (continued)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Other financing sources (uses)</b>										
Proceeds from issuance of debt	\$ 12,809,056	\$ 840,944	\$ 12,806,241	\$ -	\$ 1,630,000	\$ -	\$ 4,509,181	\$ -	\$ 2,806,827	\$ -
Payment from bond refinancing	-	4,996,000	-	-	-	-	-	-	315,000	-
Payment to refunded lease escrow agent	-	-	-	-	-	-	-	-	(303,694)	-
Bond issuance costs	-	-	-	-	-	-	-	-	(59,623)	-
Transfers in	2,766,134	3,006,160	11,506,504	6,006,833	6,169,710	5,377,180	6,063,518	6,028,123	3,565,394	4,090,194
Transfers out	(3,111,334)	(3,051,160)	(25,926,704)	(6,252,032)	(6,663,029)	(5,881,142)	(6,747,200)	(6,228,123)	(3,865,395)	(5,101,478)
Proceeds from short-term debt	-	-	-	596,202	427,747	-	75,419	1,040,563	-	(1,534)
Proceeds from sale of capital assets	-	-	(1,003)	-	-	-	-	-	13,647	5,517
Total other financing sources (uses)	<u>12,463,856</u>	<u>5,791,944</u>	<u>(1,614,962)</u>	<u>351,003</u>	<u>1,136,681</u>	<u>(76,215)</u>	<u>3,900,918</u>	<u>840,563</u>	<u>2,472,156</u>	<u>(1,007,301)</u>
<b>Special Item</b>										
Proceeds from sale of capital assets	-	-	-	-	239,660	-	628,554	532,740	-	-
<b>Net change in fund balances</b>	<u>\$ (2,493,180)</u>	<u>\$ (1,797,160)</u>	<u>\$ (7,580,052)</u>	<u>\$ (244,772)</u>	<u>\$ 2,956,879</u>	<u>\$ (68,593)</u>	<u>\$ 265,230</u>	<u>\$ (1,456,771)</u>	<u>\$ 706,905</u>	<u>\$ (1,903,797)</u>
Debt service as a percentage of noncapital expenditures	<u>23.70 %</u>	<u>16.54 %</u>	<u>13.40 %</u>	<u>9.00 %</u>	<u>8.47 %</u>	<u>8.51 %</u>	<u>9.67 %</u>	<u>8.07 %</u>	<u>7.83 %</u>	<u>8.16 %</u>

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

**City of Covington, Kentucky**  
**Occupational License Fees - Payroll Withholding**  
**Last Ten Years**

**Schedule 5**

Fiscal Year	Total Gross Taxable Wages	Total Withholding Fees	Total Direct Rate
2003	\$ 707,354,680	\$ 17,683,867	0.025 %
2004	732,781,960	18,319,549	0.025 %
2005	781,746,160	19,543,654	0.025 %
2006	850,553,240	21,263,831	0.025 %
2007	866,277,160	21,656,929	0.025 %
2008	931,502,360	23,287,559	0.025 %
2009	947,889,880	23,697,247	0.025 %
2010	914,009,160	22,850,229	0.025 %
2011	903,823,920	22,595,598	0.025 %
<b>2012</b>	<b>910,575,680</b>	<b>22,764,392</b>	<b>0.025 %</b>

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

**City of Covington, Kentucky**  
**Principal Occupational Payroll Tax Payers**  
**Current Year and Nine Years Ago**

**Schedule 6**

Taxpayer	
2012	2003
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
Omnicare	No. Ky. Mental Health and Retardation Board
Rosedale Manor	Rosedale Manor
St. Elizabeth Hospital	St. Elizabeth Hospital

Notes: Taxpayer information is listed alphabetically.

Source: City of Covington Finance Department

# City of Covington, Kentucky

## Principal Property Tax Payers

### Last Ten Fiscal Years

#### Schedule 7

Fiscal Year	Real Property	Personal Property	Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
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 %
2008	1,861,435	187,585	61,243	1,987,777	0.292 %
2009	1,897,368	217,242	59,898	2,054,712	0.299 %
2010	2,014,385	159,294	62,311	2,111,368	0.299 %
2011	2,027,907	168,468	61,769	2,134,606	0.299 %
<b>2012</b>	<b>2,019,671</b>	<b>156,875</b>	<b>65,087</b>	<b>2,111,459</b>	<b>0.299 %</b>

Notes: Property in Covington is reassessed once every four years. City property was reassessed in 2011. The next reassessment will occur in 2015. The reassessment is conducted by the Kenton County Property Value Administrator. The property is assessed at 100% of value.

Values are stated in thousands of dollars

Tax rates are per \$100 of assessed value.

**City of Covington, Kentucky**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Years**

**Schedule 8**

Fiscal Year	School Districts				Totals		
	City Direct Rate	Covington Independent	Kenton County	State	Other	Covington Schools Area	Kenton County Schools Area
2003	0.2990 %	0.894 %	0.548 %	0.133 %	0.1150 %	1.5720 %	1.2260 %
2004	0.2990	0.925	0.558	0.131	0.1320	1.6220	1.2550
2005	0.2990	0.942	0.556	0.131	0.1350	1.6430	1.2570
2006	0.2990	0.922	0.556	0.128	0.1410	1.6132	1.2472
2007	0.2842	0.961	0.564	0.124	0.1488	1.6590	1.2620
2008	0.2924	0.961	0.564	0.124	0.1488	1.6682	1.2712
2009	0.2995	0.989	0.558	0.122	0.1530	1.7055	1.2745
2010	0.2995	1.026	0.558	0.122	0.1650	1.7605	1.2925
2011	0.2995	1.056	0.557	0.122	0.1740	1.7995	1.3005
<b>2012</b>	<b>0.2995</b>	<b>1.117</b>	<b>0.557</b>	<b>0.122</b>	<b>0.1720</b>	<b>1.8585</b>	<b>1.2985</b>

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 year's 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.



**City of Covington, Kentucky**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2012**  
**(amounts in thousands)**

**Schedule 9**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>(3)</sup>	Estimated Share of Overlapping Debt
Kenton County	\$ 85,192 <sup>(1)</sup>	25.44 %	\$ 21,673
Covington Independent School District	<u>17,132</u> <sup>(2)</sup>	100.00 %	<u>17,132</u>
Subtotal, overlapping debt	<u>\$ 102,324</u>		38,805
City of Covington direct debt			<u>18,961</u>
Total direct and overlapping			<u>\$ 57,766</u>

Source: Kentucky local Debt Report

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Covington. This process recognizes that when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

- (1) Kenton County Treasurer's office
- (2) Covington Independent School District, Finance Department
- (3) The percentage of overlapping debt applicable to the City of Covington is estimated using the percentage of Covington residents in each of the overlapping districts as measured by the 2010 U.S. census.

**City of Covington, Kentucky**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**

**Schedule 10**

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Fidelity Properties Inc	\$ 195,571,500	1	9.16 %	\$ 82,387,500	2	6.97 %
CPX-Rivercenter Dev/Corp	95,878,100	2	4.49 %	137,114,800	1	3.33 %
EHP Rivercenter Landmark	33,578,000	3	1.57 %	-	-	- %
Scott Street Land Co. Inc	14,960,900	4	0.70 %	14,960,900	3	- %
CIP II Buckeye Hotel	13,947,100	5	0.65 %	-	-	0.53 %
Latonia Plaza KY LLC	13,389,500	6	0.63 %	8,033,000	8	0.56 %
Atkins & Pearce Manu.	11,460,000	7	0.54 %	10,000,000	6	- %
J & S Latonia Centre Ky LLC	10,482,000	8	0.49 %	13,741,000	4	- %
Anchor Cogdell Covington LLC	7,026,000	9	0.49 %	-	-	- %
CCO LLC	6,812,500	10	0.32 %	-	-	0.41 %
Atria Highland Crossing	-	-	- %	10,500,000	5	0.54 %
J G Covington Hotel, LLC	-	-	- %	9,600,000	7	0.51 %
Shottenstein Trustees	-	-	- %	6,349,000	10	0.40 %
A.C.C.D. Co. Inc	-	-	- %	6,486,000	9	0.34 %
<b>Total</b>	<b>\$ 403,105,600</b>		<b>19.04 %</b>	<b>\$ 299,172,200</b>		<b>13.59 %</b>

**City of Covington, Kentucky**  
**Property Tax Levies and Collections**  
**Last Ten Years**

**Schedule 11**

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	
	Amount	Percentage of Levy	Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 5,011,764		\$ 4,824,742	96.27 %	\$ 177,563	\$ 5,002,305	99.81 %
2004	5,076,892		4,907,183	96.66 %	155,093	5,062,276	99.71 %
2005	5,143,225		4,926,477	95.79 %	191,959	5,118,436	99.52 %
2006	5,483,028		5,293,287	96.54 %	146,162	5,439,449	99.21 %
2007	5,656,394		5,469,125	96.69 %	122,480	5,591,605	98.85 %
2008	5,900,071		5,672,319	96.14 %	143,260	5,815,579	98.57 %
2009	6,222,001		5,970,349	95.96 %	98,348	6,068,697	97.54 %
2010	6,385,509		6,027,733	94.40 %	134,965	6,162,698	96.51 %
2011	6,440,016		6,041,435	93.81 %	-	6,041,435	93.81 %
<b>2012</b>	<b>6,418,511</b>		<b>6,108,328</b>	<b>95.17 %</b>	<b>-</b>	<b>6,108,328</b>	<b>95.17 %</b>

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

**City of Covington, Kentucky**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Years**  
(dollars in thousands, except per capita)

**Schedule 12**

<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
2008	23,790	15,271	39,061	3.62 %	901
2009	21,622	18,782	40,404	3.75 %	932
2010	20,811	17,663	38,474	4.16 %	893
2011	21,289	16,248	37,537	4.73 %	924
<b>2012</b>	<b>18,961</b>	<b>15,081</b>	<b>34,042</b>	<b>4.50 %</b>	<b>834</b>

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 15 for personal income and population data.

**City of Covington, Kentucky**  
**Ratio of General Bonded Debt Outstanding**  
**Last Ten Years**  
**(dollars in thousands, except per capita)**

**Schedule 13**

---

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2003	\$ -	- %	\$ -
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
2008	23,790	1.20 %	548.54
2009	21,622	1.05 %	498.55
2010	20,811	0.99 %	483.06
2011	21,289	1.00 %	523.84
<b>2012</b>	<b>18,961</b>	<b>0.90 %</b>	<b>464.61</b>

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

**City of Covington, Kentucky**  
**Legal Debt Margin Information**  
**Last Ten Years**  
**(dollars in thousand)**

**Schedule 14**

		<b>Debt Margin Calculation for Fiscal Year 2012</b>									
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit		\$ 167,618	\$ 169,796	\$ 172,014	\$ 183,379	\$ 196,624	\$ 198,778	\$ 205,471	\$ 207,746	\$ 213,461	\$ 211,146
Total net debt applicable to limit		-	4,962	26,487	27,907	25,888	23,790	21,622	20,811	21,289	18,961
Legal debt margin		\$ <u>167,618</u>	\$ <u>164,834</u>	\$ <u>145,527</u>	\$ <u>155,472</u>	\$ <u>170,736</u>	\$ <u>174,988</u>	\$ <u>183,849</u>	\$ <u>186,935</u>	\$ <u>192,172</u>	\$ <u>192,185</u>
Total net debt applicable to the limit as a percentage of debt limit		- %	2.92 %	15.40 %	15.22 %	13.17 %	11.97 %	10.52 %	10.02 %	9.97 %	8.98 %

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

**City of Covington, Kentucky**  
**Demographic and Economic Statistics**  
**Last Ten Years**

**Schedule 15**

<b>Fiscal 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>
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 %
2008	43,370	1,077,787	24,581	33.1	3,958	5.6 %
2009	43,235	928,212	21,469	35.9	4,002	10.4 %
2010	43,082	924,927	21,469	35.9	4,066	10.2 %
2011	40,640	813,003	20,005	34.6	3,914	9.7 %
<b>2012</b>	<b>40,811</b>	<b>834,667</b>	<b>20,492</b>	<b>35.7</b>	<b>3,572</b>	<b>8.9 %</b>

Sources:

- (a) U. S. Department of the Census (2010 Census) & (1996 Census)  
 2009 Data U. S. Census Bureau 2006-2008 American Community Survey 3-Year Estimate
- (b) Kentucky Department of Education
- (c) Kentucky Cabinet for Workforce Development

# City of Covington, Kentucky

## Principal Employers

### Current Year

#### Schedule 16

<b>Employer</b>	<b>2012</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Internal Revenue Service	4,500	1	16.79 %
Fidelity Investments	4,100	2	15.30 %
Covington Board of Education	925	3	3.45 %
St. Elizabeth Hospital	800	4	2.99 %
State of Kentucky	360	5	1.34 %
Omnicare	325	6	1.21 %
Club Chef	320	7	1.19 %
Rosedale Manor	310	8	1.16 %
No. KY MH-MR Board	280	9	1.04 %
Atkins & Pearce Mfg.	<u>265</u>	10	<u>0.99 %</u>
Total	<u>12,185</u>		<u>45.46 %</u>

Note: Data is unavailable for nine years ago.

Source: City of Covington Finance Department



**City of Covington, Kentucky**  
**Full-time Equivalent City Government Employees by Function/Program**

**Last Ten Years**

**Schedule 17**

<b>Function/Program</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
General Government										
Management services	17	18	17	17	16	16	16	16	17	16
Finance	15	16	15	15	14	14	14	13	13	11
Economic development	6	7	5	5	6	7	7	7	7	7
Code enforcement	9	10	10	10	9	11	11	12	12	11
Housing	20	18	16	16	16	16	16	16	15	12
Police										
Officers	113	116	116	116	116	116	116	116	112	110
Civilians	31	32	34	34	33	31	31	31	28	24
Fire										
Firefighters and officers	117	117	118	118	118	118	118	118	118	118
Civilians	1	1	1	1	1	1	1	1	1	1
Other										
Public improvements	38	38	38	36	35	35	35	51	47	47
Engineering	3	3	2	2	3	4	4	4	4	4
Parks and recreation	20	20	20	20	18	20	20	2	2	2
<b>Totals</b>	<u>390</u>	<u>396</u>	<u>392</u>	<u>390</u>	<u>385</u>	<u>389</u>	<u>389</u>	<u>387</u>	<u>376</u>	<u>363</u>

Source: City of Covington Finance Department

**City of Covington, Kentucky**  
**Operating Indicators by Function/Program**  
**Last Ten Years**

**Schedule 18**

<b>Function/Program</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Police</b>										
Physical arrests	5,167	5,017	5,342	5,819	5,762	5,321	5,248	5,899	5,763	5,420
Parking violations	13,775	13,016	14,721	15,622	14,863	14,230	15,873	13,926	14,520	15,891
Traffic violations	5,581	5,714	5,894	5,721	5,778	5,856	5,116	5,796	5,149	4,991
<b>Fire</b>										
Fire responses	4,209	3,951	4,167	3,985	3,752	3,658	2,818	2,657	2,731	2,716
Ambulance runs	7,931	7,927	8,602	9,742	100,246	11,549	10,542	8,595	9,112	9,523
Inspections	2,618	2,696	2,521	2,576	2,540	2,440	2,212	1,966	2,058	1,853

Source: City of Covington Police and Fire Record Management System

## City of Covington, Kentucky

### Capital Assets Statistics by Function/Program

#### Last Ten Years

#### Schedule 19

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	5	5	4	4	4	4	4	4	4	4
Patrol units	83	83	83	83	83	83	83	83	83	83
Fire stations	5	5	5	5	5	5	5	5	5	5
<b>Other public works</b>										
Streets (miles)	120	126	126	130	120	120	120	120	120	120
Streetlights	3,246	3,246	3,246	3,246	3,246	3,246	3,246	3,246	3,246	3,246
<b>Parks and recreation</b>										
Acreage	850	850	850	850	850	850	850	850	850	850
Playgrounds	28	28	28	28	28	28	28	28	28	28
Baseball/softball diamonds	10	10	10	10	10	10	10	10	10	10
Soccer/football fields	5	5	5	5	5	5	5	5	5	5
Swimming pools	4	4	4	4	4	4	4	4	4	4

Source: City of Covington Engineering Department

**[THIS PAGE LEFT INTENTIONALLY BLANK]**

**SINGLE AUDIT SECTION**

**City of Covington, Kentucky**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2012**

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fund Balance at June 30, 2011	Revenues	Expenditures	Fund Balance at June 30, 2012
<b>U.S. Department of Housing and Urban Development (HUD)</b>						
Section 8 Housing Choice Vouchers	14.871	KY-133-VO-0054-0F04	\$ 560,875 628,510	\$ 6,014,670 (F) 821,766 (NF)	\$ 5,783,300 (F) 797,048 (NF)	\$ 792,245 653,228
Community Development Block Grants/Entitlement Grants	14.218	(M) B-10-MC-21-0001	-	1,324,804 (F) 731,847 (NF)	1,324,804 (F) 731,847 (NF)	-
Pass Through From Kentucky Department of Local Government	14.218	(M) N09-017	-	1,992,801 (F)	1,992,801 (F)	-
Community Development Block Grants/Entitlement Grants (NSP1)	14.257	S-09-MY-21-0002	-	267,290 (F)	267,290 (F)	-
Homeless Prevention and Rapid Re-Housing	14.239	(M) M-10-MC-21-0200	-	705,951 (F)	705,951 (F)	-
Home Investment Partnership Program (HOME)	14.704	CC-PKY-0009-10	-	177,885 (F)	177,885 (F)	-
Community Challenge Planning Grants	14.251	B-10-SP-KY-0083	-	178 (F)	178 (F)	-
HUD EDI SPC	20.600	2008-DJ-BX-463	-	55,622 (F)	55,622 (F)	-
<b>U.S. Department of Transportation</b>						
Pass Through From Kentucky Transportation Cabinet State and Community Highway Safety	66.818		-	136,700 (F)	136,700 (F)	-
<b>U.S. Environmental Protection Agency</b>						
Brownfield Assessments and Cleanup			\$ 1,318,568	\$ 12,296,005	\$ 12,039,785	\$ 1,574,788
Total Assistance			\$ 560,875 757,693	\$ 10,675,901 (F) 1,620,104 (NF)	\$ 10,444,531 (F) 1,595,254 (NF)	\$ 792,245 782,543
Total Federal Financial Assistance			\$ 1,318,568	\$ 12,296,005	\$ 12,039,785	\$ 1,574,788
Total Non-Federal Financial Assistance						
Total Assistance						

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

**City of Covington, Kentucky**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2012**

---

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures 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.

**Note 2 - Summary by Federal Agency**

Federal expenditures summarized by federal grantor/agency are as follows:

<b>Federal Grantor/Agency</b>	<b>\$ Amount</b>
Department of Housing and Urban Development	\$ 10,252,209
Department of Transportation	55,622
Department of Environmental Protection Agency (EPA)	<u>136,700</u>
 Total	 <u>\$ 10,444,531</u>

**Note 3 - Community Development Block Grants/Entitlement Grants**

The total federal awards expended for CFDA 14.218, Community Development Block Grants/Entitlement Grants, including amounts directly received from the Department of Housing and Urban Development and other amounts passed through and received from the Kentucky Department of Local Government, including program dollars expended under NSPI, was \$3,317,605 for the year ended June 30, 2012.

**Note 4 - Brownfield Assessments and Cleanup**

The City expended federal awards for CFDA 66.818, Brownfield Assessments and Cleanup as follows:

<b>Grant Name</b>	<b>\$ Amount</b>
EPA Grant Assessment	\$ 7,597
EPA Grant Donaldson Cleanup	95,057
EPA Stewart Ironworks Cleanup	<u>34,046</u>
 Total	 <u>\$ 136,700</u>

**City of Covington, Kentucky**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2012**

---

**Note 5 - Subrecipients**

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

<b>CFDA #</b>	<b>Program Name</b>	<b>Amounts Provided to Subrecipients</b>
CFDA #14.318	Community Development Block Grants	\$ 1,912,448
CFDA #14.239	Home Investment Partnership Program (HOME)	\$ 161,644



**REPORT OF INDEPENDENT ACCOUNTANTS 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 unit, each major fund, and the aggregate remaining fund information of the City of Covington, Kentucky (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2012. That report stated that the City's net asset balances as of June 30, 2011, have been adjusted to correct errors in classification. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Devou Properties, Inc. as described in our report on the City of Covington, Kentucky's financial statements. The financial statements of Devou Properties, Inc. were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

Management of the City of Covington, Kentucky, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weaknesses.

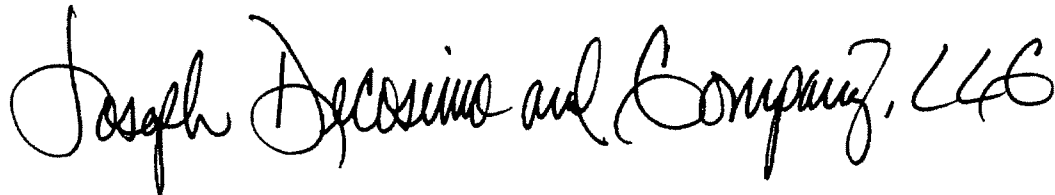
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2012-01 to be a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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'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'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 passthrough entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Joseph Decosimo and Company, LLC". The signature is written in a cursive, flowing style.

Cincinnati, Ohio  
December 31, 2012

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
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 (the City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of auditor's results section in the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City'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'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'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 could have a direct and material effect on its major federal program for the year ended June 30, 2012.

**Internal Control Over Compliance**

The management of the City 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's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on timely basis.

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 deficiencies, 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.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the City's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the City's compliance but not to provide an opinion on the effectiveness of the City's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

Joseph Decosimo and Company, LLC

Cincinnati, Ohio  
December 31, 2012

**City of Covington, Kentucky**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2012**

**I. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified?  Yes  No
- Significant deficiency identified that is not considered to be a material weakness?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  Yes  No

Identification of major programs:

**CFDA Number**

14.218

**Name of Federal Program or Cluster**

Community Development Block Grants/  
Entitlement Grants

14.239

Home Investment Partnership Program (HOME)

Dollar threshold used to distinguish between type A and type B programs \$313,336

Auditee qualified as low-risk auditee?  Yes  No

**City of Covington, Kentucky**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2012**

**II. FINANCIAL STATEMENT FINDINGS**

**Finding 2012-01 - Material Weakness - Internal Control - Classification of Net Asset Balances**

*Criteria:* U.S. GAAP requires that net assets be classified in the following three components and be properly presented and disclosed in the financial statements:

- Invested in capital assets, net of related debt
- Restricted
- Unrestricted

*Condition:* Although in aggregate, net assets as of June 30, 2011 were correct, the various components of net assets required adjustment for proper presentation by net asset classification.

*Cause:* The City had failed to properly account for various restricted revenues. For fund level financial statements these amounts were identified as deferred revenues. At the entity-wide level financial statements, these deferred revenues were recognized, erroneously, as unrestricted revenues. These resources related to various HUD Programs.

*Effect:* The following reclassification of net assets as of June 30, 2011, was required:

Net Assets	June 30, 2011 (As Originally Reported)	Effect of Adjustment	June 30, 2011 (As Restated)
Invested in capital assets, net of related debt	\$ 36,088,303	\$ -	\$ 36,088,303
Restricted for capital projects	1,577,223	-	1,577,223
Restricted for HUD projects	1,318,568	14,519,093	15,837,661
Restricted for Police Incentive	3,321	-	3,321
Restricted for grant programs	24,040	-	24,040
Unrestricted	<u>8,933,230</u>	<u>(14,519,093)</u>	<u>(5,585,863)</u>
	<u>\$ 47,944,685</u>	<u>\$ -</u>	<u>\$ 47,944,685</u>

*Recommendation:* The City needs to post the above entry and develop a tracking system to insure that restrictions are properly presented and disclosed.

*View of Responsible Officials and Planned Corrective Action Plan:* The City concurs with the finding, comments and related recommendation.

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None reported

**City of Covington, Kentucky**  
**Schedule of Prior Year Audit Findings**  
**Year Ended June 30, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2011-1 - HOME Investment Partnership Program - CFDA 14.239	Internal Control - Significant Deficiency: Missing loan documentation on two of the recorded loan files.	Yes	
2011-2 - HOME Investment Partnership Program - CFDA 14.239	Internal Control - Significant Deficiency: Missing property inspection documentation on two of the recorded loan files.	Yes	

