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Report on
The Audit of
The Financial Statements of
CITY OF COVINGTON, LOUISIANA
December 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUL 19 2000

Smith, Huval & Associates, L.L.C.
Certified Public Accountants

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Smith, Huval & Associates, L.L.C.

(A LIMITED LIABILITY COMPANY)

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the City Council
City of Covington, Louisiana

We have audited the accompanying general purpose financial statements of the City of Covington, Louisiana, and the combining, individual fund and account group financial statements of the City as of and for the year ended December 31, 1999, as listed in the table of contents. These financial statements are the responsibility of the City of Covington, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Covington, Louisiana, at December 31, 1999, and the results of its operations and cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles. Also, in our opinion, the combining, individual fund, and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the City of Covington, Louisiana, as of December 31, 1999, and the results of operations of such funds and the cash flows of its proprietary fund for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining, individual fund and account group financial statements. The accompanying financial information listed as supporting schedules and the schedule of expenditures of federal awards in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City of Covington, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining, individual fund and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

The Honorable Mayor and City Council
City of Covington
Covington, Louisiana

In accordance with Government Auditing Standards, we have also issued our report dated April 28, 2000 on our consideration of the City of Covington's internal control over financial reporting, and our tests of its compliance with contracts, grants, laws and regulations related to financial reporting, a report on its compliance with requirements applicable to each major program and on internal control over federal programs.

Smith, Heval & Associates, L.L.C.

April 28, 2000

CITY OF COVINGTON, LOUISIANA
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1999

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups			Totals			
	General	Special Revenue	Debt Service	Capital Projects			Enterprise	Trust and Agency	General Fixed Assets	Long-Term Debt	(Memorandum Only)	1999	1998
ASSETS													
Cash	\$ 934,451	\$ 429,760	\$ 302,272	\$ 43,677	\$ 113,956	\$ 359,560	\$	\$	\$	\$ 2,183,676	\$ 2,140,862		
Certificates of deposit	131,663		965,766	238,595		24,955				1,360,979	1,259,669		
Investments	1,281,708									1,281,708	1,225,584		
Receivables													
Utilities					88,031								
Taxes	671,039		196,309							88,031	71,625		
Notes receivable	107,952									867,348	753,575		
Grant receivable	89,051									107,952	126,518		
Accrued interest	16,135									89,051	131,930		
Other	46,172	204	13,796	381	45,224	875				30,312	33,180		
Prepays	40,941				30,286					92,475	162,132		
Due from other funds	402,985		92,817		150,242	4,048				71,227	28,985		
Due from others	92,090					71,001				650,092	830,418		
Restricted assets										163,091	216,188		
Cash					314,832					548,097	323,728		
Land										548,097	548,097		
Buildings										2,056,386	1,948,805		
Improvements other than buildings										800,198	764,316		
Equipment										1,853,793	1,810,367		
Transportation equipment										719,819	451,487		
Furniture and equipment										416,411	371,138		
Capital lease assets										229,191	229,191		
Construction in progress					50,809					50,809			
Utility plant and equipment - depreciation													
Net of accumulated depreciation										10,104,171	9,790,349		
Amount available in debt service funds										1,570,960	1,528,245		
Amount to be provided for retirement of general long-term debt										3,902,343	4,385,937		
Total assets	\$ 3,814,187	\$ 429,964	\$ 1,570,960	\$ 282,653	\$ 10,897,551	\$ 460,439	\$ 5,523,895	\$ 5,473,303	\$ 29,552,952	\$ 29,142,428			

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
 December 31, 1999

	Governmental Fund Types				Capital Projects	Enterprise	Trust and Agency	Fiduciary Fund Type		Account Groups			Totals	
	General	Social Revenue	Debt Service	Proprietary Fund Type				General Assets	Fixed Assets	Long-Term Debt	1999	(Memorandum Only) 1999		
LIABILITIES														
Accounts payable and accrued expenses	\$ 207,149	\$	\$	\$ 295,896	\$	\$				\$	\$	\$ 503,045	\$	\$ 309,259
Payroll taxes, retirement, and accrued wages payable	195,298			17,579								212,877		160,651
Customer deposits	49,454			137,441			296,376					137,441		140,193
Due to other funds	114,633	303,974		288			67,525					650,092		830,418
Deferred revenues												182,158		345,780
Payable from restricted assets - Revenue bonds				85,457								85,457		80,256
Accrued interest:				30,942								30,942		34,433
General obligation bonds											5,080,000	5,080,000		5,475,000
Water revenue bonds				687,931								687,931		773,397
Due to certificate holders							52,933					52,933		113,851
Due to others							575					575		413
Compensated absences										206,194		206,194		158,444
Obligations under capital lease agreements										1,270		1,270		6,589
Notes payable				62,731						10,551		73,282		154,848
Special assessment debt										175,288		175,288		210,346
Estimated liability for landfill post-closure care costs														26,912
Contract payable	566,534			71,525			417,409					71,525		85,830
Total liabilities	<u>566,534</u>	<u>303,974</u>	<u>-</u>	<u>1,389,502</u>	<u>288</u>	<u>-</u>	<u>417,409</u>	<u>-</u>	<u>-</u>	<u>5,473,303</u>	<u>-</u>	<u>8,151,010</u>	<u>-</u>	<u>8,908,500</u>
FUND EQUITY														
Contributed capital				7,604,866								7,604,866		7,730,768
Investment in General Fixed Assets									6,623,895			6,623,895		6,133,402
Retained earnings														
Reserved for revenue bonds				198,433								198,433		209,039
Unreserved and undesignated Fund balances				1,704,747								1,704,747		1,139,194
Reserved for Capital Outlay	1,281,708											1,281,708		945,684
Reserved for Debt Service						1,570,960						1,570,960		1,528,245
Reserved for Mausoleum							43,030					43,030		41,333
Unreserved	1,536,702	125,990			282,365							1,752,992		2,019,454
Designated for future use	305,773											305,773		454,201
Designated for fire protection	23,470											23,470		22,508
Total fund equity	<u>3,247,553</u>	<u>125,990</u>	<u>1,570,960</u>	<u>9,508,046</u>	<u>282,365</u>	<u>-</u>	<u>43,030</u>	<u>-</u>	<u>6,623,895</u>	<u>-</u>	<u>21,401,939</u>	<u>20,233,828</u>	<u>-</u>	<u>20,233,828</u>
Total liabilities and fund equity	<u>\$ 3,814,187</u>	<u>\$ 429,964</u>	<u>\$ 1,570,960</u>	<u>\$ 10,897,548</u>	<u>\$ 282,653</u>	<u>\$</u>	<u>\$ 460,439</u>	<u>\$</u>	<u>\$ 6,623,895</u>	<u>\$ 5,473,303</u>	<u>\$ 29,552,949</u>	<u>\$ 29,142,428</u>	<u>\$</u>	<u>\$</u>

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 For the Year Ended December 31, 1999

REVENUES	Governmental Fund Types			Fiduciary Fund Type Expendable Trust	Totals	
	General	Special Revenue	Debt Service		Capital Projects	1999
Taxes	\$ 1,206,916	\$ 4,051,130	\$ 265,524	\$	\$ 5,523,570	\$ 5,104,351
Licenses and permits	691,767				691,767	603,609
Intergovernmental	199,119				199,119	240,953
Charges for service	91,152	8,381			91,152	79,428
Fines and forfeits	109,081	19,477	59,516	12,249	117,462	118,414
Interest	103,897				196,940	281,087
Federal and state grants	538,048				538,048	1,241,341
Other	100,472				100,472	84,638
Total revenues	3,040,452	4,078,988	325,040	12,249	7,458,530	7,753,821
EXPENDITURES						
Current:						
General government	1,459,593	23,751		208	1,483,656	1,316,081
Public safety						
Police	1,824,849				1,824,849	1,906,392
Fire	525,580				525,580	515,164
Public works - streets	1,279,846				1,279,846	2,628,225
Culture and recreation	684,690				684,690	470,450
Debt service:						
Principal			395,000		395,000	375,000
Interest and fiscal charges			248,336		248,336	266,822
Capital projects						195
Total expenditures	5,774,558	23,751	643,336	208	6,441,957	7,478,329
Excess (deficiency) of revenues over expenditures	(2,734,106)	4,055,237	(318,296)	12,041	1,016,573	275,492
OTHER FINANCING SOURCES (USES)						
Transfer to agency fund				(20,000)	(20,000)	(149,403)
Operating transfers in	3,660,818		361,011		4,021,829	3,747,975
Operating transfers out	(748,000)	(4,021,829)			(4,769,829)	(3,899,367)
Total other financing sources (uses)	2,912,818	(4,021,829)	361,011	(20,000)	(768,000)	(300,795)
Excess of revenues over (under) expenditures and other financing sources (uses)	178,712	33,408	42,715	(7,959)	248,573	(25,303)
FUND BALANCES - BEGINNING OF YEAR	3,068,941	92,582	1,528,245	290,324	5,021,425	5,046,728
FUND BALANCES - END OF YEAR	\$ 3,247,653	\$ 125,990	\$ 1,570,960	\$ 282,365	\$ 5,269,998	\$ 5,021,425

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES

For the Year Ended December 31, 1999

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Taxes	\$ 1,160,565	\$ 1,206,915	\$ 46,351	\$ 4,078,500	\$ 4,051,130	\$ (27,370)
Licenses and permits	533,500	691,767	58,267			
Intergovernmental	138,000	199,119	61,119			
Charges for services	77,600	91,152	13,552	12,000	8,381	(3,619)
Fines and forfeits	100,000	109,081	9,081			
Federal and state grants	532,975	538,048	5,073	24,000	19,477	(4,523)
Interest income	100,000	103,897	3,897			
Other	65,482	100,472	34,990			
Total revenues	<u>2,808,122</u>	<u>3,040,452</u>	<u>232,330</u>	<u>4,114,500</u>	<u>4,078,988</u>	<u>(35,512)</u>
EXPENDITURES						
Current:						
General government	1,578,072	1,459,593	118,479	28,000	23,751	4,249
Public safety						
Police	2,008,088	1,824,849	183,239			
Fire	598,800	525,580	73,220			
Public works - streets	1,540,615	1,279,846	260,769			
Culture and recreation	806,482	684,690	121,792			
Total expenditures	<u>6,532,057</u>	<u>5,774,558</u>	<u>757,499</u>	<u>28,000</u>	<u>23,751</u>	<u>4,249</u>
Excess (deficiency) of revenues over expenditures	<u>(3,723,935)</u>	<u>(2,734,106)</u>	<u>989,829</u>	<u>4,086,500</u>	<u>4,055,237</u>	<u>(31,263)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	3,840,424	3,660,818	(179,606)			
Operating transfers out	(1,476,000)	(748,000)	728,000	(4,179,082)	(4,021,829)	157,253
Total other financing sources (uses)	<u>2,364,424</u>	<u>2,912,818</u>	<u>548,394</u>	<u>(4,179,082)</u>	<u>(4,021,829)</u>	<u>157,253</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ (1,359,511)</u>	<u>\$ 178,712</u>	<u>\$ 1,538,223</u>	<u>\$ (92,582)</u>	<u>\$ 33,408</u>	<u>\$ 125,990</u>
FUND BALANCES - BEGINNING OF YEAR		<u>3,068,941</u>			<u>92,582</u>	
FUND BALANCES - END OF YEAR		<u>\$ 3,247,653</u>			<u>\$ 125,990</u>	

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS
 - PROPRIETARY FUND TYPE

For the Year Ended December 31, 1999

	<u>1999</u>	<u>1998</u>
OPERATING REVENUES		
Water revenues	\$ 613,911	\$ 597,391
Water installations	16,576	18,565
Sewer maintenance fees	493,643	485,115
Sewer installations	18,845	37,621
Cut-on fees	15,270	16,350
Garbage collection fees	468,916	485,450
Miscellaneous	<u>19,305</u>	<u>30,429</u>
Total operating revenues	<u>1,646,466</u>	<u>1,670,921</u>
OPERATING EXPENSES		
Water department	504,113	525,958
Sewer department	956,638	1,002,896
Sanitation department	<u>507,955</u>	<u>518,909</u>
Total operating expenses	<u>1,968,706</u>	<u>2,047,763</u>
Operating loss	(322,240)	(376,842)
NON-OPERATING REVENUES (EXPENSES)		
State reimbursement - Tornado	-	281,378
Interest income	15,302	16,740
Contract services	-	(95,386)
Loss on disposal of vehicles	-	(12,192)
Interest expense	<u>(45,908)</u>	<u>(48,136)</u>
Total non-operating revenues (expenses)	<u>(30,606)</u>	<u>142,404</u>
Loss before operating transfers	(352,846)	(234,438)
OPERATING TRANSFERS		
Transfers in	<u>748,000</u>	<u>151,392</u>
Total operating transfers	<u>748,000</u>	<u>151,392</u>
Net income (loss)	395,154	(83,046)
Add depreciation on fixed assets acquired with contributed capital	<u>159,793</u>	<u>160,117</u>
Net increase in retained earnings	554,947	77,071
Retained earnings - beginning	<u>1,348,233</u>	<u>1,271,162</u>
Retained earnings - ending	<u>\$ 1,903,180</u>	<u>\$ 1,348,233</u>

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA
 COMBINED STATEMENT OF CASH FLOWS
 - PROPRIETARY FUND TYPE

For the Year Ended December 31, 1999

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ (322,240)	\$ (376,842)
Adjustments to reconcile net operating loss to net cash provided by operating activities:		
Depreciation	320,432	301,793
Decrease (increase) in accounts receivable - net	(16,406)	(9,978)
Decrease (increase) in other receivables	20,993	(16,962)
Increase in prepaid expenses	(1,300)	(636)
Increase (decrease) in accounts payable and accrued expenses	165,075	(28,591)
Increase (decrease) in payroll taxes and retirement payable	(4,040)	(3,388)
Decrease in estimated liability for postclosure care costs	(26,912)	-
State reimbursement - Tornado	-	281,378
Contract service	-	(95,386)
Total adjustments	<u>457,842</u>	<u>428,230</u>
Net cash provided by operating activities	135,602	51,388
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Payments from (to) other funds, net	(152,744)	25,629
Increase (decrease) in customer deposits	<u>1,158</u>	<u>(12,219)</u>
Net cash provided (used) by non-capital financing activities	(151,586)	13,410
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Water grant received	33,890	-
Proceeds from note payable	-	95,500
Principal payments on note payable	(30,314)	(2,455)
Payments on state contract	(14,305)	(14,305)
Transfers from other funds, net	748,000	151,392
Payments for capital acquisitions	(685,062)	(198,334)
Principal payments on bonds	(80,255)	(76,545)
Interest paid	<u>(49,399)</u>	<u>(51,420)</u>
Net cash used by capital and related financing activities	(77,445)	(96,167)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipts of interest	<u>15,303</u>	<u>16,740</u>
Net cash provided by investing activities	<u>15,303</u>	<u>16,740</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(78,126)	(14,629)
Cash and cash equivalents, beginning of year	<u>506,914</u>	<u>521,543</u>
Cash and cash equivalents, end of year	<u>\$ 428,788</u>	<u>\$ 506,914</u>

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Covington, Louisiana, adopted the Home Rule Charter on November 7, 1978 under the provisions of Article VI, Section 5, of the Louisiana Constitution of 1974. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation and utilities, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the City of Covington, Louisiana conform to generally accepted accounting principles (GAAP) as applicable to governments except for the valuation of fixed assets as further discussed in this note. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body in establishing governmental accounting and financial reporting principles. The following is a summary of certain significant accounting policies:

1. REPORTING ENTITY

For financial reporting purposes, the City of Covington includes all funds, account groups, agencies, boards, commissions and authorities that are controlled by or depend on the City's executive or legislative branches. Control by or dependency on the City is determined on the basis of the budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, or receipt of significant subsidies from the City.

2. FUND ACCOUNTING

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operation of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into six generic fund types and three broad fund categories as follows:

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources other than expendable trusts or major capital projects that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related cost.

Capital Project Funds - Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

PROPRIETARY FUND

Enterprise Fund - The Enterprise Fund is used to account for operations that (a) are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for other funds. These include Expendable Trust and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve a measurement of results of operations.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. FIXED ASSETS AND LONG-TERM LIABILITIES

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and the Expendable Trust Fund are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance (net current assets). Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized by the City. No depreciation has been provided on general fixed assets.

Fixed asset values are based on historical cost (if available) or estimated historical cost if historical cost was not available.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are listed as liabilities in the General Long-Term Debt Account Group.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. FIXED ASSETS AND LONG-TERM LIABILITIES (Continued)

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with its activity are included on its balance sheet. Its reported fund equity (net total assets) is segregated into contributed capital and retained earning components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations or against contributed capital for assets acquired with contributed funds. Accumulated depreciation is reported on the proprietary fund balance sheet. Depreciation has been provided over the estimated useful lives using the straight line method. Depreciation for December 31, 1999, is \$320,432. The estimated lives are as follows:

Water and Sewerage System	10 - 50 Years
Equipment	3 - 5 Years

4. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds and the Expendable Trust Fund are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. Sales and other taxes and fees are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time. Grants from other governments are recognized when qualifying expenditures are incurred. Trust authority and all other revenues are recognized when received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unvested sick pay which is not accrued; and (2) principal and interest on general long-term debt which is recognized when due.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. BASIS OF ACCOUNTING (Continued)

All proprietary funds are accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. The City applies all applicable FASB pronouncements passed on or before November 30, 1989 in accounting and reporting for its proprietary fund operations unless those pronouncements conflict with or contradict GASB pronouncements.

5. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to October 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted at City Hall.
- C. Prior to the last meeting of the current fiscal year, the budget is legally enacted through passage of an ordinance.
- D. The Mayor may transfer part or all of any unencumbered appropriation balance among programs within a department, office or agency. An unencumbered appropriation balance may be transferred from one department, office, or agency to another only upon action of the City Council by ordinance.
- E. Formal budgetary integration is employed as a measurement control device during the year for the General Fund, Special Revenue Fund, Enterprise Fund, and the Debt Service Funds.
- F. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the City Council.
- G. All appropriations, except for capital outlay appropriations, lapse at year end.

CITY OF COVINGTON, LOUISIANA
NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the municipality may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

7. COMPENSATED ABSENCES

The City's *non-current liability for accumulated unpaid vacation, overtime and vested sick pay for civil employees* has been recorded in the general long-term debt group of accounts. That portion of compensated absence liability expected to be retired in the coming year is reported as a liability of the respective fund.

8. TOTAL COLUMNS ON COMBINED FINANCIAL STATEMENTS

Total columns on the Combined Financial Statements are captioned Memorandum Only to indicate that *they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.*

9. COMPARATIVE DATA - 1998 Actual

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Also, minor reclassifications of amounts previously reported in the financial statements for the year ended December 31, 1998, have been made in the accompanying financial statements to facilitate comparability.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. PROPERTY TAXES

Property taxes are due on January 1 and delinquent if not paid by February 1. Property taxes are recorded as revenues when levied. Tax liens are filed on all unpaid bills. The City bills and collects its own property taxes using the assessed values determined by the tax assessor of St. Tammany Parish. Total property tax revenue for the year ended December 31, 1999, was \$1,085,178 and is recorded in the funds as follows:

General Fund	\$ 819,654
Debt Service Fund	<u>265,524</u>
	<u>\$1,085,178</u>

11. SEWER EXTENSION SPECIAL ASSESSMENTS

Special assessments have been levied to provide for the financing of public improvements deemed to benefit the properties against which the assessments are levied. The City of Covington is in no manner obligated to repay the special assessment debt, except that portion to be paid from the sewer plant construction fund; therefore, the debt is not reported in the financial statements. The City functions as an agent for the property owners by collecting assessments, forwarding collections to special assessment certificate holders and, if appropriate, beginning foreclosures. The balance of special assessment debt at December 31, 1999, was \$420,288 of which \$245,000 will be paid from special assessment and parcel fee collections and \$175,288 will be paid from the Sewer Plant Construction Fund.

12. ACCOUNTS RECEIVABLE

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance is \$34,731 at December 31, 1999.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE B - CHANGES IN FIXED ASSETS

The City established a detailed fixed asset listing using historical cost and estimated historical cost. In preparing this listing, the City decided not to capitalize infrastructure assets thereby excluding these assets. Presented below is a summary of changes in general fixed assets. It is the City's policy to capitalize only those additions greater than \$1,000. Also, some expenditures made out of the 60% capital outlay funds are operational in nature and are not capitalized below. The total capital outlay reflected in the accompanying financial statements for the General Fund totaled \$1,068,439.

	Balance December 31, <u>1998</u>	Additions	Retirements	Balance December 31, <u>1999</u>
Land	\$ 548,097	\$ -	\$ -	\$ 548,097
Buildings	1,948,806	107,580	-	2,056,386
Equipment	1,810,367	78,652	35,226	1,853,793
Improvements other than buildings	764,316	35,882	-	800,198
Transportation equipment	461,487	300,777	42,445	719,819
Office furniture and equipment	371,138	50,785	5,512	416,411
Capital leases	<u>229,191</u>	<u>-</u>	<u>-</u>	<u>229,191</u>
	<u>\$ 6,133,402</u>	<u>\$ 573,676</u>	<u>\$ 83,183</u>	<u>\$ 6,623,895</u>

A summary of proprietary fund type property, plant and equipment at December 31, 1999, follows:

Sewer equipment	\$ 10,169,316
Water equipment	2,213,983
Vehicles	248,439
Garbage equipment	<u>46,345</u>
Total	12,678,083
Less: Accumulated depreciation	<u>2,573,912</u>
	<u>\$10,104,171</u>

At December 31, 1999, the City incurred \$ 50,809 of construction in progress related to planning and engineering on water system improvements.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE C - RESTRICTED ASSETS

The ordinance authorizing the issuance of a \$1,200,000 Water Revenue Bond dated November 4, 1980, the ordinance authorizing the issuance of a \$450,000 Water Revenue Bond, dated July 2, 1985 and the ordinance authorizing the issuance of a \$368,000 Water Revenue Bond dated June 20, 1996 which was used to retire the outstanding balance on the 1985 bond, together provide for certain restrictions on the assets of the Enterprise Fund.

1. Revenue Bond Sinking Fund

The 1980 and 1985 ordinances called for the establishment and maintenance of a Revenue Bond Sinking Fund sufficient in amount to pay promptly and in full the principal and interest on the bonds authorized as they become due and payable. This requirement has been met as of December 31, 1999.

2. Revenue Bond Reserve Fund

The ordinances called for the establishment of a Revenue Bond Reserve Fund by depositing with the regularly designated fiscal agent bank of the City 5% of the amount to be deposited into the Sinking Fund until such time as there has been accumulated an amount equal to the highest combined debt service payable. The 1996 refunding ordinance calls for an initial deposit of \$20,976 which was paid from the 1980 reserve funds and thereafter, monthly payments of \$190 until an amount attributable to the 1996 issue of \$36,000 is on hand in the Revenue Bond Reserve Fund. The sole purpose of the fund is to pay the principal of and the interest on the bonds payable from the Revenue Bond Sinking Fund as to which these would otherwise be in default. This requirement has been met at December 31, 1999.

3. Capital Additions and Contingencies Fund

The ordinance called for the establishment and maintenance of a Capital Additions and Contingencies Fund to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the system. Monthly deposits of \$571 are to be made, provided such sum is available after certain other provisions. This requirement has been met at December 31, 1999.

CITY OF COVINGTON, LOUISIANA
 NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE D - LONG-TERM DEBT

The following is a summary of bond transactions of the City for the year ended December 31, 1999.

	<u>General</u> Sales and <u>Use Tax</u>	<u>Obligation</u> Ad Valorem <u>Tax</u>	Revenue <u>Bonds</u>	<u>Total</u>
Bonds Payable at January 1, 1999	\$3,115,000	\$2,360,000	\$853,643	\$6,328,645
Bonds Issued	-	-	-	-
Bonds Retired	<u>225,000</u>	<u>170,000</u>	<u>80,255</u>	<u>475,255</u>
Bonds Payable at December 31, 1999	<u>\$ 2,890,000</u>	<u>\$2,190,000</u>	<u>\$773,388</u>	<u>\$5,853,388</u>

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE E - COMBINED SCHEDULE OF BONDS PAYABLE

GENERAL OBLIGATION BONDS

1995 General Obligation Bonds
 Issued March 1, 1995 for \$600,000,
 Secured by Ad Valorem Taxes

Payment Dates	Interest		Annual Principal Payments	
	Year	Rate	Year	Amount
March 1 and September 1	2000	5.25%	2000	30,000
	2001-02	5.30%	2001	35,000
	2003	5.40%	2002	35,000
	2004	5.50%	2003	40,000
	2005	5.60%	2004	40,000
	2006	5.65%	2005	45,000
	2007	5.70%	2006	45,000
	2008	5.75%	2007	50,000
	2009-10	5.85%	2008	55,000
			2009	55,000
		2010	<u>60,000</u>	
			<u>\$ 490,000</u>	

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE E - COMBINED SCHEDULE OF BONDS PAYABLE (Continued)

GENERAL OBLIGATION BONDS (Continued)

1997 Sales Tax Refunding Bonds
 Bonds issued July 29, 1997 for
 \$3,330,000, secured by proceeds of 1%
 1957 and 1% 1982 sales and use tax

Payment Dates	Interest		Annual Principal Payments	
	Year	Rate	Year	Amount
May 1 and November 1	2000	4.05%	2000	230,000
	2001	4.15%	2001	245,000
	2002	4.25%	2002	255,000
	2003	4.35%	2003	270,000
	2004	4.45%	2004	280,000
	2005	4.50%	2005	290,000
	2006	4.50%	2006	305,000
	2007	4.50%	2007	320,000
	2008	4.55%	2008	340,000
	2009	4.65%	2009	355,000
				<u>2,890,000</u>

1996 Sewer Refunding Bonds issued
 January 1, 1996 for \$1,930,000
 Secured by ad valorem taxes

March 1 and September 1	2000	4.05%	2000	145,000
	2001	4.15%	2001	155,000
	2002	4.25%	2002	165,000
	2003	4.35%	2003	175,000
	2004	4.40%	2004	185,000
	2005	4.45%	2005	195,000
	2006	4.55%	2006	215,000
	2007	4.75%	2007	225,000
	2008	5.00%	2008	240,000
				<u>\$1,700,000</u>
				<u>\$5,080,000</u>

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE E - COMBINED SCHEDULE OF BONDS PAYABLE (Continued)

	Interest		Annual Principal Payments		
	Year	Rate		Year	Amount
	Payment Dates				
	Jan. 14	2000-2006	5.00%	2000-2006	\$ 450,388
	Jan. 1	2000-2010	5.75%	2000	21,000
				2001	22,000
				2002	23,000
				2003	25,000
				2004	27,000
				2005	28,000
				2006	31,000
				2007	34,000
				2008	36,000
				2009	37,000
				2010	39,000
					<u>323,000</u>
					<u>\$ 773,3887</u>

REVENUE BONDS

1980 Water Revenue Bonds issued for \$1,200,000, secured by revenues of Water System, payments made annually for \$86,976 including interest and principal

1996 Water Revenue Refunding Bonds issued For \$ 368,000, secured by revenues of Water System

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE F - ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT

The following is a schedule of principal and interest debt service requirements to maturity:

Year Ending December 31,	Revenue Bonds	General Obligation Bonds	Total
2000	\$ 125,945	\$ 632,619	\$ 758,564
2001	125,709	632,619	758,328
2002	125,415	645,436	770,851
2003	126,035	646,491	772,526
2004	126,540	654,734	781,274
2005-2011	<u>416,471</u>	<u>3,167,899</u>	<u>3,584,370</u>
	<u>\$1,046,115</u>	<u>\$6,379,798</u>	<u>\$ 7,425,913</u>

As of December 31, 1999 there is \$1,570,960 available in the Debt Service Fund to service the general obligation bonds.

NOTE G - OTHER INDIVIDUAL FUND DISCLOSURES

Individual fund interfund receivable and payable balances are not eliminated in the accompanying financial statements. Such balances at December 31, 1999 were:

Fund	Interfund Receivables	Interfund Payable
General Fund	\$ 402,985	\$ 49,454
1957 Sales Tax Fund	-	298,020
1982 Sales Tax Fund	-	5,954
General Obligation Bond Redemption Fund	29,198	-
1990 Sales Tax Bond Sinking Fund	63,619	-
Ad Valorem Tax Collection Fund	-	290,675
Enterprise Fund	150,242	-
Sewer Plant Capital Projects Fund	-	144
1993 Sewer Extension Capital Projects Fund	4,048	144
1987 Street Paving Agency Fund	-	5,413
Garden of Pines Mausoleum Fund	-	288
	<u>\$ 650,092</u>	<u>\$ 650,092</u>

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE II - LEASES

The City is obligated under a certain lease accounted for as capital lease. The leased assets and related obligations are accounted for in the Utility Fund, General Fixed Assets Account Group and the General Long-Term Debt Account Group, respectively. The Utility Fund is responsible for servicing the lease payments related to leased assets within the Utility Fund and the General Fund is responsible for servicing the remaining lease payments. Assets under capital leases totaled \$229,191 at December 31, 1999. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of December 31, 1999:

	General Long-Term <u>Debt</u>
2000	1,281
Less: Amount representing interest	<u>11</u>
Present value of minimum lease payments	<u>\$ 1,270</u>

The City is also obligated under a lease of a building and certain office equipment accounted for as an operating leases. Total rent payments for the year ending December 31, 1999 was \$8,374. The future minimum lease payments are as follows:

2000	10,104
2001	10,104
2002	6,530
2003	<u>1,600</u>
Total minimum lease payments	<u>\$28,338</u>

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE I - NOTES PAYABLE

The City has entered into two installment agreements with a local bank to purchase several pieces of equipment. The two notes are payable in 36 monthly payments of \$2,136 and \$2,873 through June, 1999, July, 1999, June, 2000, and November, 2001, respectively. Interest on the notes is 6.25% and 5.25%, respectively. The City's obligations under these notes are accounted for in the General Long-Term Account Group and the Enterprise Fund. Notes are secured by the equipment purchased. Presented below are the required payments by year.

	General Long-Term Debt	
	Account Group	Enterprise
2000	\$ 10,681	\$ 34,475
2001	-	31,602
	10,681	66,077
Less interest portion	130	3,345
Balance at December 31, 1999	<u>\$ 10,551</u>	<u>\$ 62,732</u>

NOTE J - PENSION PLAN

Substantially all employees of the City of Covington are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana and Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing multiple-employer, defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)--The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE J - PENSION PLAN - (CONTINUED)

benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the City of Covington is required to contribute at an actuarially determined rate. The current rate is 5.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except in Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City of Covington are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Covington required contributions to the System under Plan A for the years ending December 31, 1999, 1998, and 1997 were \$89,390 \$84,137 and \$85,128 respectively, equal to the required contributions for each year.

B. Municipal Police Employees Retirement System of Louisiana (System)--All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

CITY OF COVINGTON, LOUISIANA
 NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE J - PENSION PLAN - (CONTINUED)

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the City of Covington is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the City of Covington are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Covington required contributions to the System for the years ending December 31, 1999, 1998, and 1997 were \$92,828, \$84,737, and \$77,133, respectively, equal to the required contributions for each year.

NOTE K - LITIGATION AND CLAIMS

The City is involved in litigation on a variety of claims arising from its operations. It is the opinion of the City's legal council that resolution of these lawsuits would not create a liability to the City in excess of insurance coverage.

NOTE L - CASH AND INVESTMENTS

The City's deposits, including restricted cash of \$ 314,832, are categorized as follows at December 31, 1999:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Demand deposits	\$ 2,498,508	\$ 2,415,740
Certificate of deposit	<u>1,360,979</u>	<u>1,360,979</u>
	<u>\$ 3,859,487</u>	<u>\$ 3,776,719</u>

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE L - CASH AND INVESTMENTS (CONTINUED)

At December 31, 1999, the City has \$3,776,719 in deposits (collected bank balances). These deposits are secured from risk by \$593,312 of federal deposit insurance and of \$3,183,407 pledged securities held by the fiscal agent banks (GASB Category 2):

The carrying amount does not include accrued interest of \$14,870 on certificates of deposit.

The City's investments consist of various governmental obligations which are stated at their fair value determined by market prices of \$1,281,708 at December 31, 1999. These investments are considered a category 2 investment risk, which includes investments for which the securities are held by the counterpart's trust department in the City's name. The City's investments do not include \$15,442 of accrued interest.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE M - INSURANCE

As of December 31, 1999, the City has the following insurance coverage:

<u>Insurer</u>	<u>Policy Expiration Date</u>	<u>Amount of Coverage</u>	<u>Type of Coverage</u>
CNA Insurance	05/00	\$4,280,816	Fire and Extended Coverage Buildings Contents EDP Equipment Contractor's equipment 2-way communication system
Fidelity & Deposit Co. of Maryland	04/00	\$ 375,000 375,000	Fidelity Bond coverage Mayor Director of Administration
Fidelity & Deposit Co. of Maryland	08/00	\$ 20,000 25,000 25,000 10,000 10,000	Fidelity Bond coverage Surety bond on administrator Employee Dishonesty Each employee Excess on Mayor Theft - police building Theft - City Hall
Coregis Insurance Org.	02/00	\$ 1,000,000 1,000,000 3,000,000 1,000,000 1,000,000	Auto liability General liability Law enforcement officers Comprehensive liability Public officials errors and Omissions liability Employee Benefits
CNA Insurance Co.	01/00	State Statute	Workers Compensation & Employers Liability
Audubon Indemnity Co.	05/00	\$ 375,000	Commercial auto physical damage
Audubon Indemnity Co..	09/00	\$175,000	Covering 1996 Dump Truck And 1993 Dodge Truck

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE N - LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

In accordance with GASB Statement 18, the City adjusted the 1994 beginning balance of retained earnings for the current and future estimated costs relating to the landfill closure and post closure care costs.

The City's engineers have determined that all costs related to postclosure care of landfill have been incurred in previous years, and as the monitoring period required by GASB Statement 18, the City has removed the liability from the City's balance sheet.

NOTE O - STATE CONTRACT PAYABLE

The City of Covington owes \$71,525 to the State of Louisiana for utility line relocation. The contract is payable in annual installments of ten percent per year of the unpaid balance.

NOTE P - PRIOR YEARS' DEBT DEFEASANCE

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. Government securities that were placed in the trust funds. The investments and fixed earnings from those investments are sufficient to fully service the defeased debt until the debt is called or matured. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's General Long Term Debt Account Group. As of December 31, 1999, the amount of the defeased debt outstanding but removed from the General Long Term Debt Account Group amounted to \$4,800,000.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE Q - CHANGES IN CONTRIBUTED CAPITAL

The following is a summary of changes in contributed capital in the enterprise fund:

	Other Funds	State Grant	Developer	Federal Grant	LCDBG Grant	'93 Sewer Extension	Total
Balance at January 1, 1999	\$ 5,210,182	\$ 213,119	\$ 3,763	\$ 527,146	\$ 904,243	\$ 872,315	\$ 7,730,768
Additions	-	33,890	-	-	-	-	33,890
Less current year depreciation on assets constructed from funds supplied by contributors in aid of construction	(108,104)	(4,914)	-	(9,827)	(18,487)	(18,460)	(159,792)
Balance at December 31, 1999	\$ 5,102,078	\$ 242,095	\$ 3,763	\$ 517,319	\$ 885,756	\$ 853,855	\$ 7,604,866

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1999

NOTE R - POST-RETIREMENT BENEFITS

The City provides certain continuing health care benefits for retired employees. Substantially all of the City's employees become eligible for these benefits if they reach normal retirement age while working for the City. The City recognizes the cost of providing these benefits as an expenditure when the monthly premiums are due. For the year ended December 31, 1999, the City expended \$321,985 for health care and life insurance benefits. Included in this total is \$7,304 of health care benefits paid for retirees. There are 12 retirees and 118 active employees as of December 31, 1999.

NOTE U - CHANGES IN AGENCY FUND BALANCES

A summary of changes in balances due to other funds and others follows:

	Ad Valorem Tax	1993 Sewer Extension Fund	1987 Street Paving
Balance at January 1, 1999	\$ 372,181	\$ 167,461	\$ 5,309
Additions	991,888	57,760	208
Deductions	(1,073,394)	(171,713)	(104)
Balance at December 31, 1999	<u>\$ 290,675</u>	<u>\$ 53,508</u>	<u>\$ 5,413</u>

NOTE V - FUND DEFICIT

The 1982 Sales Tax Fund has a deficit in unreserved fund balance of \$2,424 at December 31, 1999. The City intends to eliminate this deficit with future excesses of revenues over expenditures.

GENERAL FUND

NARRATIVE EXPLANATION

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF COVINGTON, LOUISIANA

GENERAL FUND

BALANCE SHEET

December 31, 1999

ASSETS	1999	1998
Cash	\$ 934,451	\$ 584,986
Certificates of deposits	131,663	97,167
Investments	1,281,708	1,225,684
Taxes receivable		
Ad valorem	579,758	498,150
Other taxes receivable	91,281	86,749
Notes receivable	107,952	126,518
Accrued interest receivable	16,135	17,694
Other receivable	41,572	91,106
Sewer extension receivable	4,600	4,600
Grant receivable	89,051	131,930
Due from other funds	402,985	690,507
Prepaid expenses	40,941	-
Special assessment receivable	92,090	129,585
 Total assets	 <u>\$ 3,814,187</u>	 <u>\$ 3,684,676</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued expenses	\$ 207,149	\$ 178,438
Payroll taxes, retirement and accrued wages payable	195,298	139,032
Due to other funds	49,454	31,728
Deferred revenue	114,633	262,637
Customer deposits	-	3,900
Total liabilities	<u>566,534</u>	<u>615,735</u>
 FUND BALANCE		
Reserved for capital outlay	1,281,708	945,684
Designated for future use	305,773	173,877
Designated for fire protection	23,470	22,508
Unreserved and undesignated	<u>1,636,702</u>	<u>1,926,872</u>
Total fund balance	<u>3,247,653</u>	<u>3,068,941</u>
 Total liabilities and fund balance	 <u>\$ 3,814,187</u>	 <u>\$ 3,684,676</u>

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

For the Year Ended December 31, 1999

REVENUES	1999		Variance- Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Taxes				
Ad valorem tax	\$ 780,565	\$ 819,654	\$ 39,089	\$ 786,754
Electric franchise	285,000	294,956	9,956	306,731
Cable television franchise	65,000	69,488	4,488	64,398
Gas franchise	30,000	22,818	(7,182)	23,391
Total taxes	1,160,565	1,206,916	46,351	1,181,274
Licenses and Permits				
Insurance	340,000	377,097	37,097	319,071
Occupational	220,000	239,655	19,655	234,805
Building	55,500	56,597	1,097	31,730
Liquor and beer	12,000	14,007	2,007	13,750
Chain store	6,000	4,411	(1,589)	4,253
Total licenses and permits	633,500	691,767	58,267	603,609
Intergovernmental				
District 12 Dispatch	14,000	15,625	1,625	5,375
Video poker revenue	35,000	88,780	53,780	140,058
Tobacco tax	40,000	39,066	(934)	39,084
Beer tax	25,000	29,440	4,440	31,755
Fire insurance rebate	16,000	18,433	2,433	16,906
911 revenues	8,000	7,775	(225)	7,775
Total inter-governmental	138,000	199,119	61,119	240,953
Charges for services				
Recreation registration	44,600	48,078	3,478	38,912
Community Center rental	5,000	1,235	(3,765)	5,635
Highway maintenance - DOTD	9,000	9,058	58	13,803
Park rental	5,000	4,325	(675)	3,250

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - Continued

For the Year Ended December 31, 1999

	1999		Variance- Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
REVENUES (Continued)				
Charges for services (Continued)				
Rental income	\$ 6,000	\$ 6,720	\$ 720	\$ 6,805
Accident reports	-	4,567	4,567	5,012
Resubdivision revenue	2,000	-	(2,000)	1,275
Tax research	2,000	1,430	(570)	-
Zoning revenue	<u>4,000</u>	<u>15,739</u>	<u>11,739</u>	<u>4,736</u>
Total charges for services	<u>77,600</u>	<u>91,152</u>	<u>13,552</u>	<u>79,428</u>
Fines and forfeits				
Court fines	90,000	81,536	(8,464)	92,956
Fines - DWI	5,000	16,284	11,284	7,323
Parking fines and other	5,000	6,720	1,720	5,154
Drug forfeitures	-	4,541	4,541	4,704
Total fines and forfeits	<u>100,000</u>	<u>109,081</u>	<u>9,081</u>	<u>110,137</u>
Federal grants				
Police grants	131,804	131,804	-	202,781
FEMA grants	117,022	117,022	-	581,840
Other	<u>100,322</u>	<u>91,312</u>	<u>(9,010)</u>	<u>29,359</u>
Total federal grants	<u>349,148</u>	<u>340,138</u>	<u>(9,010)</u>	<u>813,980</u>
State grants				
DARE grant	42,777	42,777	-	38,436
Tornado 11-21-97	-	-	-	373,316
Capital outlay	116,031	116,031	-	-
Other	<u>25,019</u>	<u>39,102</u>	<u>14,083</u>	<u>15,609</u>
Total state grants	<u>183,827</u>	<u>197,910</u>	<u>14,083</u>	<u>427,361</u>
Interest income	<u>100,000</u>	<u>103,897</u>	<u>3,897</u>	<u>163,241</u>

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - Continued

For the Year Ended December 31, 1999

REVENUES (continued)	1999		Variance- Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Other revenues				
Paving assessment	\$ 22,500	\$ 44,493	\$ 21,993	\$ 46,309
Miscellaneous revenue	28,127	35,753	7,626	14,626
Sale of surplus property	5,000	3,345	(1,655)	2,850
Attorney fee claim	3,600	3,578	(22)	-
Cemetery plot sale/open	5,000	4,785	(215)	5,558
Labyrinth contributions	1,255	158	(1,097)	1,446
Street/alley sales	-	-	-	8,714
Downtown development	-	8,360	8,360	5,135
Total other revenues	<u>65,482</u>	<u>100,472</u>	<u>34,990</u>	<u>84,638</u>
Total revenues	<u>2,808,122</u>	<u>3,040,452</u>	<u>232,330</u>	<u>3,704,621</u>
EXPENDITURES				
General government	1,578,072	1,459,593	118,479	1,290,735
Public safety				
Police	2,008,088	1,824,849	183,239	1,906,392
Fire	598,800	525,580	73,220	515,164
Public works				
Streets	1,540,615	1,279,846	260,769	2,628,225
Culture and Recreation	806,482	684,690	121,792	470,450
Total expenditures	<u>6,532,057</u>	<u>5,774,558</u>	<u>757,499</u>	<u>6,810,966</u>
Excess (deficiency) of revenue over expenditures	<u>(3,723,935)</u>	<u>(2,734,106)</u>	<u>989,829</u>	<u>(3,106,345)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	3,840,424	3,660,818	(179,606)	3,446,167
Operating transfer out	<u>(1,476,000)</u>	<u>(748,000)</u>	<u>728,000</u>	<u>(75,057)</u>
Total other financing sources (uses)	<u>2,364,424</u>	<u>2,912,818</u>	<u>548,394</u>	<u>3,371,110</u>

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - Continued

For the Year Ended December 31, 1999

	1999		Variance- Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Excess (deficiency) of revenues and other sources (uses) over expenditures	<u>\$(1,359,511)</u>	178,712	<u>\$ 1,538,223</u>	264,765
FUND BALANCE - BEGINNING OF YEAR		<u>3,068,941</u>		<u>2,804,176</u>
FUND BALANCE - END OF YEAR		<u>\$3,247,653</u>		<u>\$3,068,941</u>

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET - (GAAP BASIS)

For the Year Ended December 31, 1999

	1999		Variance- Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
GENERAL GOVERNMENT				
Administration				
Salaries and benefits	\$ 425,300	\$ 425,636	\$ (336)	\$ 410,220
Hospitalization	62,900	46,622	16,278	50,992
Retirement	25,400	23,773	1,627	22,490
Unemployment compensation	650	293	357	243
Workmen's compensation	3,000	3,298	(298)	5,444
Medicare expense	33,000	32,422	578	28,699
Payroll tax	9,400	8,823	577	8,310
Attorneys' fees	43,000	45,419	(2,419)	39,202
Engineering fees	93,100	92,024	1,076	35,609
Audit fees	25,000	24,975	25	26,340
Computer programming	13,600	18,657	(5,057)	9,268
Government fees	39,000	29,401	9,599	1,168
Publication and notices	23,500	24,206	(706)	22,968
Meetings & conventions	-	-	-	1,393
Meetings & conventions - council	7,800	6,530	1,270	5,419
Meetings & conventions - mayor	5,600	5,123	477	6,473
Humane Society	25,000	20,140	4,860	24,790
Drug testing	1,000	1,705	(705)	1,550
Utilities	5,800	5,487	313	5,576
Telephone	17,500	15,866	1,634	13,886
Dues and subscriptions	7,000	6,741	259	7,164
Insurance	11,600	10,810	790	11,254
Office supplies	43,200	35,581	7,619	37,436
Repairs and maintenance	23,000	25,958	(2,958)	21,394
Personnel improvements	13,600	12,741	859	10,709
Comprehensive plan	29,700	-	29,700	22,722
Video poker repayment	-	-	-	39,525
Contract services	51,750	90,443	(38,693)	12,645
Gasoline	2,000	842	1,158	815
Service charges and fees	4,000	8,033	(4,033)	7,421
Lease and note payments	17,700	15,605	2,095	12,791
Capital outlay	86,125	35,246	50,879	26,196
Total Administration	1,149,225	1,072,400	76,825	930,112

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET - (GAAP BASIS) Continued

For the Year Ended December 31, 1999

	1999		Variance- Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
GENERAL GOVERNMENT				
Downtown Development Program				
Salary and benefits	\$ 89,100	\$ 91,899	\$ (2,799)	\$ 81,686
Retirement	4,000	3,798	202	3,669
Unemployment compensation	200	68	132	64
Hospitalization	11,100	11,199	(99)	10,599
Workmen's compensation	3,000	8,321	(5,321)	3,966
Contract services	50,022	47,850	2,172	31,272
Marketing and promotion	31,780	31,887	(107)	25,499
Grant expenditures	9,480	10,135	(655)	4,325
Parking lease	2,900	2,860	40	2,868
Utilities	4,600	4,462	138	4,849
Travel	1,900	1,895	5	1,201
Engineering fees	-	-	-	11,922
Planning	4,544	4,544	-	17,645
Insurance	3,300	3,193	107	6,075
Office	11,139	10,146	993	12,047
Training and education	1,000	829	171	851
Telephone	5,450	4,841	609	4,612
Dues and subscriptions	1,300	1,258	42	616
Repairs and maintenance	42,330	41,879	451	55,459
Materials and supplies	10,500	11,538	(1,038)	9,199
Garbage - Dumpster	1,400	1,440	(40)	1,560
Small Tools and Equipment	2,147	2,169	(22)	1,917
Fuel	1,635	1,784	(149)	1,463
Capital outlay	136,020	89,198	46,822	67,259
Total Downtown Development Program	428,847	387,193	41,654	360,623
TOTAL GENERAL GOVERNMENT	1,578,072	1,459,593	118,479	1,290,735

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET - (GAAP BASIS) Continued

For the Year Ended December 31, 1999

	1999		Variance- Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
PUBLIC SAFETY - POLICE	<u>\$1,125,886</u>	<u>\$ 1,005,705</u>	\$ 120,181	\$ 1,086,429
Salaries and benefits	93,750	92,828	922	84,737
Retirement	129,300	130,075	(775)	114,884
Hospitalization	1,350	915	435	963
Unemployment compensation	41,400	35,136	6,264	46,099
Workmen's compensation	28,000	27,804	196	19,915
Accrued Leave	78,500	77,161	1,339	77,925
Insurance	4,000	3,901	99	3,022
Printing	2,000	1,872	128	2,046
Medical	25,000	22,149	2,851	24,094
Telephone	10,300	10,269	31	11,089
Utilities	15,000	13,636	1,364	15,758
Office supplies	3,200	650	2,550	873
Contract services	50,600	75,521	(24,921)	54,933
Repair and maintenance	20,000	20,839	(839)	18,412
Supplies	3,000	2,757	243	2,577
Dues	32,000	30,013	1,987	27,992
Gasoline	7,000	6,768	232	9,799
Uniforms	21,887	20,239	1,648	-
Training and education	2,000	2,170	(170)	2,535
Miscellaneous	21,605	26,222	(4,617)	22,494
Small equipment	6,800	6,850	(50)	3,800
Lease payments	<u>285,510</u>	<u>211,369</u>	<u>74,141</u>	<u>276,016</u>
Capital outlay	<u>2,008,088</u>	<u>1,824,849</u>	<u>183,239</u>	<u>1,906,392</u>
TOTAL PUBLIC SAFETY - POLICE				
PUBLIC SAFETY - FIRE				
Salaries and benefits	247,000	257,622	(10,622)	233,827
Retirement	12,100	13,003	(903)	11,070
Hospitalization	29,600	32,567	(2,967)	27,291
Unemployment compensation	500	242	258	253
Workmen's compensation	12,000	8,452	3,548	16,053
Telephone	10,100	10,252	(152)	8,953
Utilities	7,800	7,037	763	9,175
Supplies	19,000	19,319	(319)	19,983
Insurance	28,000	27,752	248	24,600

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET - (GAAP BASIS) Continued

For the Year Ended December 31, 1999

	1999		Variance- Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
PUBLIC SAFETY - FIRE (Continued)				
Gasoline and diesel	\$ 5,000	\$ 4,214	\$ 786	\$ 4,444
Training and education	8,000	7,096	904	9,702
Coroner fees	10,000	10,000	-	10,000
Small tools and equipment	34,500	29,681	4,819	21,670
Volunteers	10,000	10,000	-	10,000
Dues and subscriptions	4,200	3,961	239	2,359
Building repairs	6,600	5,477	1,123	-
Office supplies	11,500	11,313	187	10,002
Dumpster	1,000	540	460	905
Equipment repairs	25,000	23,616	1,384	46,004
Rent	800	815	(15)	-
Capital outlay	<u>116,100</u>	<u>42,621</u>	<u>73,479</u>	<u>48,873</u>
TOTAL PUBLIC SAFETY - FIRE	<u>598,800</u>	<u>525,580</u>	<u>73,220</u>	<u>515,164</u>
PUBLIC WORKS - STREETS				
Salaries and benefits	397,100	391,809	5,291	353,615
Contract labor	9,900	9,192	708	14,514
Retirement	22,500	19,921	2,579	17,625
Hospitalization	55,800	50,864	4,936	44,066
Unemployment compensation	900	346	554	342
Workmen's compensation	40,000	21,345	18,655	37,741
Telephone	5,400	5,087	313	4,217
Utilities	45,600	48,854	(3,254)	47,288
Engineer	30,000	34,855	(4,855)	138,488
Tree and stump removal	38,000	27,760	10,240	37,363
Dumpster	16,000	15,912	88	8,898
Supplies and small tools	114,683	99,272	15,411	89,698
Repairs and maintenance	86,392	73,324	13,068	76,002
Insurance	28,500	27,920	580	28,940
Gasoline	28,000	21,471	6,529	22,114
Training and education	1,325	1,435	(110)	370
Office supplies	4,700	3,942	758	5,058

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET - (GAAP BASIS) Continued

For the Year Ended December 31, 1999

	1999		Variance-	1998
	Budget	Actual	Favorable (Unfavorable)	Actual
PUBLIC WORKS - STREET (Continued)				
Dues & subscriptions	\$ 700	\$ 501	\$ 199	-
Note payments	36,000	38,212	(2,212)	49,356
Capital outlay	579,115	387,824	191,291	1,652,530
TOTAL PUBLIC WORKS - STREET	1,540,615	1,279,846	260,769	2,628,225
CULTURE AND RECREATION				
Salaries and benefits	146,300	148,600	(2,300)	141,531
Retirement	6,000	5,726	274	5,659
Hospitalization	14,300	13,483	817	12,806
Unemployment insurance	100	113	(13)	123
Workmen's compensation	4,100	1,165	2,935	13,488
Telephone	9,100	8,625	475	5,221
Utilities	15,400	12,826	2,574	16,025
Supplies	56,150	56,145	5	56,426
Repairs and maintenance	30,692	30,418	274	12,075
Insurance	16,000	15,618	382	14,108
Gasoline	4,500	4,588	(88)	4,370
Engineer	-	-	-	23,330
Training and education	2,500	2,464	36	1,675
Travel	1,000	885	115	311
Capital lease payments	1,500	1,415	85	-
Swimming pool operation	10,850	9,033	1,817	9,410
Dumpster	3,000	2,955	45	2,880
Contract labor	53,900	58,101	(4,201)	47,864
Capital outlay	419,632	302,181	117,451	93,166
Office supplies	9,158	8,914	244	8,488
Franchise fees	2,300	1,435	865	1,494
TOTAL CULTURE & RECREATION	806,482	684,690	121,792	470,450
TOTAL EXPENDITURES	\$ 6,532,057	\$ 5,774,558	\$ 757,499	\$ 6,810,966

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUNDS

NARRATIVE EXPLANATION

SALES TAX FUND

The Sales Tax Fund is used to account for the collection and distribution of sales and use tax. The City, as authorized in its Code of Ordinances, imposes a 2% sales and use tax.

The one percent 1957 sales tax is dedicated for the purpose of constructing, improving, extending and maintaining playgrounds and recreational facilities, public roads, streets, bridges and crossings, sewerage, garbage disposal, and water works, and other works of permanent public improvement in the City, title to which shall be in the public's name.

The one percent 1982 sales tax is used to retire the 1996 Public Improvement Sales Tax Refunding Bonds issued. Any of these 1% proceeds remaining in the Sales Tax Fund on the last day of each month after satisfying all Sinking Fund and Reserve Fund requirements are then dedicated as follows:

Capital Improvements	60%
Recreation Facilities and Equipment	15%
Street and Drainage Maintenance	10%
Central Business District Municipal Services and Capital Improvements	10%
Police Facilities and Equipment	5%
Total	<u>100%</u>

CITY OF COVINGTON, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

December 31, 1999

	Sales Tax		Totals	
	1957 Tax	1982 Tax	1999	1998
ASSETS				
Cash	\$ 426,230	\$ 3,530	\$ 429,760	\$ 457,195
Receivables - other	204	-	204	211
Total assets	<u>\$ 426,434</u>	<u>\$ 3,530</u>	<u>\$ 429,964</u>	<u>\$ 457,406</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ 298,020	\$ 5,954	\$ 303,974	\$ 364,824
Total liabilities	298,020	5,954	303,974	364,824
 FUND BALANCES				
Unreserved and undesignated	128,414	(2,424)	125,990	92,582
Total liabilities and fund balances	<u>\$ 426,434</u>	<u>\$ 3,530</u>	<u>\$ 429,964</u>	<u>\$ 457,406</u>

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 1999

	Sales Tax		Totals	
	1957 Tax	1982 Tax	1999	1998
REVENUES				
Taxes-Sales and Use	\$ 2,025,565	\$ 2,025,565	\$ 4,051,130	\$ 3,669,807
Interest income	17,431	2,046	19,477	19,477
Penalties and interest	4,191	4,190	8,381	8,277
Total revenues	2,047,187	2,031,801	4,078,988	3,697,561
EXPENDITURES				
General government	11,673	12,078	23,751	25,258
Total expenditures	11,673	12,078	23,751	25,258
Excess of revenues over expenditures	2,035,514	2,019,723	4,055,237	3,672,303
OTHER FINANCING USES				
Operating transfers out				
Debt service	-	361,011	361,011	301,808
General fund	2,001,334	1,659,484	3,660,818	3,446,110
Utility fund	-	-	-	76,392
Total other financing uses	2,001,334	2,020,495	4,021,829	3,824,310
Excess (deficiency) of revenues over expenditures and other financing uses	34,180	(772)	33,408	(152,007)
FUND BALANCE - BEGINNING OF YEAR	94,234	(1,652)	92,582	244,589
FUND BALANCE - END OF YEAR	\$ 128,414	\$ (2,424)	\$ 125,990	\$ 92,582

The accompanying notes are an integral part of this statement.

DEBT SERVICE FUNDS

NARRATIVE EXPLANATION

GENERAL OBLIGATION BOND REDEMPTION FUND

The General Obligation Bond Redemption Fund is used to accumulate monies for the payment of the principal and interest of the 1988 General Obligation Sewer Bonds, the 1995 General Obligation Fire Department Bonds, and the 1996 Refunding Bonds which refunded the 1999 - 2008 maturities of the 1988 Sewer Bonds. Financing is to be provided by ad valorem taxes.

SALES TAX BOND FUND

The Sales Tax Bond Fund is used to accumulate monies for payment of the principal and interest of the 1997 Public Improvement Sales Tax Refunding Bonds which were issued to refund the remaining maturities of the 1990 Public Improvement Bonds.

CITY OF COVINGTON, LOUISIANA

DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

December 31, 1999

	Sales Tax Bond Fund	General Obligation Bond Redemption Fund	Totals	
	1999	1999	1999	1998
ASSETS				
Cash	\$ 52,689	\$ 249,583	\$ 302,272	\$ 315,738
Certificates of deposit	372,976	592,790	965,766	890,417
Receivables				
Taxes		196,309	196,309	168,676
Interest	10,984	2,812	13,796	13,916
Due from other funds	29,198	63,619	92,817	139,911
Total assets	<u>\$ 465,847</u>	<u>\$ 1,105,113</u>	<u>\$ 1,570,960</u>	<u>\$ 1,528,658</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ -	-	-	\$ 413
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>413</u>
FUND BALANCES				
Reserved for Debt Service	<u>465,847</u>	<u>1,105,113</u>	<u>1,570,960</u>	<u>1,528,245</u>
Total liabilities and fund balances	<u>\$ 465,847</u>	<u>\$ 1,105,113</u>	<u>\$ 1,570,960</u>	<u>\$ 1,528,658</u>

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 1999

	1990 Sales Tax	General Obligation Bond Redemption Fund	Totals
			1999 1998
REVENUES			
Taxes - ad valorem	\$ 23,196	\$ 265,524	\$ 253,270
Interest		36,320	83,810
Total revenues	23,196	301,844	337,080
EXPENDITURES			
Debt service:			
Principal	225,000	170,000	395,000
Interest and fiscal charges	137,971	110,365	248,336
Total expenditures	362,971	280,365	641,822
Excess (deficiency) of revenue over expenditures	(339,775)	21,479	(304,742)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	361,011	-	361,011
Total other financing sources (uses)	361,011	-	361,011
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	21,236	21,479	(2,934)
FUND BALANCES - BEGINNING OF YEAR	444,611	1,083,634	1,531,179
FUND BALANCES - END OF YEAR	\$ 465,847	\$ 1,105,113	\$ 1,570,960

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS FUND
NARRATIVE EXPLANATION

1993 SEWER EXTENSION CONSTRUCTION FUND

The 1993 Sewer Extension Construction Fund is used to account for the cost of the 1993 Sewer Extension Construction Fund. Financing was provided by the issuance of Sewer Certificates, which are payable solely with monies provided by payments on the assessments. All monies remaining in this fund upon completion of the construction phase are to be used only for the purpose of maintaining the sewers improved under this program.

SEWER PLANT CONSTRUCTION FUND

The Sewer Plant Construction Fund is used to account for the cost of purchasing or constructing sewers and sewerage disposal works and the necessary equipment, furnishings and sites. Financing was provided by the issuance of \$2,560,000 of General Obligation Sewer Bonds which are secured solely from a pledge of revenues to be derived from ad valorem taxes. Funds of \$2,554,883 were also received from the issuance of 1990 Public Improvement Sales Tax Bonds which are secured solely by sales tax revenues.

CITY OF COVINGTON, LOUISIANA

CAPITAL PROJECT FUNDS

COMBINING BALANCE SHEET

December 31, 1999

	1993 Sewer Extension Fund	Sewer Plant Construction Fund	Totals	1999	1998
ASSETS					
Cash	\$ 36,918	\$ 6,759	\$ 43,677	\$ 43,677	\$ 41,704
Certificates of deposit		238,595	238,595	238,595	247,130
Accrued interest receivable		381	381	381	1,570
Total assets	<u>\$ 36,918</u>	<u>\$ 245,735</u>	<u>\$ 282,653</u>	<u>\$ 282,653</u>	<u>\$ 290,404</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Due to other funds	\$ 144	\$ 144	\$ 288	\$ 288	\$ 80
Total liabilities	<u>144</u>	<u>144</u>	<u>288</u>	<u>288</u>	<u>80</u>
FUND BALANCE					
Designated for future expenditures	36,774	245,591	282,365	282,365	290,324
Total fund balance	<u>36,774</u>	<u>245,591</u>	<u>282,365</u>	<u>282,365</u>	<u>290,324</u>
Total liabilities and fund balance	<u>\$ 36,918</u>	<u>\$ 245,735</u>	<u>\$ 282,653</u>	<u>\$ 282,653</u>	<u>\$ 290,404</u>

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

CAPITAL PROJECT FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 1999

	1993 Sewer Extension Fund	Sewer Plant Construction Fund	Totals 1999	1998
REVENUES				
Interest	\$ 1,668	\$ 10,581	\$ 12,249	\$ 12,917
Total revenues	1,668	10,581	12,249	12,917
EXPENDITURES				
Capital projects	104	104	208	195
Other cost	104	104	208	195
Total expenditures	1,564	10,477	12,041	12,722
Excess of revenues over expenditures	-	(20,000)	(20,000)	(149,403)
OTHER FINANCING SOURCES (USES)				
Transfer to Agency Fund	-	(20,000)	(20,000)	(149,403)
Total other financing sources (uses)	-	(20,000)	(20,000)	(136,681)
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	1,564	(9,523)	(7,959)	427,005
FUND BALANCES - BEGINNING OF YEAR	35,210	255,114	290,324	290,324
FUND BALANCES - END OF YEAR	\$ 36,774	\$ 245,591	\$ 282,365	\$ 290,324

The accompanying notes are an integral part of this statement.

ENTERPRISE FUND

NARRATIVE EXPLANATION

The Enterprise Fund is used to account for the provision of water, sewer and sanitation services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

CITY OF COVINGTON, LOUISIANA

ENTERPRISE FUND

BALANCE SHEET

December 31, 1999

	<u>1999</u>	<u>1998</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 113,956	\$ 183,186
Receivables:		
Accounts receivable net of uncollectible of \$34,731 for 1999 (\$34,731 for 1998)	88,031	71,625
Other receivables	45,221	66,215
Prepaid expenses	30,286	28,986
Due from other funds	<u>150,242</u>	<u>-</u>
Total current assets	<u>427,736</u>	<u>350,012</u>
RESTRICTED ASSETS		
Cash	<u>314,832</u>	<u>323,728</u>
PROPERTY, PLANT AND EQUIPMENT		
Vehicles	248,439	197,857
Sewer equipment	10,169,316	9,867,649
Water equipment	2,213,983	1,931,978
Garbage equipment	<u>46,345</u>	<u>46,345</u>
Total plant and equipment	12,678,083	12,043,829
Less: Accumulated depreciation	<u>2,573,912</u>	<u>2,253,480</u>
Net property, plant and equipment	<u>10,104,171</u>	<u>9,790,349</u>
OTHER ASSET		
Construction in Progress	<u>50,809</u>	<u>-</u>
	<u>\$10,897,548</u>	<u>\$10,464,089</u>

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

ENTERPRISE FUND
BALANCE SHEET

December 31, 1999

LIABILITIES AND FUND EQUITY

	1999	1998
CURRENT LIABILITIES		
(Payable from current assets)		
Accounts payable	\$ 295,896	\$ 130,821
Payroll taxes and retirement payable	17,579	21,619
Customer deposits	137,441	136,283
Due to other funds	-	2,502
Estimated liability for landfill		
Post closure care costs	-	26,912
Contract payable - current	14,305	14,305
Notes payable - current	31,942	30,313
Total current liabilities	<u>497,163</u>	<u>362,755</u>
(Payable from current assets)		
CURRENT LIABILITIES		
(Payable from restricted assets)		
Revenue bonds	85,457	80,256
Accrued interest	30,942	34,433
Total current liabilities	<u>116,399</u>	<u>114,689</u>
(Payable from restricted assets)		
LONG-TERM LIABILITIES		
Notes payable, net of current maturities	30,789	62,732
Revenue bonds	687,931	773,387
Contract payable	57,220	71,525
Total long-term liabilities	<u>775,940</u>	<u>907,644</u>
Total liabilities	<u>1,389,502</u>	<u>1,385,088</u>
FUND EQUITY		
Contributed capital		
Other funds	5,102,078	5,210,182
State grant	208,205	213,119
Developer	3,763	3,763
Federal grant	517,319	527,146
LCDBG grant	837,791	855,352
93 Sewer extension	853,855	872,315
State capital outlay	33,890	-
Rural development grant	47,965	48,891
Total contributed capital	<u>7,604,866</u>	<u>7,730,768</u>
Retained earnings		
Reserved for revenue bond retirement	198,433	209,039
Unreserved	1,704,747	1,132,194
Total retained earnings	<u>1,903,180</u>	<u>1,348,233</u>
Total fund equity	<u>9,508,046</u>	<u>9,079,001</u>
	<u>\$ 10,897,548</u>	<u>\$10,464,089</u>

The accompanying notes are an integral part of this statement.

ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS

For the Year Ended December 31, 1999

	Water	Sewer	Sanitation	Total
	1999	1999	1999	1998
OPERATING REVENUES				
Service revenues	\$ 613,914	\$ 493,643	\$ 468,916	\$ 1,567,956
Installation revenues	16,576	18,845		56,186
Cut-on fees	15,270			16,350
Miscellaneous	19,305			30,429
Total operating revenues	<u>665,062</u>	<u>512,488</u>	<u>468,916</u>	<u>1,670,921</u>
OPERATING EXPENSES				
Salaries	175,598	250,065	11,813	449,823
Garbage contract			479,726	512,948
Bad debt expense	3,232			12,172
Bank fees	1,850			1,209
Chemicals		7,242		10,058
Depreciation	74,511	244,167	1,754	301,793
Engineering fees	7,689	55,128	3,528	41,519
Gasoline	8,499	9,536		15,443
Hospitalization	22,983	27,819	659	48,042
Insurance	13,085	10,789		20,645
Lab testing				19,227
Maintenance and repairs	48,516	145,441		280,592
Medicare				2,691
Office supplies	18,488			22,142
Other	7,014	14,008	763	3,397
Retirement	8,541	13,059	679	22,613
Sludge removal		25,903		28,428
Solid waste fees		4,467		4,185
Supplies	85,302	56,866	8,475	97,683
Utilities	26,445	89,154		125,684
Workmen's compensation	2,370	2,992	558	27,469
Total operating expenses	<u>504,113</u>	<u>956,638</u>	<u>507,955</u>	<u>2,047,763</u>
Operating income (loss)	\$ <u>160,949</u>	\$ <u>(444,150)</u>	\$ <u>(39,039)</u>	\$ <u>(376,842)</u>

The accompanying notes are an integral part of this statement.

ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS - Continued

For the Year Ended December 31, 1999

	Total 1999	Total 1998
OPERATING LOSS	(322,240)	(375,642)
NON-OPERATING REVENUE (EXPENSES)		
Tornado debris state reimbursement		281,378
Interest income	15,302	16,740
Interest expense	(45,908)	(48,136)
Contract service		(95,386)
Loss on disposal of vehicles		(12,192)
Total non-operating revenue (expense), net	<u>(30,606)</u>	<u>142,404</u>
Loss before transfers	(352,846)	(234,438)
OPERATING TRANSFERS		
Transfers in	<u>748,000</u>	<u>151,392</u>
Total operating transfers	<u>748,000</u>	<u>151,392</u>
NET INCOME (LOSS)	395,154	(83,046)
Add depreciation on fixed assets acquired with contributed capital that reduces contributed capital	<u>159,793</u>	<u>160,117</u>
Net increase in retained earnings	554,947	77,071
Retained earnings - beginning of year	<u>1,348,233</u>	<u>1,271,162</u>
Retained earnings - end of year	<u>\$ 1,903,180</u>	<u>\$ 1,348,233</u>

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

ENTERPRISE FUND
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 1999

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ (322,240)	\$ (376,842)
Adjustments to reconcile net operating loss to net cash provided by operating activities		
Depreciation	320,432	301,793
Increase in accounts receivable - net	(16,406)	(9,978)
Decrease (increase) in other receivables	20,993	(16,962)
Increase in prepaid expenses	(1,300)	(636)
Increase (decrease) in accounts payable and accrued expenses	165,075	(28,591)
Decrease in payroll taxes and retirement payable	(4,040)	(3,388)
Decrease in estimated liability for postclosure care costs	(26,912)	-
State reimbursement - Tornado	-	281,378
Contract service	-	(95,386)
Total adjustments	<u>457,842</u>	<u>428,230</u>
Net cash provided by operating activities	135,602	51,388
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Payments from (to) other funds, net	(152,744)	25,629
Increase (decrease) in customer deposits	<u>1,158</u>	<u>(12,219)</u>
Net cash provided (used) by non-capital financing activities	(151,586)	13,410
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Water grant received	33,890	-
Proceeds from note payable	-	95,500
Principal payments on note payable	(30,314)	(2,455)
Payments on state contract	(14,305)	(14,305)
Transfers from other funds, net	748,000	151,392
Payments for capital acquisitions	(685,062)	(198,334)
Principal payments on bonds	(80,255)	(76,545)
Interest paid	<u>(49,399)</u>	<u>(51,420)</u>
Net cash used by capital and related financing activities	(77,445)	(96,167)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipts of interest	<u>15,303</u>	<u>16,740</u>
Net cash provided by investing activities	<u>15,303</u>	<u>16,740</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(78,126)	(14,629)
Cash and cash equivalents, beginning of year	<u>506,914</u>	<u>521,543</u>
Cash and cash equivalents, end of year	<u>\$ 428,788</u>	<u>\$ 506,914</u>

The accompanying notes are an integral part of this statement.

FIDUCIARY FUNDS
NARRATIVE EXPLANATION

EXPENDABLE TRUST FUND

GARDEN OF PINES MAUSOLEUM PERPETUAL CARE FUND

The Garden of Pines Mausoleum Perpetual Care Fund is used to account for the accumulation of resources to be used for the administration and maintenance of the Garden of Pines Mausoleum. Resources are obtained from the sale of mausoleum crypts and interest income earned on investments.

AGENCY FUND

AD VALOREM TAX COLLECTION FUND

The Ad Valorem Tax Collection Fund is used to account for the collection of ad valorem taxes. These monies are transferred to the Debt Service and the General Fund according to City ordinance.

1987 STREET PAVING PROGRAM

The 1987 Street Paving Program is used to account for the collection of special assessments from property owners and the payment of principal and interest to the special assessment certificate holders.

1993 SEWER EXTENSION FUND

The 1993 Sewer Extension Fund is used to account for the collection of special assessments from property owners and the payment of principal and interest to the special assessment sewer certificate holders.

CITY OF COVINGTON, LOUISIANA

FIDUCIARY FUNDS

COMBINING BALANCE SHEET

December 31, 1999

	Agency Funds				Totals	
	Trust Fund Garden of Pines Mausoleum Perpetual Care Fund	Ad Valorem Tax Collection Fund	1993 Sewer Extension Fund	1987 Street Paving Program Fund	1999	1998
ASSETS						
Cash	\$ 18,363	\$ 289,800	\$ 49,460	\$ 1,937	\$ 359,560	\$ 558,053
Certificates of deposit	24,955				24,955	24,955
Due from other funds			4,048		4,048	-
Other receivables		875			875	-
Due from others			67,525	3,476	71,001	86,603
Total assets	\$ 43,318	\$ 290,675	\$ 121,033	\$ 5,413	\$ 460,439	\$ 669,611
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Due to other funds	\$ 288	\$ 290,675	\$	\$ 5,413	\$ 296,376	\$ 430,871
Due to certificate holders			52,933		52,933	113,851
Deferred Revenue			67,525		67,525	83,143
Due to others			575		575	413
Total liabilities	288	290,675	121,033	5,413	417,409	628,278
FUND BALANCES						
Reserved for Mausoleum administration and maintenance	43,030				43,030	41,333
Total liabilities and fund balances	\$ 43,318	\$ 290,675	\$ 121,033	\$ 5,413	\$ 460,439	\$ 669,611

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

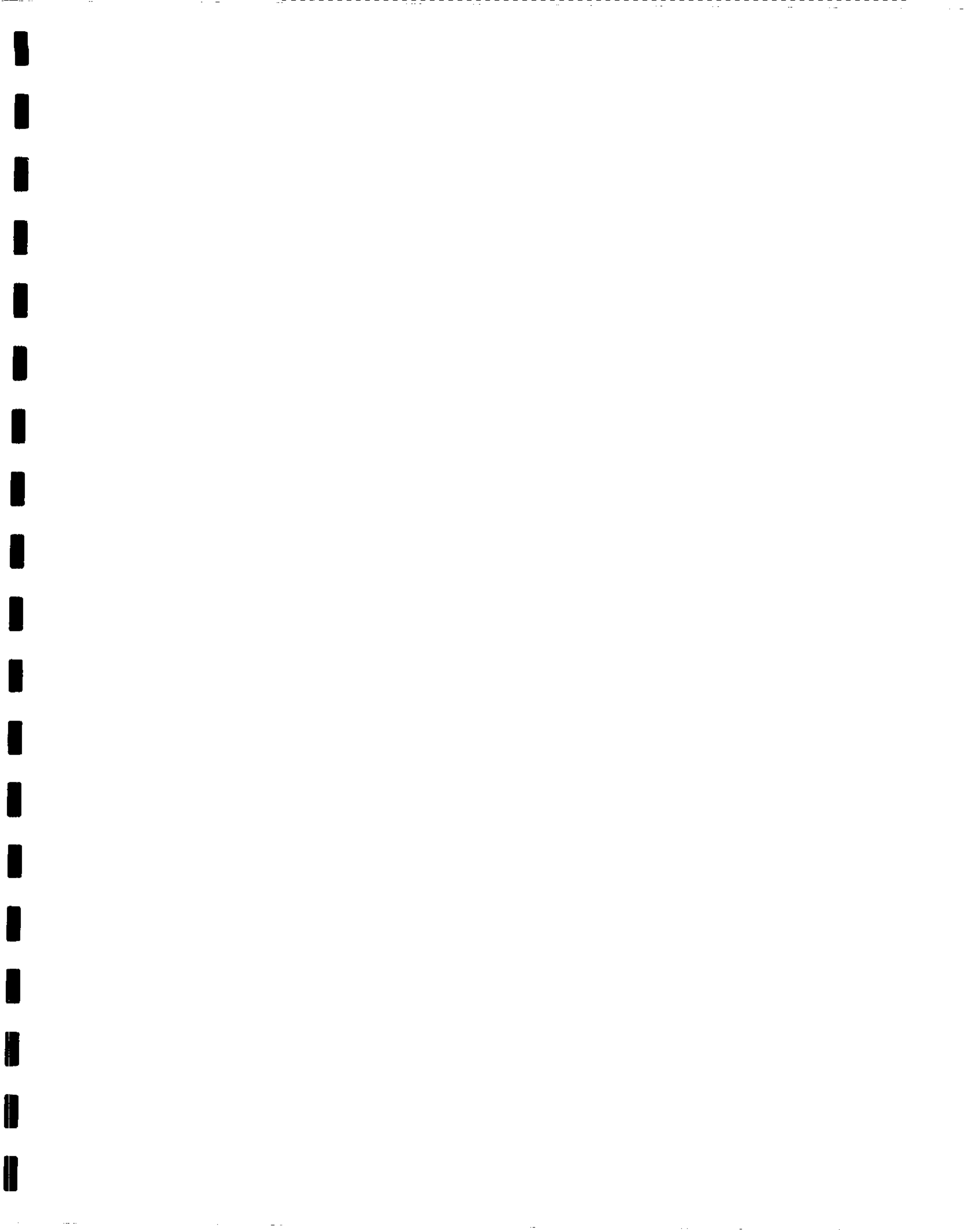
EXPENDABLE TRUST FUND

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

For the Year Ended December 31, 1999

	Garden of Pines Mausoleum Perpetual Care Fund	
	1999	1998
OPERATING REVENUES		
Interest	\$ 1,801	\$ 1,642
Total operating revenues	1,801	1,642
EXPENDITURES		
Bank fees	104	88
Total expenditures	104	88
Net income	1,697	1,554
FUND BALANCE - BEGINNING OF YEAR	41,333	39,779
FUND BALANCE - END OF YEAR	<u>\$43,030</u>	<u>\$ 41,333</u>

The accompanying notes are an integral part of this statement.



GENERAL FIXED ASSETS ACCOUNT GROUP

NARRATIVE EXPLANATION

The General Fixed Assets Account Group is for fixed assets not used in proprietary fund operations. General Fixed Assets do not represent financial resources available for expenditures but are items for which financial resources have been used and for which accountability is maintained.

CITY OF COVINGTON, LOUISIANA
STATEMENT OF GENERAL FIXED ASSETS

December 31, 1999

	<u>1999</u>	<u>1998</u>
GENERAL FIXED ASSETS		
Land	\$ 548,097	\$ 548,097
Buildings	2,056,386	1,948,806
Equipment	1,853,793	1,810,367
Transportation equipment	719,819	461,487
Office furniture and equipment	416,411	371,138
Improvements other than buildings	800,198	764,316
Capital leases	<u>229,191</u>	<u>229,191</u>
Total general fixed assets	<u>\$6,623,895</u>	<u>\$6,133,402</u>
INVESTMENT IN GENERAL FIXED ASSETS FROM		
General fund	\$4,686,671	\$4,196,178
Capital projects	1,714,292	1,714,292
Special revenue fund	<u>222,932</u>	<u>222,932</u>
Total investment in general fixed assets	<u>\$6,623,895</u>	<u>\$6,133,402</u>

The accompanying notes are an integral part of this statement.

SUPPLEMENTAL INFORMATION

CITY OF COVINGTON, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 1999

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Account or Contract Number	Federal Disbursements/ Expenditures
U.S. Department of Justice			
LOCAL LAW ENFORCEMENT BLOCK GRANT (Passed through the Louisiana Commission on Law Enforcement			
	16.592	96-LB-VX-0894	27,436
COMMUNITY ORIENTED POLICING SERVICES			
Cops Universal Hiring	16.710	95-CF-WX-1699	72,240
Cops Fast	16.710	95-CF-WX-1699	9,286
Cops More	16.710	96-CM-WX-0622	22,842
			<u>104,368</u>
Total Department of Justice			<u>131,804</u>
Federal Emergency Management Agency			
HAZARD MITIGATION GRANT PROGRAM (Passed through the Louisiana Office of Emergency Preparedness) - Major Program			
Home Elevation	83.548	1049-003-1006	110,507
Jahncke Street Drainage	83.548	1049-003-1007	4,765
			<u>115,272</u>
EMERGENCY MANAGEMENT - STATE AND LOCAL ASSISTANCE (Passed through the Louisiana Office of Emergency Preparedness)	83.534	1049	<u>1,750</u>
Total Federal Emergency Management Agency			

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CITY OF COVINGTON, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 1999

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Account or Contract Number</u>	<u>Federal Disbursements/ Expenditures</u>
U.S. Department of Transportation			
HIGHWAY PLANNING AND CONSTRUCTION (Passed through the Louisiana Department of Transportation)	20.205		<u>91,312</u>
Total Federal Expenditures			<u>\$340,137</u>

CITY OF COVINGTON, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 1999

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the City's federal award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

NOTE B - HOME ELEVATION GRANT ADVANCE

The City has received two advances of funds on the Home Elevation grant. At December 31, 1999, \$28,119 of these advances had not been expended and was recorded as a deferred revenue liability on the general fund.

CITY OF COVINGTON, LOUISIANA
SCHEDULE OF COUNCIL MEMBERS

December 31, 1999

<u>Council Members</u>	<u>Term of Office</u>	<u>Compensation</u>
Lonnie Boykins 1323 N. Buchanan St. Covington, LA 70433	June 30, 2003	8,433
Jerry Lee Coner 752 N. Florida St. Covington, LA 70434	June 30, 2003	8,433
John M. Dean 19 Kathleen Drive Covington, LA 70434	June 30, 2003	8,433
Matthew Faust 602 Phyllis Dr. Covington, LA 70433	June 30, 2003	8,433
Lee Roy Jenkins, Jr., President 37 Spruce St. Covington, LA 70433	June 30, 2003	8,433
Richard S. O'Keefe 33 Beth Dr. Covington, LA 70434	June 30, 1999	3,933
Carolyn Pearce 300 W. 14th Ave. Covington, LA 70433	June 30, 2003	8,433
Willard T. Blackall, III 1006 S. Filmore St. Covington, LA 70433	June 30, 2003	4,500

Smith, Huval & Associates, L.L.C.

(A LIMITED LIABILITY COMPANY)

Certified Public Accountants

P.O. Box 3790

Covington, Louisiana 70434-3790

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

Honorable Mayor and Members of the City Council
City of Covington, Louisiana

We have audited the general purpose financial statements of the City of Covington, Louisiana as of and for the year ended December 31, 1999, and have issued our report thereon dated April, 28, 2000. We conducted our audit in accordance with 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.

Compliance

As part of obtaining reasonable assurance about whether the City of Covington, Louisiana's general purpose financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Covington, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Mayor and Members of the City Council
City of Covington, Louisiana

This report is intended for the information of the City Council, management, federal awarding agencies and pass-through entities, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Smith, Hural & Associates, L.L.C.

April 28, 2000

Smith, Huval & Associates, L.L.C.

(A LIMITED LIABILITY COMPANY)

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

Honorable Mayor and Members of the City Council
City of Covington, Louisiana

Compliance

We have audited the compliance of the City of Covington, Louisiana's, 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 its major federal program for the year ended December 31, 1999. The City of Covington, Louisiana's major federal program is 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 its major federal program is the responsibility of the City of Covington, Louisiana's management. Our responsibility is to express an opinion on the City of Covington, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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, Louisiana'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, Louisiana's compliance with those requirements.

In our opinion the City of Covington, Louisiana's, complied in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

Internal Control Over Compliance

The management of the City of Covington, Louisiana's, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to its federal programs. In planning and performing our audit, we

Honorable Mayor and Members of the City Council
City of Covington, Louisiana

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited my occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the City Council, management, federal awarding agencies and pass-through entities, and the Louisiana's Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Smith, Hurval & Associates, L.L.C.

April 28, 2000

CITY OF COVINGTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 1999

Section 1

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditors' report | Unqualified |
| 2. Internal control over financial reporting | |
| a. Material weaknesses identified | None |
| b. Reportable conditions identified not considered to be material weaknesses | None Reported |
| c. Noncompliance material to the financial statements noted. | None |

Federal Awards

- | | |
|--|-------------------------|
| 1. Internal control over major programs | |
| a. Material weaknesses identified | None |
| b. Reportable conditions identified not considered to be material weaknesses | None Reported |
| 2. Type of auditor's report issued on compliance for major program | Unqualified |
| 3. Audit findings disclosed that are required in accordance with OMB A-133, Section 510a | None |
| 4. Identification of major program
83.548 | Hazard Mitigation Grant |
| 5. Dollar threshold used to distinguish between Type A and B programs. | \$300,000 |
| 6. Auditee qualified as a low - risk auditee under OMB A-133 Section 530. | Yes |

Section 2

Financial Statement Findings

None Reported

Section 3

Federal Awards Findings and Questioned Costs

(None reported)

CITY OF COVINGTON, LOUISIANA

STATUS OF PRIOR YEAR AUDIT FINDINGS

December 31, 1999

98-1 During the year ended December 31, 1998, the General Fund's actual expenditures of \$6,810,966 exceeded budgeted expenditures of 6,090,700 which resulted in an unfavorable variance of \$720,266. LA R.S. 39:1310 requires the Mayor to advise the Board of Aldermen in writing when total actual expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding total budgeted expenditures by five per cent or more.

Status No actions were necessary as a result of this finding. During the year ended December 31, 1999, actual expenditures did not exceed budgeted in the general fund.