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Report on

The Audit of

The Financial Statements of

CITY OF COVINGTON, LOUISIANA

December 31, 1997

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

Release Date 2001 2 2 1008

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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, 1997, 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. These 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 statements 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, 1997, 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, for 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, 1997, 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 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 Members of the City Council
City of Covington, Louisiana

In accordance with Government Auditing Standards, we have also issued our report dated June 13, 1998 on our reevaluation 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, Hunsal & Associates, L.L.C.

June 12, 1998

CITY OF CHICAGO, ILLINOIS
 COMBINED MAJOR FUND BALANCE SHEET AND STATEMENT OF CHANGES
 DECEMBER 31, 2021

	Available for Use		Fund Balance	Fund Balance	Fund Balance	Fund Balance		Fund Balance		Total	Total	
	General	Special				Special	Special	Special	Special			Special
ASSETS												
Cash	81,075,816	25,428,818	49,719,818	20,334,818						1,017,000,000	1,017,000,000	1,017,000,000
Accounts receivable										500,000	500,000	500,000
Inventory										1,000,000	1,000,000	1,000,000
Prepaid expenses										1,000,000	1,000,000	1,000,000
Other assets										1,000,000	1,000,000	1,000,000
Investments										1,000,000	1,000,000	1,000,000
Capital assets										1,000,000	1,000,000	1,000,000
Other assets										1,000,000	1,000,000	1,000,000
Liabilities										1,000,000	1,000,000	1,000,000
Accounts payable										1,000,000	1,000,000	1,000,000
Accrued liabilities										1,000,000	1,000,000	1,000,000
Other liabilities										1,000,000	1,000,000	1,000,000
Net assets										1,000,000	1,000,000	1,000,000
Total	81,075,816	25,428,818	49,719,818	20,334,818						1,017,000,000	1,017,000,000	1,017,000,000

COMPREHENSIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
- BUDGET COMPARED WITH ACTUALS - OPERATING AND SPECIAL REVENUE FUNDS FIVE

For the Year Ended December 31, 2007

Item	General Fund		Special Revenue Funds		Special Revenue Funds Increase (Decrease)
	Budget	Actual	Budget	Actual	
REVENUES					
Local and state grants	1,024,882	1,082,523	10,000	2,071,783	20,783
Intergovernmental	800,000	800,000			
Change for period	472,000	800,000			
Fees and funds	78,000	90,000			
Intergovernmental	80,000	102,000	8,000		8,000
Other	18,000	88,000	70,000	80,000	(10,000)
Other	8,000	88,000	80,000	80,000	
Total revenues	1,400,882	1,400,882	1,400,882	2,152,486	751,604
EXPENDITURES					
General government	1,048,000	1,048,000	10,000	7,180	(97,000)
Public safety	1,000,000	1,000,000			
Police	800,000	800,000			
Public works - streets	1,871,000	1,880,000	9,000		
Public works - capital	60,000	60,000			
Public works - maintenance	1,210,000	1,210,000			
Total expenditures	2,919,000	2,918,000	19,000	7,180	(1,820)
Excess (deficiency) of revenues over expenditures	0,481,882	0,482,882	390,882	3,072,306	3,072,306
OTHER FINANCIAL ASSETS/LIABILITIES					
Transfer to fund		80,000			80,000
Transfer to equity fund	847,000	847,000			
Operating transfer in	80,000	80,000			
Operating transfer out	(80,000)	(80,000)			
Total other financial assets/liab	847,000	847,000			
Excess (deficiency) of revenues over expenditures and other financial assets/liab	0,481,882	900,000	1,390,882	4,081,612	3,441,612
FUND BALANCES - Beginning of year		2,000,000		19,000	
FUND BALANCES - End of year		2,481,882		2,100,612	618,730

CITY OF COVINGTON, LOUISIANA

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

For the Year Ended December 31, 1997

	1997	1996
OPERATING REVENUES		
Water revenues	\$ 363,886	\$ 374,899
Water installations	17,784	34,233
Sewer maintenance fees	450,840	417,889
Sewer installations	25,460	20,988
Cut-on fees	16,896	17,980
Garbage collection fees	418,810	346,791
Miscellaneous	3,380	25,366
Total operating revenues	1,306,617	1,654,125
OPERATING EXPENSES		
Water department	334,708	381,656
Sewer department	888,508	888,548
Sanitation department	87,179	893,127
Total operating expenses	1,309,394	1,683,729
Operating loss	(32,777)	(133,888)
NON-OPERATING REVENUES (EXPENSES)		
Taxable delinquent removal	(81,799)	-
Interest income	21,228	27,293
Interest expense	(28,588)	(23,728)
Total non-operating revenues (expenses)	(89,159)	(16,243)
Loss from operating transfers	(882,888)	(884,879)
OPERATING TRANSFERS		
Transfer in	180,212	169,411
Total operating transfers	180,212	169,411
Net income	(192,214)	203,066
Add depreciation on fixed assets acquired with contributed capital	148,479	171,661
Net increase (decrease) in retained earnings	(43,735)	374,727
Retained earnings - beginning	1,379,897	801,081
Prior period adjustment - Change in accounting for depreciation of assets acquired with contributed capital	-----	(66,723)
Retained earnings - ending	\$ 1,336,162	\$ 1,118,881

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>1997</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ (573,287)	\$ (163,888)
Adjustments to reconcile net operating loss to net cash provided (used) by operating activities:		
Depreciation	322,174	292,868
Decrease in accounts receivable - net	101,871	21,889
Increase in other receivables	(26,967)	(7,188)
Decrease in accounts payable	344,383	(344,383)
Increase in prepaid expenses	(28,338)	-
Increase (decrease) in accounts payable and accrued expenses	(287,631)	464,288
Increase in pay-off items and retirement payable	11,583	7,889
Increase (decrease) in other liabilities	(388)	24
Expenses for landfill closure	-	(21,588)
Tangible deprec. amortized	(81,700)	-
Total adjustments	<u>362,984</u>	<u>350,661</u>
Net cash provided (used) by operating activities	(210,303)	(13,227)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Payments from (to) other funds, net	6,809	(13,896)
Increase (decrease) in customer deposits	(886)	5,481
Net cash provided by non-capital financing activities	5,923	(7,989)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Bonds grant received	283,388	676,188
1998 Sewer extension funded by special assessments and reserves bond proceeds	-	923,883
Payments on state contract	-	(14,764)
Transfers from other funds, net	280,232	399,433
Payments for capital acquisitions	(658,848)	(1,718,239)
Principal payments on bonds	(83,434)	(173,638)
Interest paid	(87,399)	(81,694)
Proceeds from 1998 refunding bonds	-	268,089
Payments on capital lease	(7,631)	(14,688)
Net cash provided (used) by capital and related financing activities	(188,704)	281,159
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipts of interest	31,428	31,428
Net cash provided by investing activities	31,428	31,428
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(262,656)	24,442
Cash and cash equivalents, beginning of year	<u>781,288</u>	<u>756,846</u>
Cash and cash equivalents, end of year	<u>\$ 518,632</u>	<u>\$ 781,288</u>

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1997

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 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 created by revenues or general obligations of the City, obligations 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 general fund types and three broad fund categories as follows:

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1997

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 as 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.

TRUSTARY 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, 1997

NOTE 1A - 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, expenditures 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, 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. FUND 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 earnings components. Proprietary fund type operating statements present increases (decreases) and decreases (increases) 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, 1997, is \$323,114. The estimated lives are as follows:

Water and Sewerage Systems 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. Ad valorem, 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.

Liabilities 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, 1997

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.

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, 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amount 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 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.

8. TOTAL COLUMNS ON COMBINED FINANCIAL STATEMENTS

Total columns on the Combined Financial Statements are captioned *Memorandum Only* to indicate that they are prepared 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 - 1996 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, 1996, have been made in the accompanying financial statements to facilitate comparability.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1997

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 bills 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, 1997, was \$1,054,859 and is recorded in the funds as follows:

General Fund	\$ 884,129
Debt Service Fund	<u>253,210</u>
	<u>\$1,054,859</u>

11. 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 foreclosure. The balance of special assessment debt at December 31, 1997, was \$395,485 of which \$350,000 will be paid from special assessment and parcel fee collections and \$25,485 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 as the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance is \$21,940 at December 31, 1997. An aging of receivables is as follows:

Current	\$ 34,563
30 days	23,268
60 days	14,977
90 & over	<u>10,800</u>
	<u>\$ 83,608</u>

CITY OF COVINGTON, LOUISIANA
NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1997

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 those 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 \$500. 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 \$1,681,432.

	Balance December 31, 1996	Additions	Retirements	Balance December 31, 1997
Land	\$ 438,568	\$ 89,577	\$ -	\$ 548,897
Buildings	1,708,748	340,681	-	2,049,441
Equipment	1,044,852	140,687	-	1,185,649
Improvements other than buildings	578,236	120,098	-	699,432
Transportation equipment	480,734	119,858	182,143	448,669
Office furniture and equipment	319,513	149,682	-	469,196
Construction in progress	59,821	188,680	349,600	-
Capital leases	358,429	-	36,503	233,106
	<u>\$ 5,790,225</u>	<u>\$1,178,353</u>	<u>\$ 568,603</u>	<u>\$ 6,543,511</u>

A summary of proprietary fund type property, plant and equipment at December 31, 1997, follows:

Sewer equipment	\$ 9,884,488
Water equipment	1,868,787
Garbage equipment	63,882
 Total	 11,917,053
 Less: Accumulated depreciation	 <u>2,011,855</u>
	<u>\$9,905,198</u>

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1997

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 \$490,000 Water Revenue Bond, dated July 2, 1985 and the ordinance authorizing the issuance of a \$308,000 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, 1997.

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 3% 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 1980 refunding ordinance calls for an initial deposit of \$28,576 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 there would otherwise be in default. This requirement has been met at December 31, 1997.

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 \$871 are to be made, provided such sum is available after certain other provisions. This requirement has been met at December 31, 1997.

CITY OF COVINGTON, LOUISIANA
 NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1997

NOTE D - LONG-TERM DEBT

The following is a summary of bond transactions of the City for the year ended December 31, 1997.

	<u>General</u> <u>Sales and</u> <u>Use Tax</u>	<u>Obligation</u> <u>Ad Valorem</u> <u>Tax</u>	<u>Revenue</u> <u>Bonds</u>	<u>Total</u>
Bonds Payable at January 1, 1997	\$3,345,800	\$2,655,890	\$ 990,621	\$6,992,311
Bonds Issued	3,338,800	-	-	3,338,800
Bonds Retired	(3,345,800)	(145,000)	(60,431)	(3,551,231)
Bonds Payable at December 31, 1997	<u>\$3,338,800</u>	<u>\$2,510,890</u>	<u>\$930,190</u>	<u>\$6,780,180</u>

As explained in Note B, the City issued \$3,338,800 of 1996 Refunding Bonds to advance refund the remaining maturities of the 1990 Sales Tax Bond.

CITY OF SEASIDE, CALIFORNIA
 NOTES TO FINANCIAL STATEMENTS
 December 31, 1997

NOTE 1 - DERIVED SCHEDULE OF DEBT PAYMENTS

GENERAL OBLIGATION BONDS

1995 General Obligation Bonds
 Issued December 1, 1995 for \$5,000,000.
 1996-2000 serial bonds have been advance
 refunded, therefore not included herein.

Maturity Schedule	Amount		Annual Principal Payments
	1998	1999	
March 1 1998 (Ref.)	100	100	100
			<u>100</u>

1995 General Obligation Bonds
 Issued August 1, 1995 for \$20,000,000.
 Amounts by 30 Year term (Term)

March 1 1998 (Ref.)	100	0.00	100
	100	4.00	100
	100	8.00	100
	100	12.00	100
	100	16.00	100
	100	20.00	100
	100	24.00	100
	100	28.00	100
	100	32.00	100
	100	36.00	100
	100	40.00	100
	100	44.00	100
	100	48.00	100
	100	52.00	100
	100	56.00	100
	100	60.00	100
	100	64.00	100
	100	68.00	100
	100	72.00	100
	100	76.00	100
	100	80.00	100
	100	84.00	100
	100	88.00	100
	100	92.00	100
	100	96.00	100
	100	100.00	100
	100	104.00	100
	100	108.00	100
	100	112.00	100
	100	116.00	100
	100	120.00	100
	100	124.00	100
	100	128.00	100
	100	132.00	100
	100	136.00	100
	100	140.00	100
	100	144.00	100
	100	148.00	100
	100	152.00	100
	100	156.00	100
	100	160.00	100
	100	164.00	100
	100	168.00	100
	100	172.00	100
	100	176.00	100
	100	180.00	100
	100	184.00	100
	100	188.00	100
	100	192.00	100
	100	196.00	100
	100	200.00	100
	100	204.00	100
	100	208.00	100
	100	212.00	100
	100	216.00	100
	100	220.00	100
	100	224.00	100
	100	228.00	100
	100	232.00	100
	100	236.00	100
	100	240.00	100
	100	244.00	100
	100	248.00	100
	100	252.00	100
	100	256.00	100
	100	260.00	100
	100	264.00	100
	100	268.00	100
	100	272.00	100
	100	276.00	100
	100	280.00	100
	100	284.00	100
	100	288.00	100
	100	292.00	100
	100	296.00	100
	100	300.00	100
	100	304.00	100
	100	308.00	100
	100	312.00	100
	100	316.00	100
	100	320.00	100
	100	324.00	100
	100	328.00	100
	100	332.00	100
	100	336.00	100
	100	340.00	100
	100	344.00	100
	100	348.00	100
	100	352.00	100
	100	356.00	100
	100	360.00	100
	100	364.00	100
	100	368.00	100
	100	372.00	100
	100	376.00	100
	100	380.00	100
	100	384.00	100
	100	388.00	100
	100	392.00	100
	100	396.00	100
	100	400.00	100
	100	404.00	100
	100	408.00	100
	100	412.00	100
	100	416.00	100
	100	420.00	100
	100	424.00	100
	100	428.00	100
	100	432.00	100
	100	436.00	100
	100	440.00	100
	100	444.00	100
	100	448.00	100
	100	452.00	100
	100	456.00	100
	100	460.00	100
	100	464.00	100
	100	468.00	100
	100	472.00	100
	100	476.00	100
	100	480.00	100
	100	484.00	100
	100	488.00	100
	100	492.00	100
	100	496.00	100
	100	500.00	100
	100	504.00	100
	100	508.00	100
	100	512.00	100
	100	516.00	100
	100	520.00	100
	100	524.00	100
	100	528.00	100
	100	532.00	100
	100	536.00	100
	100	540.00	100
	100	544.00	100
	100	548.00	100
	100	552.00	100
	100	556.00	100
	100	560.00	100
	100	564.00	100
	100	568.00	100
	100	572.00	100
	100	576.00	100
	100	580.00	100
	100	584.00	100
	100	588.00	100
	100	592.00	100
	100	596.00	100
	100	600.00	100
	100	604.00	100
	100	608.00	100
	100	612.00	100
	100	616.00	100
	100	620.00	100
	100	624.00	100
	100	628.00	100
	100	632.00	100
	100	636.00	100
	100	640.00	100
	100	644.00	100
	100	648.00	100
	100	652.00	100
	100	656.00	100
	100	660.00	100
	100	664.00	100
	100	668.00	100
	100	672.00	100
	100	676.00	100
	100	680.00	100
	100	684.00	100
	100	688.00	100
	100	692.00	100
	100	696.00	100
	100	700.00	100
	100	704.00	100
	100	708.00	100
	100	712.00	100
	100	716.00	100
	100	720.00	100
	100	724.00	100
	100	728.00	100
	100	732.00	100
	100	736.00	100
	100	740.00	100
	100	744.00	100
	100	748.00	100
	100	752.00	100
	100	756.00	100
	100	760.00	100
	100	764.00	100
	100	768.00	100
	100	772.00	100
	100	776.00	100
	100	780.00	100
	100	784.00	100
	100	788.00	100
	100	792.00	100
	100	796.00	100
	100	800.00	100
	100	804.00	100
	100	808.00	100
	100	812.00	100
	100	816.00	100
	100	820.00	100
	100	824.00	100
	100	828.00	100
	100	832.00	100
	100	836.00	100
	100	840.00	100
	100	844.00	100
	100	848.00	100
	100	852.00	100
	100	856.00	100
	100	860.00	100
	100	864.00	100
	100	868.00	100
	100	872.00	100
	100	876.00	100
	100	880.00	100
	100	884.00	100
	100	888.00	100
	100	892.00	100
	100	896.00	100
	100	900.00	100
	100	904.00	100
	100	908.00	100
	100	912.00	100
	100	916.00	100
	100	920.00	100
	100	924.00	100
	100	928.00	100
	100	932.00	100
	100	936.00	100
	100	940.00	100
	100	944.00	100
	100	948.00	100
	100	952.00	100
	100	956.00	100
	100	960.00	100
	100	964.00	100
	100	968.00	100
	100	972.00	100
	100	976.00	100
	100	980.00	100
	100	984.00	100
	100	988.00	100
	100	992.00	100
	100	996.00	100
	100	1000.00	100

STATE OF CONNECTICUT, LIABILITIES
 WITH 10 CENTS PREMIUMS PAID THEREON
 December 31, 1997

NOTE 1 - 1997-2000 BOND OF BODY INJURY LIABILITY

INCURRED

1997 only. Bonding bond issued for \$1,000,000, reduced to minimum of \$500,000, pursuant to provisions of state law. Premiums were \$100,000 for 1997, 1998 including interest and principal. 1999 State Revenue Authority bonds issued for \$1,000,000, assumed by approval of State System.

Current Period	1997		Annual Accrued Expenses	
	Debit	Credit	Debit	Credit
Jan. 76	1997-2000	1,000	1997-2000	1,000,000
Jan. 1	1997-2000	1,000		
			1997	100,000
			1998	100,000
			1999	100,000
			2000	100,000
			2001	100,000
			2002	100,000
			2003	100,000
			2004	100,000
			2005	100,000
			2006	100,000
			2007	100,000
			2008	100,000
			2009	100,000
			2010	100,000
			2011	100,000
			2012	100,000
			2013	100,000
			2014	100,000
			2015	100,000
			2016	100,000
			2017	100,000
			2018	100,000
			2019	100,000
			2020	100,000
			2021	100,000
			2022	100,000
			2023	100,000
			2024	100,000
			2025	100,000
			2026	100,000
			2027	100,000
			2028	100,000
			2029	100,000
			2030	100,000
			2031	100,000
			2032	100,000
			2033	100,000
			2034	100,000
			2035	100,000
			2036	100,000
			2037	100,000
			2038	100,000
			2039	100,000
			2040	100,000
			2041	100,000
			2042	100,000
			2043	100,000
			2044	100,000
			2045	100,000
			2046	100,000
			2047	100,000
			2048	100,000
			2049	100,000
			2050	100,000
			2051	100,000
			2052	100,000
			2053	100,000
			2054	100,000
			2055	100,000
			2056	100,000
			2057	100,000
			2058	100,000
			2059	100,000
			2060	100,000
			2061	100,000
			2062	100,000
			2063	100,000
			2064	100,000
			2065	100,000
			2066	100,000
			2067	100,000
			2068	100,000
			2069	100,000
			2070	100,000
			2071	100,000
			2072	100,000
			2073	100,000
			2074	100,000
			2075	100,000
			2076	100,000
			2077	100,000
			2078	100,000
			2079	100,000
			2080	100,000
			2081	100,000
			2082	100,000
			2083	100,000
			2084	100,000
			2085	100,000
			2086	100,000
			2087	100,000
			2088	100,000
			2089	100,000
			2090	100,000
			2091	100,000
			2092	100,000
			2093	100,000
			2094	100,000
			2095	100,000
			2096	100,000
			2097	100,000
			2098	100,000
			2099	100,000
			2100	100,000
			2101	100,000
			2102	100,000
			2103	100,000
			2104	100,000
			2105	100,000
			2106	100,000
			2107	100,000
			2108	100,000
			2109	100,000
			2110	100,000
			2111	100,000
			2112	100,000
			2113	100,000
			2114	100,000
			2115	100,000
			2116	100,000
			2117	100,000
			2118	100,000
			2119	100,000
			2120	100,000
			2121	100,000
			2122	100,000
			2123	100,000
			2124	100,000
			2125	100,000
			2126	100,000
			2127	100,000
			2128	100,000
			2129	100,000
			2130	100,000
			2131	100,000
			2132	100,000
			2133	100,000
			2134	100,000
			2135	100,000
			2136	100,000
			2137	100,000
			2138	100,000
			2139	100,000
			2140	100,000
			2141	100,000
			2142	100,000
			2143	100,000
			2144	100,000
			2145	100,000
			2146	100,000
			2147	100,000
			2148	100,000
			2149	100,000
			2150	100,000
			2151	100,000
			2152	100,000
			2153	100,000
			2154	100,000
			2155	100,000
			2156	100,000
			2157	100,000
			2158	100,000
			2159	100,000
			2160	100,000
			2161	100,000
			2162	100,000
			2163	100,000
			2164	100,000
			2165	100,000
			2166	100,000
			2167	100,000
			2168	100,000
			2169	100,000
			2170	100,000
			2171	100,000
			2172	100,000
			2173	100,000
			2174	100,000
			2175	100,000
			2176	100,000
			2177	100,000
			2178	100,000
			2179	100,000
			2180	100,000
			2181	100,000
			2182	100,000
			2183	100,000
			2184	100,000
			2185	100,000
			2186	100,000
			2187	100,000
			2188	100,000
			2189	100,000
			2190	100,000
			2191	100,000
			2192	100,000
			2193	100,000
			2194	100,000
			2195	100,000
			2196	100,000
			2197	100,000
			2198	100,000
			2199	100,000
			2200	100,000
			2201	100,000
			2202	100,000
			2203	100,000
			2204	100,000
			2205	100,000
			2206	100,000
			2207	100,000
			2208	100,000
			2209	100,000
			2210	100,000
			2211	100,000
			2212	100,000
			2213	100,000
			2214	100,000
			2215	100,000
			2216	100,000
			2217	100,000
			2218	100,000
			2219	100,000
			2220	100,000
			2221	100,000
			2222	100,000
			2223	100,000
			2224	100,000
			2225	100,000
			2226	100,000
			2227	100,000
			2228	100,000
			2229	100,000
			2230	100,000
			2231	100,000
			2232	100,000
			2233	100,000
			2234	100,000
			2235	100,000
			2236	100,000
			2237	100,000
			2238	100,000
			2239	100,000
			2240	100,000
			2241	100,000
			2242	100,000
			2243	100,000
			2244	100,000
			2245	100,000
			2246	100,000
			2247	100,000
			2248	100,000
			2249	100,000
			2250	100,000
			2251	100,000
			2252	100,000
			2253	100,000
			2254	100,000
			2255	100,000
			2256	100,000
			2257	100,000
			2258	100,000
			225	

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1997

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,	General Obligation		
	Revenue —Bonds—	—Bonds—	—Total—
1998	\$ 125,199	\$ 437,388	\$ 562,587
1999	125,095	438,425	563,520
2000	125,945	432,619	558,564
2001	125,789	445,436	571,225
2002	125,415	446,491	571,906
2003-2004	<u>470,045</u>	<u>4,479,160</u>	<u>4,949,205</u>
	<u>\$1,997,488</u>	<u>\$2,688,521</u>	<u>\$4,686,009</u>

As of December 31, 1997 there is \$1,551,179 available in the Debt Service Fund to service the general obligation bonds.

NOTE G - OTHER INDIVIDUAL FUNDS ENCLOSURES

Individual fund interfund receivable and payable balances are not eliminated in the accompanying financial statements. Such balances at December 31, 1997 were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 391,311	\$ 125,184
Special Revenue Fund	185,764	434,324
General Obligation Bond Redemption Fund	35,388	165
1990 Sales Tax Bond Sinking Fund	-	218
All Waterworks Tax Collection Fund	-	367,435
Enterprise Fund	26,048	2,923
Sewer Plant Capital Projects Fund	-	96
1995 Sewer Extension Capital Projects Fund	-	103
1995 Sewer Extension Agency Fund	5,320	136
1987 Street Paving Agency Fund	-	5,213
Garden of Finer Memorials Fund	-	96
	<u>\$ 545,851</u>	<u>\$945,831</u>

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1997

NOTE 11 - LEASES

The City is obligated under certain leases accounted for as capital leases. 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 \$232,106 at December 31, 1997. The following is a schedule of future minimum lease payments under capital leases, together with the act present value of the minimum lease payments as of December 31, 1997:

	General Long-Term Debt
1998	\$ 3,688
1999	3,688
2000	<u>1,281</u>
Total minimum lease payments	16,657
Less: Amount representing interest	<u>1,283</u>
Present value of minimum lease payments	<u>\$15,374</u>

NOTE 1 - NOTES PAYABLE

The City has entered into three installment agreements with a local bank to purchase several pieces of equipment. The three notes are payable in 36 monthly payments of \$2,185, \$1,538 and \$2,136 through June, 1999, July, 1999 and June, 2000. Interest on the notes is 6.48%, 6.48% and 6.25%. The City's obligations under these notes are accounted for in the General Long-Term Account Group. Notes are secured by the equipment purchased. Presented below are the required payments by year.

1998	\$ 78,304
1999	49,597
2000	<u>12,818</u>
	132,699
Less interest portion	<u>16,231</u>
Balance at December 31, 1997	<u>\$116,468</u>

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1997

NOTE 1 - 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 32 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 benefits 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, 7907 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 3.75 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, 1993, 1996, and 1995 were \$85,568, \$85,128, and \$73,528, respectively, equal to the required contributions for each year.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1997

NOTE 7 - PENSION PLANS (Continued)

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 on or after age 54 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 1.10 percent 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, 8481 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2258, or by calling (504) 826-7411.

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 9.8 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 11:185, the employer contributions are determined by actuarial valuations and are subject to change each year based on the results of the valuations for the prior fiscal year. The City of Covington required contributions to the System for the years ending December 31, 1995, 1996, and 1997 were \$17,053, \$21,960, and \$68,132, respectively, equal to the required contributions for each year.

NOTE 8 - LITIGATION AND CLAIMS

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

CITY OF COVINGTON, LOUISIANA
 NOTES TO COMBINED FINANCIAL STATEMENTS
 December 31, 1997

NOTE 1 - CASH AND INVESTMENTS

The City's deposits, including restricted cash of \$164,872 are categorized as follows at December 31, 1997:

	<u>Carrying Amount</u>	<u>Bank Balance</u>	
Demand deposits	\$2,533,303	\$2,490,089	
Certificate of deposit	1,431,181	1,431,181	
	<u>\$3,964,484</u>	<u>\$3,921,270</u>	

At December 31, 1997, the City has \$4,331,190 in deposits (collected bank balances). These deposits are secured from risk by \$349,868 of federal deposit insurance and of \$3,781,322 pledged securities held by the fiscal agent banks (OASB Category 7).

The carrying amount does not include accrued interest of \$27,556 on certificates of deposit.

The City's investments consist of various governmental obligations which are stated at a cost of \$3,100,872 at December 31, 1997. 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 market value of these investments approximates cost at December 31, 1997. The City's investments are carried at the lower of cost or market and do not include \$18,409 of accrued interest.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1997

NOTE 10 - INSURANCE

As of December 31, 1997, 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	05/98	\$3,400,000	Fire and Extended Coverage Buildings Contents EIM Equipment Contractor's equipment 2-way communication system
Fidelity & Deposit Co. of Maryland	04/98	\$ 375,000 375,000	Fidelity Bond coverage Mayor Director of Administration
Fidelity & Deposit Co. of Maryland	08/98	\$ 20,000 25,000 25,000 10,000 10,000	Fidelity Bond coverage Surety bond on administrator Employee Dishonesty Each employee Business on Mayor Theft - police building Theft - City Hall
Louisiana Municipal Risk	02/98	\$ 500,000 500,000 500,000 500,000	Auto liability General liability Law enforcement, officers Comprehensive liability Public officials errors and Omissions liability
Louisiana Municipal Risk	01/98	State Statute	Workers Compensation & Employers Liability
Audubon Indemnity Co.	05/98	\$ 375,000	Commercial auto physical damage
National Fire & Marine Insurance Co.	06/98	\$175,000	Commercial auto physical damage Covering 1995 fire truck

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1997

NOTE H - LCDBG GRANT

The transactions related to the LCDBG grant to improve the City's sewer system have been recorded in the City's enterprise fund. Because of the project's capital nature, receipts of grant funds have been recorded as contributed capital and the expenditures recorded as additions to sewer equipment. The following is a recap of LCDBG grant funds:

Contributed Capital

Recorded in year ended December 31, 1996	\$636,188
LCDBG grant receipts in the year ended December 31, 1997	243,388
Rural Development grant funds received in the year ended December 31, 1997	<u>50,000</u>
	929,576
Less for the year ended December 31, 1997 depreciation charged to contributed capital	<u>(18,848)</u>
	<u>\$910,728</u>

Sewer Equipment Additions

Construction in progress - December 31, 1996	665,771
LCDBG grant expenditures - December 31, 1997	243,388
Rural Development expenditures - December 31, 1997	58,000
Local expenditures - December 31, 1997	<u>(62,517)</u>
	<u>\$1,022,056</u>

The city executed the clear lien certificate on the project on August 14, 1997. At December 31, 1997 there are no outstanding obligations related to project.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1997

NOTE G - 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 estimated post closure care costs for the next three years and these costs are reflected on the City's enterprise fund balance sheet as a liability.

NOTE H - STATE CONTRACT PAYABLE

The City of Covington owes \$108,135 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 I - VIDEO POKER OVERPAYMENT

The City receives payment from the State Treasurer's Office for its portion of video poker revenues. In previous years, the State Treasurer's incorrectly classified video poker machines located outside of the City's boundaries as being inside City limits. As a result, the City was overpaid \$228,608. The City is now obligated to repay 50% of the overpayment to St. Tammany Parish Police Jury and 50% to the St. Tammany Parish Sheriff's Office. Beginning in September, 1996, the City's current video poker revenues are being withheld to pay this obligation. The balance owed at December 31, 1997 of \$29,524 is accounted for in the General Long-Term Debt Account Group.

NOTE J - DECREASED DEBT - 1990 PUBLIC IMPROVEMENT SALES TAX BONDS

On July 3, 1997, the City of Covington issued \$1,330,000 in public improvement sales tax refunding bonds with interest rates of 7.85% to 4.62% to advance refund the 1998 through 2008 maturation of the 1990 Public Improvement Bonds totaling \$1,780,000 with interest rates of 6.75% to 7.4%. The general obligation bonds were issued at 97% and after issuance costs of \$53,371, the net proceeds were used to purchase U. S. Government obligations, which were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the general obligation bonds mature. The advance refunding met the requirements of an in-substance defeasance and the general obligation bonds were removed from the General Long-Term Debt Account Group.

As a result of the advance refunding, the City reduced its total debt service requirements by \$385,464 which resulted in an economic gain (difference in the present value of the debt service payments on the old and new debt) of \$302,989.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1993

NOTE 8 - PRIOR YEARS' DEBT DEFERANCE

In prior years, the City has deferred 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 these investments are sufficient to fully service the deferred debt until the debt is called or matured. For financial reporting purposes, the debt has been considered deferred and therefore removed as a liability from the City's General Long Term Debt Account Group. As of December 31, 1993, the amount of the deferred debt outstanding but removed from the General Long Term Debt Account Group amounted to \$5,326,000.

CITY OF CONVENTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1997

NOTE T - CHANGES IN CONTRIBUTED CAPITAL

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

	Other Funds	State Grant	Debt Premiums	Federal Grant	LCDFD Grant	'98 State Estimate	Total
Balance at January 1, 1990	\$2,441,749	\$ 218,046	\$ 3,783	\$ 337,000	\$ 634,188	\$ 908,229	\$7,443,876
Additions	-	-	-	-	253,398	-	253,398
Less current year depreciation on assets constructed from funds supplied by contributions in aid of construction	(123,169)	-	-	-	(6,162)	(18,862)	(148,293)
	<u>\$2,318,580</u>	<u>\$ 218,046</u>	<u>\$ 3,783</u>	<u>\$ 337,000</u>	<u>\$ 831,424</u>	<u>\$ 889,367</u>	<u>\$7,590,885</u>

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 1997

NOTE U - 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, 1997, the City expended \$708,519 for health care and life insurance benefits. Included in this total is \$12,416 of health care benefits paid for retirees. There are 8 retirees and 135 active employees as of December 31, 1997.

NOTE V - CHANGES IN AGENCY FUND BALANCES

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

	1997		1997	Cowling &
	Ad Valorem	Newer	Street	Merritt
	Tax	Extension	Parity	Committee
Balance at January 1, 1997	\$ 233,332	\$ 48,499	\$ 5,114	\$ 131
Additions	1,203,488	112,999	28,306	4
Deductions	(1,058,159)	(121,248)	(28,203)	(55)
Balance at December 31, 1997	<u>\$ 378,661</u>	<u>\$ 39,250</u>	<u>\$ 5,217</u>	<u>\$ 80</u>

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, 1997

	<u>1997</u>	<u>1996</u>
ASSETS		
Cash	\$ 697,719	\$ 713,173
Certificates of deposits	92,096	-
Investments	1,187,872	1,218,140
Taxes receivable		
Ad valorem	572,918	608,210
Other taxes receivable	85,871	100,366
Notes receivable	128,958	71,383
Approved interest receivable	18,506	14,587
Grant receivable	65,872	28,189
Other receivable	44,580	106,143
Special assessments receivable	97,910	5,185
Sewer extension receivable	4,680	4,680
Due from other funds	<u>201,311</u>	<u>633,687</u>
Total assets	<u>\$3,256,106</u>	<u>\$3,488,562</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued expenses	\$ 198,342	\$ 308,455
Payroll taxes, retirement and accrued wages payable	141,808	115,316
Due to other funds	135,384	52,121
Deferred revenue	279,646	5,195
Customer deposits	<u>3,850</u>	<u>-</u>
Total liabilities	<u>758,030</u>	<u>476,087</u>
FUND BALANCE		
Reserved for capital outlay	846,978	1,032,746
Designated for future expenditures	160,913	346,713
Designated for fire protection	21,827	198,879
Unreserved and undesignated	<u>1,738,658</u>	<u>1,531,338</u>
Total fund balance	<u>2,808,176</u>	<u>2,009,776</u>
Total liabilities and fund balance	<u>\$3,256,106</u>	<u>\$3,488,562</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-BASED) AND ACTUAL

For the Year Ended December 31, 1997

	1997		Variance- Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
REVENUES				
Taxes				
Ad valorem tax	\$ 708,980	\$ 800,129	\$ 191,149	\$ 689,996
Electric franchise	248,800	288,541	39,741	274,508
Cable television franchise	52,000	62,367	10,367	58,814
Gas franchise	24,000	30,086	6,086	38,458
Total taxes	1,034,780	1,180,123	145,343	1,061,776
Licenses and Permits				
Insurance	340,000	335,433	(4,567)	330,881
Occupational	288,000	223,906	(64,094)	280,208
Docking	32,000	27,943	(4,057)	28,633
Liquor and beer	16,000	12,369	(3,631)	12,600
Chain store	5,000	6,885	1,885	4,288
Total licenses and permits	681,000	615,536	(65,464)	596,510
Intergovernmental				
District 12 dispatch	-	7,500	7,500	15,000
Video poker revenue	185,000	128,912	(56,088)	188,718
Tobacco tax	48,000	38,866	(9,134)	39,998
Grant revenue	277,300	277,238	(62)	23,725
Beer tax	28,000	23,412	(4,588)	23,800
Fly insurance rebate	15,000	15,997	997	15,522
911 revenues	7,000	7,725	725	7,725
Total inter-governmental	472,300	503,650	31,350	285,894
Charges for services				
Recreation registration	40,000	34,615	(5,385)	45,288
Community Center rental	5,000	4,363	(637)	6,237
Highway maintenance - DODD	8,000	8,303	303	9,202
Park rental	3,000	3,800	800	5,198
Tax research	2,000	-	(2,000)	3,387

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, 1997

	1997		Variance- Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
REVENUES (Continued)				
Changes for services (Continued)				
Resubdivision revenue	\$ 18,600	\$ 1,635	\$ (8,345)	\$ 18,200
Zoning revenue	7,600	4,233	(2,372)	4,427
Total changes for services	<u>26,200</u>	<u>5,868</u>	<u>(12,022)</u>	<u>22,627</u>
Fines and forfeits				
Court fines	50,000	58,249	40,249	57,758
Fines - DWI	12,000	4,370	(7,430)	4,332
Parking fines and other	4,000	5,855	1,055	3,982
Drug forfeitures	-	2,881	2,881	3,043
Total fines and forfeits	<u>66,000</u>	<u>103,355</u>	<u>36,755</u>	<u>69,095</u>
Interest income	<u>125,000</u>	<u>52,382</u>	<u>(21,648)</u>	<u>129,322</u>
Other revenues				
Attorney fee claim	-	(3,666)	(3,666)	66,824
Property tax service charge	-	14,244	14,244	15,377
Rental income	6,200	6,521	323	3,988
Paving assessment	27,100	33,324	6,474	15,063
Miscellaneous revenue	5,000	3,000	(2,000)	11,539
Sale of surplus property	3,800	17	(2,983)	1,073
Cemetery plot sales/leases	6,800	5,255	(743)	4,900
Accident reports	3,200	5,071	1,771	3,858
Insurance refund	-	-	-	2,428
Recreation concessions	-	1,774	1,774	-
Donations	150	1,278	1,128	-
Donations development	<u>12,000</u>	<u>12,743</u>	<u>743</u>	<u>18,526</u>

The accompanying notes are an integral part of this statement.

CITY OF DIXONVILLE, LOUISIANA

GENERAL FUND

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

For the Year Ended December 31, 1997

	1997		Variance- Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
Other Revenues (continued)				
Donations				
Total other revenues	<u>62,750</u>	<u>79,711</u>	<u>16,961</u>	<u>138,575</u>
Total revenues	<u>2,423,690</u>	<u>2,623,381</u>	<u>200,251</u>	<u>2,418,496</u>
EXPENDITURES				
General government	1,646,385	1,594,030	142,235	1,270,603
Public safety				
Police	1,982,148	1,558,139	24,919	1,448,882
Fire	649,538	647,692	1,838	890,063
Public works				
Streets	1,977,517	1,561,919	415,408	1,168,629
Culture and Recreation	<u>481,258</u>	<u>433,028</u>	<u>(48,230)</u>	<u>488,138</u>
Total expenditures	<u>6,236,852</u>	<u>5,789,828</u>	<u>566,817</u>	<u>5,216,343</u>
Excess (deficiency) of revenues over expenditures	<u>(3,814,652)</u>	<u>(3,086,554)</u>	<u>768,658</u>	<u>(2,797,917)</u>
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	56,347	56,347	131,368
Transfer to agency fund	-	(28,208)	(28,208)	-
Operating transfer in	3,423,680	3,913,389	(410,291)	3,123,167
Operating transfer out	<u>(253,327)</u>	<u>(208,921)</u>	<u>356,488</u>	<u>(259,452)</u>
Total other financing sources (uses)	<u>2,969,953</u>	<u>2,888,955</u>	<u>816,622</u>	<u>2,844,854</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, 1997

	1997		Variance- Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
Excess (deficiency) of revenues and other sources (uses) over expenditures	<u>\$1,300,162</u>	\$ (305,589)	<u>\$1,194,573</u>	\$ 51,117
FUND BALANCE - BEGINNING OF YEAR		1,009,735		1,058,658
FUND BALANCE - END OF YEAR		<u>\$1,004,146</u>		<u>\$1,009,775</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, 1997

	1997		Variance- Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
GENERAL GOVERNMENT				
Administration				
Salaries and benefits	\$ 247,713	\$ 280,368	\$ (34,588)	\$ 293,538
Hospitalization	62,000	70,915	(8,915)	48,983
Retirement	28,800	21,574	7,226	24,283
Unemployment compensation	2,800	491	2,309	490
Workers's compensation	7,490	4,368	3,122	7,034
Medical expense	18,550	22,459	(3,909)	19,470
Payroll tax	11,840	8,125	3,715	10,538
Attorneys' fees	45,000	38,115	6,885	87,865
Engineering fees	25,000	41,938	(16,938)	23,381
Audit fees	22,000	24,000	(2,000)	20,735
Computer programming	8,000	27,365	(19,365)	8,040
Government fees	11,000	17,098	(6,098)	3,228
Publication and notices	28,000	22,811	5,189	23,836
Gardening	-	-	-	3,336
Meetings & conferences	8,000	563	7,437	6,158
Meetings & conferences - council	7,000	6,781	299	3,857
Meetings & conferences - mayor	1,000	3,487	13	-
Yamona Society	26,000	19,585	6,415	15,510
Drug testing	1,000	1,078	(78)	744
Hall hire	4,000	4,754	(754)	4,380
Telephone	12,000	10,358	1,642	14,097
Dues and subscriptions	7,000	6,571	429	5,828
Insurance	25,200	23,427	1,773	22,572
Code of ordinances	-	-	-	1,890
Office supplies	28,900	25,858	(3,042)	26,240
Repairs and maintenance	12,000	(3,155)	(155)	12,873
Travel program	-	-	-	431

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, 1997

GENERAL GOVERNMENT	1997		Variance- Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
Administration (Continued)				
Personnel improvements	\$ 6,000	\$ 8,764	\$ (2,764)	\$ 11,152
Comprehensive plan	66,500	34,140	32,360	60,316
Veteran police equipment	105,000	119,913	(14,913)	51,166
Contract services	11,500	14,863	(3,363)	-
Gasoline	1,000	1,269	(269)	1,299
Service charges and fees	1,000	6,513	(5,513)	6,319
Claims	-	-	-	8,921
Miscellaneous	-	-	-	3,690
Amusement	-	-	-	2,529
Loans and note payments	14,200	19,712	(5,512)	21,418
Capital outlay	<u>185,600</u>	<u>31,655</u>	<u>153,945</u>	<u>26,814</u>
Total Administration	<u>3,185,675</u>	<u>3,120,188</u>	<u>65,487</u>	<u>3,087,607</u>
Domestic Development Program				
Salary and benefits	75,058	75,168	(1,110)	60,298
Retirement	6,000	4,005	1,995	3,793
Unemployment compensation	408	158	250	124
Hospitalization	18,400	18,538	(138)	8,366
Workers' compensation	3,000	8,087	(5,087)	5,182
Contract services	38,000	14,180	23,820	-
Marketing and promotion	25,000	38,080	(13,080)	42,381
Grants	1,900	12,724	(10,824)	11,580
Parking lease	2,800	2,341	459	1,720
Utilities	3,500	7,072	(3,572)	4,380

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, 1997

GENERAL GOVERNMENT	1997			1996 Actual
	Budget	Actual	Variance- Favorable (Unfavorable)	
Downtown Development Program (Continued)				
Christmas decorations	\$ -	\$ -	\$ -	\$ 3,368
Program expenses	-	-	-	14,878
Travel	1,000	1,125	(125)	827
Miscellaneous	3,000	3,182	(182)	1,695
FIR	-	-	-	5,000
Planning	7,000	12,167	(5,167)	18,485
Insurance	6,200	4,535	1,665	173
Covington Gardens Partnership	-	-	-	2,080
Office	11,700	8,513	3,187	9,273
Training and education	2,800	891	1,909	889
Downtown lighting	-	-	-	6,194
Deeds and subscriptions	1,800	344	1,456	788
Repairs and maintenance	41,500	46,560	(5,060)	32,826
Materials and supplies	11,500	16,544	(5,044)	-
Garbage - Dumpster	1,800	1,985	(185)	-
Small Tools and Equipment	5,500	4,118	1,382	-
Contract labor	7,100	10,858	(3,758)	-
Capital outlay	279,200	105,172	174,028	29,662
Business incubator	5,000	5,000	-	8,858
Total Downtown Development Program	543,620	382,684	160,936	281,428
TOTAL GENERAL GOVERNMENT	1,658,382	1,304,020	354,362	1,278,620
PUBLIC SAFETY - POLICE				
Salaries and benefits	923,190	919,240	(3,950)	853,687
Equipment	75,000	87,042	(12,042)	75,389
Hospitalization	128,500	110,511	17,989	98,720
Unemployment compensation	8,200	1,916	6,284	1,672
Workers' compensation	34,700	82,848	(48,148)	71,429
Court expense	-	-	-	1,825
School - training	16,800	12,558	4,242	16,825

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, 1992

	1992		Variances- Favorable (Unfavorable)	1991 Actual
	Budget	Actual		
PUBLIC SAFETY - POLICE (Continued)				
Insurance	\$ 84,800	\$ 71,254	\$ 13,546	\$ 66,614
Conventions - meetings	-	-	-	1,843
Printing	2,700	4,178	(1,478)	2,700
Medical	2,500	4,762	(2,262)	1,230
Telephone	11,800	16,348	(4,548)	11,988
Utilities	9,000	9,466	(566)	9,316
Office supplies	16,500	14,483	2,017	6,413
Jurisdiction supplies	1,900	1,476	424	1,638
Contract services	6,500	881	5,619	-
Administration supplies	-	-	-	6,372
Repairs and maintenance	35,900	47,363	(11,463)	37,382
Supplies	15,050	11,096	3,954	48
DAFB program	-	-	-	5,213
Books	2,000	3,969	(1,969)	1,646
Gasoline	80,000	28,271	51,729	35,002
Investigation	-	-	-	2,584
Photography	-	-	-	1,059
Uniforms	4,500	3,715	785	6,980
Miscellaneous	-	806	(806)	2,359
Animal care	-	-	-	2,077
Letter papers	-	-	-	3,264
Capital outlay	121,300	88,465	32,835	115,522
TOTAL PUBLIC SAFETY - POLICE	1,582,349	1,528,129	54,220	1,448,882
PUBLIC SAFETY - FIRE				
Salaries and benefits	289,448	293,054	(3,606)	281,233
Retirement	12,210	9,924	2,286	10,658
Hospitalization	25,700	25,158	542	25,997
Unemployment compensation	1,300	463	837	436
Workers's compensation	14,188	11,088	3,092	13,353
Telephone	5,000	8,483	(3,483)	5,538
Utilities	7,000	8,916	(1,916)	7,809
Supplies	21,000	12,111	8,889	6,238

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, 1993

	1993		Variance- Favorable (Unfavorable)	1992 Actual
PUBLIC SAFETY - FIRE (Continued)	Budget	Actual	\$	\$
Repairs - vehicles	\$ 15,000	\$ 14,489	\$ 511	\$ 15,489
Insurance	24,000	25,778	(1,778)	28,764
Meetings and conventions	20,000	8,593	11,407	4,871
Gasoline and diesel	4,000	4,218	(218)	4,957
Casualty fees	10,000	10,000	-	10,000
Janitorial supplies	-	-	-	1,157
Small tools and equipment	29,500	28,570	930	-
Volunteers	10,000	9,187	813	-
Dues and subscriptions	6,000	4,856	1,144	4,424
Building repairs	1,500	4,983	(3,099)	2,256
Office supplies	9,500	8,657	843	4,629
Audit	-	-	-	330
Dumpster	1,000	513	487	480
Equipment repairs	15,000	14,968	332	11,465
Medical supplies	2,000	779	1,221	2,003
Capital lease payments	-	-	-	8,727
Capital outlay	214,800	214,700	(9,900)	487,506
TOTAL PUBLIC SAFETY - FIRE	668,330	663,692	4,638	808,861
PUBLIC WORKS - STREET				
Salaries and benefits	359,227	347,781	11,446	92,340
Labor	240,000	157,623	82,377	218,580
Contract labor	7,600	10,936	(3,336)	6,179
Retirement	20,000	19,168	832	17,163
Disabilities	46,500	47,240	(1,241)	49,268
Unemployment compensation	2,200	873	1,327	583
Workmen's compensation	78,600	52,800	25,800	64,489
Telephone	3,000	4,713	(1,713)	4,318
Utilities	33,000	47,626	(14,626)	41,831

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, 1997

	1997		Variance- Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
PUBLIC WORKS - STREET (Continued)				
Engineer	\$ 20,000	\$ 77,592	\$ (47,592)	\$ 24,917
Tire and stamp removal	20,000	17,708	2,292	28,659
Dumpster	5,000	11,603	(6,603)	3,663
Supplies and small tools	42,000	38,960	3,040	31,771
Equipment repairs	67,700	83,440	(15,740)	42,944
Insurance	24,000	25,105	(1,105)	18,927
Gasoline	18,000	28,489	(10,489)	22,763
Materials	27,000	22,905	4,095	83,875
Training and education	5,000	872	4,128	-
Other	-	623	(623)	-
Small tools	8,800	-	8,800	-
Repairs - building	16,200	18,859	25,461	-
Grass mowing	-	-	-	490
Note payments	53,800	35,536	21,464	28,797
Capital outlay	715,000	479,685	235,495	358,967
Capital lease payments	3,000	3,061	39	21,383
TOTAL PUBLIC WORKS - STREET	1,972,227	1,261,219	-413,488	1,168,629
CULTURE AND RECREATION				
Salaries and benefits	127,890	139,487	(12,497)	69,985
Clerical aide	-	-	-	11,140
Retirement	3,680	4,819	281	4,628
Hospitalization	10,580	10,335	345	9,381
Unemployment compensation	580	352	388	291
Workers' compensation	11,680	7,321	3,679	8,364
Telephone	3,080	6,204	(3,280)	4,577
Utilities	15,000	14,304	696	17,258
Supplies	45,580	51,039	(5,579)	36,292
Equipment repairs	8,000	11,488	(3,488)	8,098
Insurance	15,000	14,159	841	13,818
Gasoline	3,400	3,483	15	3,734
Chemicals	-	-	-	964

The accompanying notes are an integral part of this statement.

CITY OF COWINGTON, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET - (GAAP BASIS)

For the Year Ended December 31, 1997

	1997		Variance- Favorable (Unfavorable)	1996
	Budget	Actual		Actual
CULTURE & RECREATION (continued)				
Engineer	\$ -	\$17,819	\$17,819	\$ -
Training and education	2,000	832	1,168	-
Travel	2,000	797	1,203	708
Maintenance agreements	1,500	-	1,500	1,613
Miscellaneous	-	-	-	4,643
Swimming pool operation	19,000	9,588	9,412	12,658
Baseball and softball	-	-	-	32,432
Basketball	-	-	-	28,647
Demolitor	1,000	2,201	(901)	4,247
Football	-	-	-	19,163
Contract Labor	37,000	48,851	(9,851)	8,700
Capital lease payments	-	-	-	4,441
Capital outlay	88,300	61,332	26,968	144,852
Office Supplies	12,000	12,385	(1,385)	-
Franchise Fees	2,000	2,350	(250)	-
TOTAL CULTURE & RECREATION	401,350	418,824	(16,874)	468,376
TOTAL EXPENDITURES	\$6,276,652	\$5,709,835	\$,566,817	\$5,216,380

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, 1997

	Sales Tax		Totals	
	1997 Tax	1992 Tax	1997	1996
ASSETS				
Cash	\$ 488,988	\$ 85,528	\$ 542,434	\$ 654,291
Receivables - other	283	-	283	16
Due from other funds	2,519	134,294	136,794	303,638
Total assets	\$ 491,621	\$ 219,792	\$ 679,401	\$ 957,945
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 478	\$ -	\$ 478	\$ 319
Due to other funds	485,508	28,834	436,314	562,682
Total liabilities	485,978	28,834	436,812	562,901
FUND BALANCES				
Unreserved and undesignated	55,643	-	55,643	112,925
Designated for future expenditures	-	188,966	188,966	82,012
Total fund balances	55,643	188,966	244,589	194,937
Total liabilities and fund balances	\$ 461,621	\$ 217,790	\$ 679,401	\$ 757,838

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, 1997

	Sales Tax		Totals	
	1997	1996	1997	1996
	Tax	Tax		
REVENUES:				
Taxes	\$1,789,812	\$1,789,811	\$3,579,623	\$3,571,229
Sales and use	13,484	9,539	22,823	26,733
Interest income	<u>6,088</u>	<u>6,088</u>	<u>12,168</u>	<u>9,353</u>
Penalties and interest				
Total revenues	1,799,378	1,795,238	3,574,608	3,467,315
EXPENDITURES:				
General government	<u>36,251</u>	<u>35,691</u>	<u>71,922</u>	<u>61,251</u>
Total expenditures	<u>36,251</u>	<u>35,691</u>	<u>71,922</u>	<u>61,251</u>
Excess of revenues over expenditures	1,753,145	1,749,539	3,482,684	3,386,064
OTHER FINANCING USES:				
Opening transfers out				
Debt service	-	(515,365)	(515,365)	588,200
General fund	(1,818,427)	(1,208,863)	(5,011,389)	3,123,167
Utility fund	<u>-</u>	<u>(84,229)</u>	<u>(84,229)</u>	<u>-</u>
Total other financing uses	<u>(1,818,427)</u>	<u>(1,662,686)</u>	<u>(3,453,893)</u>	<u>3,515,368</u>
Excess (deficiency) of revenues over expenditures and other financing uses	(57,282)	106,853	48,651	(208,284)
FUND BALANCE - BEGINNING OF YEAR	<u>112,925</u>	<u>82,002</u>	<u>194,928</u>	<u>404,222</u>
FUND BALANCE - END OF YEAR	<u>\$ 55,643</u>	<u>\$ 188,855</u>	<u>\$ 344,582</u>	<u>\$ 194,938</u>

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 all various 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 CHICAGO, ILLINOIS

DEBT SERVICE FUNDS

COMPARING BALANCE SHEET

December 31, 1987

	1987	1986	1985
ASSETS			
Cash	13,648	236,489	1,988
Certificates of Deposit	460,279	397,529	387,979
Receivables			
Taxes	179,882	179,882	196,827
Interest	3,000	32,400	14,127
Due from other funds		26,888	52,884
Total Assets	756,809	873,188	1,052,885

LIABILITIES AND FUND BALANCE

LIABILITIES			
Accounts Payable	222	221	4,802
Deferred	222	221	4,802
FUND BALANCE	477,365	1,689,746	1,043,281
Total Liabilities and Fund Balance	477,365	1,689,746	1,052,885

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

2027 BOND ISSUE FUNDS

COMBINED STATEMENT OF REVENUES, EXPENSES AND
NET CHANGES IN FUND BALANCES

For the Year Ended December 31, 2027

	1987 Dollars	1988 Dollars	1989 Dollars	1990 Dollars
REVENUES				
Taxes and rentals	\$ 20,000	\$ 200,000	\$ 200,000	\$ 200,000
Interest	—	—	17,000	30,000
Total revenues	<u>20,000</u>	<u>200,000</u>	<u>217,000</u>	<u>230,000</u>
EXPENSES				
Depreciation	10,000	100,000	100,000	100,000
Interest	10,000	—	—	—
Interest and Amortization	—	—	—	—
Total expenses	<u>20,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Net Change in Fund Balance				
Balance (beginning of year)	(10,000)	10,000	10,000	10,000
Net change in fund balance	—	100,000	107,000	130,000
Total fund balance - end of year	<u>(10,000)</u>	<u>110,000</u>	<u>217,000</u>	<u>240,000</u>
STATEMENT OF REVENUES, EXPENSES AND NET CHANGES IN FUND BALANCES				
Proceeds of issuing debt	1,000,000	—	—	—
Interest on debt	(100,000)	—	—	—
Operating expenses	—	—	—	—
Operating surplus (deficit)	—	—	—	—
Total fund balance - end of year	<u>900,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
STATEMENT OF REVENUES, EXPENSES AND NET CHANGES IN FUND BALANCES				
Proceeds of issuing debt	1,000,000	—	—	—
Interest on debt	(100,000)	—	—	—
Operating expenses	—	—	—	—
Operating surplus (deficit)	—	—	—	—
Total fund balance - end of year	<u>900,000</u>	<u>—</u>	<u>—</u>	<u>—</u>

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 1993 Public Improvement Sales Tax Bonds which are secured solely by sales tax revenues.

CITY OF COVINGTON, LOUISIANA

CAPITAL PROJECT FUND

COMPARING BALANCE SHEET

December 31, 1997

ASSETS	1997		1996	
	Balance	Expenditures	Balance	Expenditures
Cash	18,887	0	4,224	40,311
Accounts receivable	0	193,348	193,348	193,348
Accrued interest receivable	0	0	0	0
Total assets	18,887	193,348	197,572	433,667

LIABILITIES AND FUND BALANCE

LIABILITIES				
Accounts payable	0	0	0	0
Due to other funds	0	0	0	0
Total liabilities	0	0	0	0
FUND BALANCE				
Unassigned fund balance	18,887	0	47,556	47,556
Total fund balance	18,887	0	47,556	47,556
Total liabilities and fund balance	18,887	0	47,556	47,556

The accompanying notes are an integral part of this statement.

CITY OF CORVALLIS, OREGON

CAPITAL PROJECT FUND

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND BUDGETARY FUND BALANCES

For the Year Ended December 31, 1997

	1997 State Expenditures	1997 Federal Contributions	1997 Total
REVENUES			
Interest	1,228	7,287	8,515
Total revenues	1,228	7,287	8,515
EXPENDITURES			
Local interest	55	9	64
Construction	55	38	93
Other 100			
Total expenditures	110	47	157
Balance of revenues over expenditures	1,118	7,240	8,358
TRANSFERS TO AGENCY FUND			
Transfer to Agency Fund	(8,358)	(8,358)	(16,716)
Total transfers to agency fund	(8,358)	(8,358)	(16,716)
Balance (deficit) of revenues over other funding sources (over expenditures)	(7,240)	(7,240)	(14,480)
FUND BALANCES - BEGINNING OF YEAR			
FUND BALANCES - END OF YEAR	2,122	29,817	31,939

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 MONROE, LOUISIANA

ENTERPRISE FUND

BALANCE SHEET

December 31, 1997

	1997	1996
ASSETS		
CURRENT ASSETS		
Cash	\$ 156,871	\$ 411,388
Receivables:		
Accounts receivable net of uncollectible of \$21,580 for 1997 (\$34,918 for 1996)	61,668	71,863
LCMRG grant receivable	-	344,383
Other receivables	49,331	32,264
Prepaid expenses	28,350	-
Due from other funds	26,088	59,808
Total current assets	<u>322,168</u>	<u>929,826</u>
RESTRICTED ASSETS		
Cash	<u>364,672</u>	<u>320,778</u>
PROPERTY, PLANT AND EQUIPMENT		
Street equipment	9,864,468	8,886,098
Water equipment	1,868,787	1,797,800
Garbage equipment	67,882	46,349
Construction in progress - street improvements	-	663,771
Total plant and equipment	11,801,137	11,294,018
Less: Accumulated depreciation	<u>2,011,023</u>	<u>1,888,741</u>
Net property, plant and equipment	<u>9,790,114</u>	<u>9,405,277</u>
	<u>\$13,377,042</u>	<u>\$11,836,666</u>

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

ENTERPRISE FUND
BALANCE SHEET

December 31, 1997

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES	<u>1997</u>	<u>1996</u>
(Payable from current assets)		
Accounts payable and accrued expenses	\$ 129,412	\$ 447,243
Payroll taxes and retirement payable	24,887	11,982
Customer deposits	148,580	143,908
Due to other funds	2,031	30,864
Estimated liability for landfill		
First closure rate-roots	26,912	26,912
Other liabilities	-	268
Contract payable - current	284,119	14,205
Capital lease payable - current	-	7,811
Total current liabilities	<u>589,261</u>	<u>678,833</u>
(Payable from current assets)	<u>589,261</u>	<u>678,833</u>
CURRENT LIABILITIES		
(Payable from restricted assets)		
Revenue bonds	76,117	60,695
Accrued interest	<u>35,118</u>	<u>40,528</u>
Total current liabilities	<u>111,235</u>	<u>101,223</u>
(Payable from restricted assets)	<u>111,235</u>	<u>101,223</u>
LONG-TERM LIABILITIES		
Revenue bonds	826,476	928,927
Contract payable	<u>21,528</u>	<u>80,828</u>
Total long-term liabilities	<u>848,004</u>	<u>1,009,755</u>
Total liabilities	<u>1,437,265</u>	<u>1,688,588</u>
FUND EQUITY		
Contributed capital		
Other funds	3,018,571	3,041,740
State grant	288,846	288,846
Developer	1,781	1,781
Federal grant	571,080	571,080
LCRA grant	922,738	626,188
RJ Sewer extension	<u>880,232</u>	<u>880,232</u>
Total contributed capital	<u>5,683,248</u>	<u>5,440,867</u>
Retained earnings		
Reserved for revenue bond retirement	285,437	231,576
Unreserved	<u>1,820,220</u>	<u>1,888,220</u>
Total retained earnings	<u>2,105,657</u>	<u>2,119,800</u>
Total fund equity	<u>7,788,905</u>	<u>7,560,667</u>
	<u>\$12,226,170</u>	<u>\$12,249,255</u>

The accompanying notes are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2002

	2002	2001	2000	2000	2000
OFFICE TIME REVENUES					
Service revenues	\$ 80,000	\$ 40,000	\$ 40,000	\$ 1,400,000	\$ 1,380,000
Investment revenues	11,700	95,400	-	70,000	40,000
State of CO	11,000	-	-	10,000	10,000
State of HI	1,000	-	-	2,000	2,000
Miscellaneous	3,300	-	-	1,000	1,000
Total operating revenues	107,000	140,400	40,000	1,503,000	1,463,000
OFFICE TIME EXPENSES					
Salaries	302,000	371,000	5,700	490,000	590,000
Service contract	-	-	40,000	40,000	58,000
Inventory cost	-	-	-	-	8,000
Rent and repairs	1,000	7,000	7,000	7,000	15,000
Bank fees	2,000	2,000	1,000	1,000	2,000
Utilities	2,000	2,000	2,000	2,000	2,000
Office supplies	-	1,200	-	5,000	10,000
Depreciation	40,000	50,000	600	500,000	500,000
Travel and subscriptions	30	30	30	30	30
Engineering fees	10,000	10,000	1,000	10,000	10,000
Service expenses	2,500	2,500	2,500	2,500	-
Supplies	1,000	1,000	600	1,000	11,000
Repairs/maintenance	10,000	10,000	600	40,000	30,000
Printing	30,000	11,000	-	40,000	20,000
Lab fees	10,000	10,000	10,000	10,000	10,000
Professional fees	10,000	10,000	10,000	10,000	10,000
Other supplies	10,000	10,000	1,000	10,000	10,000
Other	5,000	5,000	1,000	5,000	5,000
Reserves	-	10,000	300	300	300

The accompanying schedule is integral part of this statement.

City of Columbia, Missouri

FINANCIAL STATEMENTS

STATEMENT OF RETIREMENT EXPENSES, AND FINANCIAL STATEMENTS - CONTINUED

For the Year Ended December 31, 2017

	2017	2016	2015	Total 2015-2017
Required Funding	\$ 688,114	\$ 24,022	\$ -	\$ 712,136
Plan Assets				
State assets				
Local assets	60,204	81,688	1,009	142,899
Contributor contributions	204	402	0	606
Interest	28,402	19,875	0	48,277
Investment income	1,158	11,492	0	12,650
Transfer-in contributions	204,708	380,288	0	585,000
Total available resources	294,616	493,695	0	788,311
Operating income (loss)	\$ 288,544	\$ (444,688)	\$ (1,009)	\$ (197,153)
RECALCULATED RETIREMENT EXPENSES				
Normal costs assumed	64,788			64,788
Interest income	31,028			31,028
Interest expense	(29,602)			(29,602)
Total non-funding expenses, net	66,214			66,214
Less: other transfers	(40,448)			(40,448)
OPERATING RETIREMENT EXPENSE	\$ 26,766	\$ -	\$ -	\$ 26,766
Transfer-in				
Total funding benefits	\$ 26,766	\$ -	\$ -	\$ 26,766
NET INCOME	\$ 167,214	\$ 15,000	\$ -	\$ 182,214
Additional contributions (refunds) received with associated employer liability				
CONTRIBUTOR	\$ 204	\$ -	\$ -	\$ 204
Net income (loss) - required savings	\$ 167,214	\$ 15,000	\$ -	\$ 182,214
Other contributions - beginning				
Net profit (loss) - Change in accounting for liability of funds required with-included SAs				
Retained earnings - ending	\$ 1,227,352	\$ -	\$ (1,009)	\$ 1,226,343

The accompanying notes are an integral part of the statements.

CITY OF COVINGTON, LOUISIANA

INTERFUND FUND
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 1997

	<u>1997</u>	<u>1996</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ (375,287)	\$ (558,888)
Adjustments to reconcile net operating loss to net cash provided (used) by operating activities		
Depreciation	322,134	333,088
Increase in accounts receivable - net	18,397	21,488
(Increase) in other receivables	(26,867)	(7,190)
(Increase) decrease in LDCFG grant receivable	344,383	(384,343)
Increase in prepaid expenses	(28,208)	-
Increase (decrease) in accounts payable and accrued expenses	(287,817)	481,208
Increase in payroll taxes and retirement payables	11,383	1,000
Increase (decrease) in other liabilities	(268)	24
Expenses for bonded claims	-	(22,588)
Transferable debt interest	(51,700)	-
Total adjustments	362,988	391,669
Net cash provided (used) by operating activities	(112,301)	132,779
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Payments from (to) other funds, net	6,400	(31,078)
Increase (decrease) in customer deposits	(866)	1,481
Net cash provided by non-capital financing activities	6,400	(29,597)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Grants grant received	200,000	626,188
FDG draws extension funded by special assessments and excess bond proceeds	-	823,083
Payments on state contract	-	(54,200)
Transfers from other funds, net	(85,251)	(99,453)
Payments for capital expenditures	654,848	(1,254,238)
Principal payments on bonds	653,434	(433,428)
Interest paid	155,299	(81,693)
Payments from FDG on bonding bonds	-	268,000
Payments on capital lease	(2,611)	(14,588)
Net cash provided (used) by capital and related financing activities	(148,751)	28,159
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipts of interest	34,320	27,220
Net cash provided by investing activities	34,320	27,220
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(150,341)	181,589
Cash and cash equivalents, beginning of year	<u>79,486</u>	<u>393,188</u>
Cash and cash equivalents, end of year	<u>\$ 2,329,245</u>	<u>\$ 2,374,777</u>

The accompanying notes are an integral part of this statement.

INDICIARY 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.

1990 SEWER EXTENSION FUND

The 1990 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.

COVINGTON MERCHANT COMMITTEE FUND

The Covington Merchant Committee Fund accounts for funds of local businesses pooled together to be used for advertising to benefit downtown merchants.

CITY OF CUMMINGTON, LOUISIANA

EXPENDABLE TRUST FUND

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

For the Year Ended December 31, 1997

	Garden of Fines Museum Prepaid Care Fund	
	<u>1997</u>	<u>1996</u>
OPERATING REVENUES		
Interest	\$1,881	\$1,717
Total operating revenues	1,881	1,717
EXPENDITURES		
Gardening	-	-
Bank fees	<u>88</u>	<u>88</u>
Total expenditures	<u>88</u>	<u>88</u>
Net income	1,793	1,628
FUND BALANCE - BEGINNING OF YEAR	<u>38,074</u>	<u>36,446</u>
FUND BALANCE - END OF YEAR	<u>\$ 39,777</u>	<u>\$ 38,074</u>

The accompanying notes are an integral part of this statement.

GENERAL FIXED ASSETS ACCOUNT GROUP

NUMERATIVE 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, 1997

	1997	1996
GENERAL FIXED ASSETS		
Land	\$ 48,697	\$ 478,260
Buildings	1,949,340	1,708,780
Equipment	2,083,650	1,844,992
Transportation equipment	448,890	440,774
Office furniture and equipment	468,196	313,513
Improvements other than buildings	808,432	779,336
Capital leases	232,306	258,429
Construction in progress	-	59,521
Total general fixed assets	\$6,542,511	\$5,790,325
INVESTMENT IN GENERAL FIXED ASSETS FROM		
General fund	\$4,605,387	\$3,853,064
Capital projects	1,714,282	1,714,282
Special revenue fund	222,932	222,932
Total investment in general fixed assets	\$6,542,511	\$5,790,325

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, 1997

Federal Grant/Pass-through Grant/ Program Title	Federal CFDA Number	Account or Contract Number	Federal Disbursements/ Expenditures
U.S. Department of Agriculture			
Rural Economic and Community Development			
COMMUNITY DEVELOPMENT BLOCK			
GRANT (Passed through the Louisiana			
Office of Community Development)			
- Major Program	14-219	9919074	\$243,388
RURAL BUSINESS ENTERPRISE			
GRANT	16-424	22062 #4	<u>48,500</u>
			288,888
U.S. Department of Justice			
COMMUNITY ORIENTED POLICING			
SERVICES			
Cops-Paid	16-710	95-CF-WX-0698	16,896
Cops-Misc	16-710	96-CM-WX-0622	<u>16,474</u>
			33,370
Federal Emergency Management Agency			
HAZARD MITIGATION GRANT			
PROGRAM (Passed through the			
Louisiana Office of Emergency			
Preparedness)			
Home Elevation	83-548	1849-003-1896	125,330
Jubacke Street Drainage	83-548	1849-003-1897	<u>5,682</u>
			30,877
Total			\$453,235

CITY OF COVINGTON, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 1997

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. In accordance with generally accepted accounting principles, receipts from the above grants with the exception of the Community Development Block Grant have been recorded as revenues in the City's general fund. Funds received under the Community Development Block Grant have been recorded as additions to contributed capital of the City's enterprise fund.

NOTE B - HOME ELEVATION GRANT ADVANCE

During the year ended December 31, 1997, the City received an advance of funds on the Home Elevation grant of \$982,966. At December 31, 1997, \$177,736 of the advance had not been expended and was recorded as a deferred revenue liability on the general fund.

NOTE C - MATCHING CONTRIBUTIONS

The City is required to expend matching funds on the Cops Fund and the Johnson Street Drainage grants. Matching of 25% is also required under the Home Elevation Grant. This requirement has been met by the affected homeowners personally. The following is a recap of matching expenditures of the City for the year ended December 31, 1997.

Cops Fund	\$7,851
Johnson Street Drainage	<u>1,800</u>
	<u>\$9,651</u>

CITY OF COVINGTON, LOUISIANA
 SCHEDULE OF COUNCIL MEMBERS
 December 31, 1987

Council Member	Term of Office	Compensation
Lennie Hopkins 1323 N. Buchanan St. Covington, LA 70433	June 30, 1989	7,866
Jerry Lee Carter P. O. Box 2788 Covington, LA 70434	June 30, 1989	7,866
John M. Dunn P. O. Box 2789 Covington, LA 70434	June 30, 1989	7,866
Matthew Fourn 504 E. 4th Ave. Covington, LA 70433	June 30, 1989	7,866
Lee Roy Jenkins, Jr., President 37 Spruce St. Covington, LA 70433	June 30, 1989	7,866
Sara O'Keefe P. O. Box 1141 Covington, LA 70434	June 30, 1989	7,866
Carolyn Pearce 180 W. 14th Ave. Covington, LA 70433	June 30, 1989	7,866

Smith, Hurst & Associates, L.L.C.

AN LIMITED LIABILITY COMPANY

Cynthia Public Accountants

P.O. Box 1562

Covington, Louisiana 70011-1562

Smith, Hurst & Associates, L.L.C.
P.O. Box 1562, Covington, LA

(504) 832-8864 - Covington
(504) 834-8864 - PAO

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT ACCOUNTING 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, Covington, Louisiana as of and for the year ended December 31, 1997, and have issued our report thereon dated June 12, 1998. 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, Covington, Louisiana's general purpose financial statements are free of material misstatement, we performed tests 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, 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. However, we noted other matters involving the internal control over financial reporting that we have reported to the management the City of Covington, Covington, Louisiana, in a separate letter dated June 12, 1998.

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 auditing 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, Howard & Associates, L.L.C.

June 17, 1998

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

an equal opportunity contractor
City of Public Accounts
P.O. Box 1462
Covington, Louisiana 70434-1462

Samuel B. Smith, CPA
Samuel "Papa" Huval, CPA

1 (504) 897-4677 - Louisiana
1 (504) 897-4669 - Texas

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, 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 programs for the year ended December 31, 1997. The City of Covington, 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, Covington, Louisiana's management. Our responsibility is to express an opinion on the City of Covington, 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, 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, Covington, Louisiana's compliance with those requirements.

In our opinion the City of Covington, 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, 1997.

Internal Control Over Compliance

The management of the City of Covington, 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 considered the City of Covington, 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.

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

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 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 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, Havel & Associates, L.L.C.

June 12, 1998

CITY OF COMBUTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 1997

Section 1

Financial Statements

1. Type of auditor's 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.	Yes

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 506	None
4. Identification of major program 14.209	Community Development Block Grant
5. Dollar threshold used to distinguish between Type A and B programs.	\$300,000
6. Auditor qualified as a low - risk auditor under OMB A-133 Section 508.	Yes

Section 2

Financial Statement Findings

None Reported

Section 3

Federal Awards Findings and Questioned Costs

(None reported)

Recommendations for Improvements

in the Internal Control of

CITY OF COVINGTON

December 31, 1997

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Smith, Hurst & Associates, L.L.C.

LA LIMITED LIABILITY COMPANY

Certified Public Accountants

P.O. Box 1660

Covington, Louisiana 70414-1660

Samuel E. Smith, CPA
David E. Hurst, CPA

ISSUE NO. 1433 - 11/2000
ISSUE PRICE - \$45

June 12, 1998

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

In planning and performing our audit of the general purpose financial statements of the City of Covington, Louisiana for the year ended December 31, 1997, we considered its internal control 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 internal control. However, we noted certain matters involving internal control that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the City of Covington, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters that might be reportable conditions. In addition, because of inherent limitations in internal control, errors or fraud may occur and not be detected by such controls.

REPORTABLE CONDITIONS

Segregation of Duties

In performing various audit tests, we noted the following instances where controls can be strengthened by segregating duties.

An employee of the City performs the incompatible duties of processing payroll checks and reconciling the payroll account bank statement. This situation causes a lack of segregation of duties in the City's payroll system. To strengthen controls in this area, we recommend that these duties be segregated by having another employee reconcile the payroll account bank statement.

The City employee who is in charge of preparing utility bills and maintaining the accounts receivable system will, from time to time, process utility cash receipts and enter them into the system. These are incompatible functions and result in reduced segregation of duties. We recommend that the utility clerk be prohibited from processing utility cash receipts.

Utility Accounts Receivable

The City maintains its utility accounts receivable system on a computer system separate from its general ledger system. At December 31, 1980, there were differences between the balance shown on the utility billing system and that shown on the general ledger. After further testing, we were able to satisfy ourselves that the utility accounts receivable reflected on the financial statements are materially correct. We believe that the difference is caused by the City's procedures relating to removal of bad debt accounts and for accruing and recording penalties. We recommend that a full reconciliation of these differences be made and that the utility clerk reconcile her balance to that of the general ledger on a monthly basis.

Inventory of General Fixed Assets

Although the City maintains a listing of general fixed assets, it does not perform an annual inventory of fixed assets. We recommend that an inventory be taken by department using the current listing and any changes be recorded and explained. Also, we recommend that the employee in charge of fixed assets coordinate her functions with that of the purchasing clerk so that new assets are entered on the system as they are purchased.

OTHER COMMENTS AND RECOMMENDATIONS

It was noted during our testing of the City's insurance expenditures that the City's coverage for general liability and fire auto/collision liability seemed low in relation to that of other governments in the parish. Prior to our issuance of this letter, we were informed that the City had doubled its coverage for these policies.

These conditions were considered in determining the nature, timing, and extent of the audit tests applied in our audit of the December 31, 1987 general purpose financial statements date June 11, 1988. We have not considered the internal control since the date of our report.

This report is intended for the information of the City's management, members of the City Council, and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Smith, Havel & Associates, L.L.C.
June 11, 1988



Paul J. White
Mayor

City of Covington

Louisiana
600 N. Columbia St.
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Covington, Louisiana 70032
504-835-1411
Fax: 504-835-1123

June 28, 1998

John M. "Marty" Dean
Councilman-at-Large
Lat Ray Aronoff, Jr.
Councilman-at-Large
Lennie Bayliff
*Councilman, District 1**
Jerry Lee Carter
*Councilman, District 2**
Richard L. "Jack" O'Byrne
*Councilman, District 3**
Carolee Kelly Payne
*Councilwoman, District 4**
Marshall C. Pines
*Councilman, District 5**

City/Box 266-4700
Fax: 504-835-1123

Legislative Audit Advisory Council
State of Louisiana
PO Box 94587
Baton Rouge, LA 70802-0587

RE: Responses to Reportable Council Items

Dear Sirs:

In response to re-negotiation of duties, The Assistant Accounting Supervisor will assume responsibility for reconciling the Payroll bank statement on a monthly basis. The Payroll clerk, who is responsible for bank reconciliations on most City accounts, will no longer reconcile the Payroll bank statement.

The Utility Billing Clerk, who acts as a relief worker for the front desk during lunch and other absences of regular front desk personnel, will no longer accept payments for utility bills while she works at the front desk. Other employees who work the front desk at the same time will handle all utility bill payments.

The City will implement procedures to reconcile the utility accounts receivable subsidiary ledger with the general ledger on a monthly basis. Further, the City will research the transactions of 1987 to determine if the difference between the two ledgers results from computer software. The City intends to implement new accounts receivable software in the last quarter of 1998 which will interface with the general ledger. All differences will be resolved prior to implementation of the new system.

The City will provide every department with the most current fixed asset list. Department heads will be responsible to review the list for accuracy and then begin identifying the assets with inventory tags.

Sincerely,

Adrienne Strohle
Director of Administration

AAS/SP