

**CITY OF COVINGTON,
LOUISIANA**

Annual Comprehensive Financial Report

December 31, 2022



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INTRODUCTORY SECTION



MARK R. JOHNSON
Mayor

CITY OF COVINGTON

LARRY ROLLING | *Councilman-at-Large*
RICK SMITH | *Councilman-at-Large*
PETER LEWIS SR. | *Councilman, District A*
JOHN BOYSFORD | *Councilman, District B*
JOEY ROBERTS | *Councilman, District C*
CODY LUDWIG | *Councilwoman, District D*
MARK W. VERRET | *Councilman, District E*

To the Honorable Mayor Mark R. Johnson, Members of the Covington City Council and Citizens of the City of Covington:

State law requires that all general-purpose local governments publish, within six (6) months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the City of Covington, Louisiana (the City) for the year ended December 31, 2022.

This report consists of the administration's representations concerning the finances of the City. Administration, hereinafter referred to as "Management", assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control that it has established to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As Management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

LaPorte, a firm of licensed certified public accountants, has audited the City's financial statements and has issued an unmodified ("clean") opinion on the City of Covington's financial statements for the year ended December 31, 2022. The independent auditors' report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City was founded by John Wharton Collins, a New Orleans merchant by way of New York, on July 4, 1813 as the Town of Wharton. The City was formally incorporated in 1816 by the state legislature and renamed Covington much to the chagrin of John Wharton Collins. The City of Covington is located in St. Tammany Parish in southeast Louisiana and encompasses approximately 8.23 square miles. Covington is the Parish seat and houses the 22nd Judicial District Court, also known as the St. Tammany Parish Courthouse.

Covington is a political subdivision of the State of Louisiana located in St. Tammany Parish. The citizens of Covington approved and adopted the Home-Rule Charter on November 7, 1978. The City operates a Mayor-Council form of government. Both the Mayor and the Council are elected by the voters to serve a four-year term with a limit of two (2) consecutive terms. The Mayor is the head of the executive branch. The Mayor's responsibilities include, but are not limited to, administering policies that facilitate the adherence to ordinances created by the Council, effectuating the smooth daily operations of government, and appointing the department heads. The Council is the legislative branch of the City. The Council's responsibilities include, but are not limited to, passing ordinances and resolutions, as well as adopting an annual budget. The Council consists of seven (7) members - five (5) of which are district members and two (2) of which are at-large members.

The City provides a full range of services, including police and fire protection, construction and maintenance of roads, bridges, drainage and other infrastructure, water, and sewer services, permitting and inspections, code enforcement, planning and zoning, recreational activities, cultural events and other general governmental functions and administrative services. The financial reporting entity consists of the primary government and has no component units. A more detailed discussion of the reporting entity is included in Note 1 in the Notes to the Financial Statements.

The annual budget, both operating and capital, serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the Mayor on or before mid-July of each year. The Mayor uses these requests as a starting point for developing the Proposed Budget. The Mayor also prepares a five (5) year Capital Improvement Plan. The Mayor then presents the Proposed Budget and Capital Improvement Plan to the City Council at the first council meeting in September. The Council is required to hold public hearings and publish the Proposed Budget in the official journal at least ten (10) days prior to the hearing.

Department heads may make transfers of appropriations within a department. The transfer of appropriations between departments requires the approval of the governing City Council.

Budget-to-actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on pages 88 - 94. For the A3 Sales Tax Fund, this comparison is presented on page 95.

Factors Affecting Financial Condition

Local Economy

Although Covington has a residential population of approximately 11,636 people, the population swells to approximately 20,000 during the day due to the Courthouse and St. Tammany Parish Hospital. In 2022, 2021, and 2020, the City experienced a sales tax growth rate of 8.9%, 16.6%, and 6.0%, respectively. The City anticipates an increase in sales tax during 2023 although not as high as the last 3 years..

Long-Term Financial Planning

The five (5) year Capital Improvement Plan is consistently monitored and updated during the annual budget process. The City Administration and Council have put much emphasis in recent years on funding and completing pivotal infrastructure projects, specifically related to roads, drainage, and utility upgrades. Throughout the development and implementation of this infrastructure improvement program, the City has sought and obtained millions in grant funds from state and federal programs which are leveraged by local funds. It is the City's intent to continue this program.

Major Initiatives

Over the next year we will be concentrating on the following major projects:

- Wastewater Treatment Plant Improvements
- Wastewater Collection System Repair Program
- Sewer line and lift station improvements and repairs
- Waterline Extensions and Upgrades to provide increased water supply and the addition of fire hydrants where needed for enhanced fire protection in our established neighborhoods
- Improvements to our municipal water wells
- Roadway Overlay and Improvement Program
- Sidewalk Construction and Repair Program
- Drainage and street repairs in River Forest Subdivision
- Investment in conversion to new Water Meter System

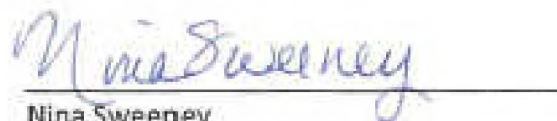
Among the Capital Infrastructure Projects funded in the **2022 Budget** which are in varying stages of design, engineering, permitting, and/or construction are the following which are scheduled for completion in 2023:

- Magee Waterline Replacement
- Wastewater Treatment Plant Improvement Phase 4
- Wastewater Treatment Plant Pond Dredging
- Wastewater Treatment Plant Additional Aerators
- River Forest Drainage Improvements
- Jahncke Overlay
- River Forest Sewer Repairs
- Wilson Cemetery Sidewalks

Respectfully submitted,



Erin Bivona
Chief Administrative Officer



Nina Sweeney
Director of Finance

MAYOR

Mark Johnson - Mayor

COUNCIL MEMBERS

Larry Rolling - Councilman at Large

Rick Smith - Councilman at Large

Peter Lewis Sr. - Councilman District A

John Botsford - Councilman District B

Joey Roberts - Councilman District C

Cody Ludwig - Councilwoman District D

Mark Verret - Councilman District E

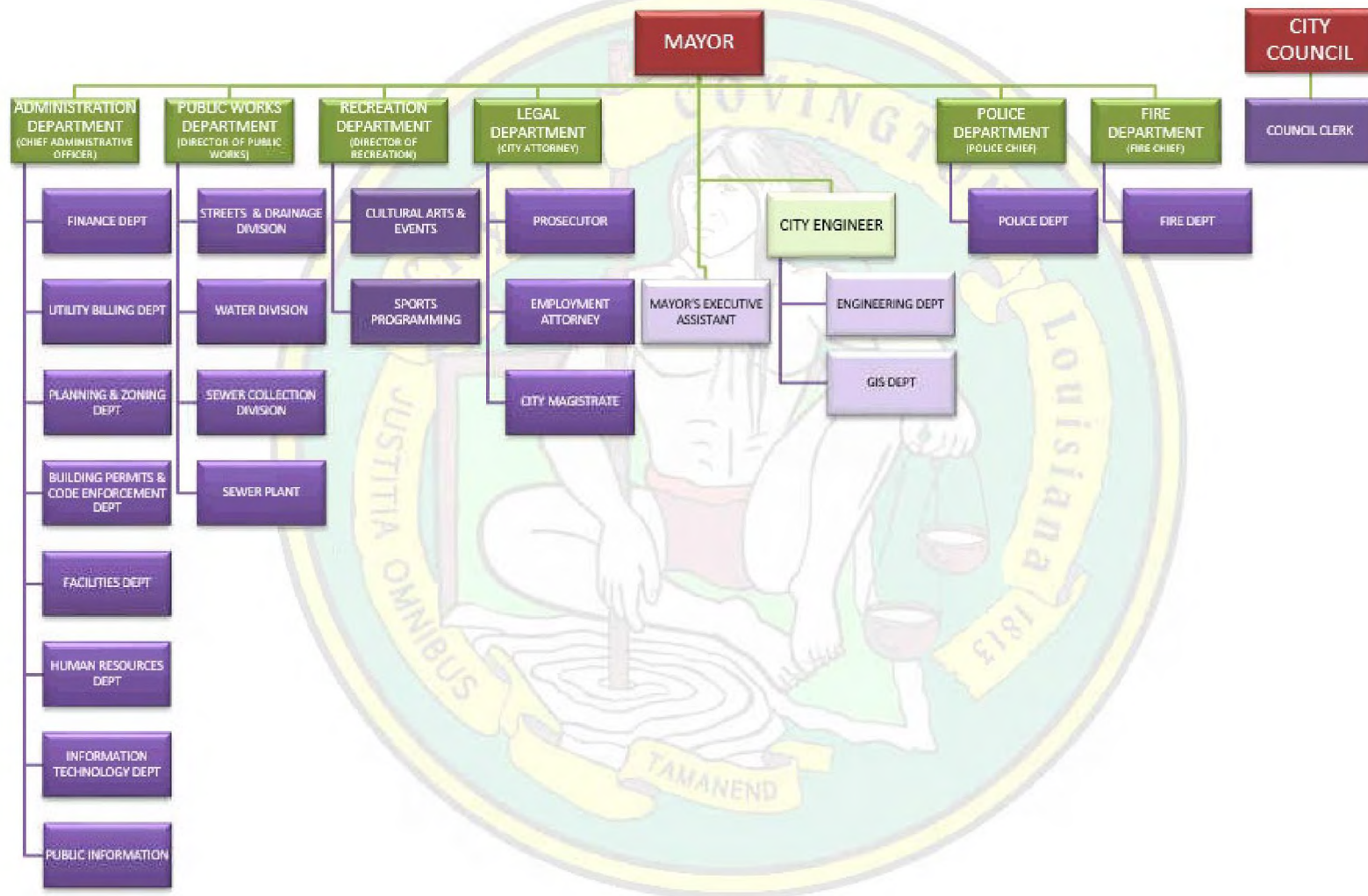
CHIEF OF POLICE

Michael Ferrell - Chief of Police

FIRE CHIEF

Gary S. Blocker Jr. - Fire Chief

CITY OF COVINGTON, LOUISIANA
Organization Chart
December 31, 2022



FINANCIAL SECTION

Independent Auditor's Report

Honorable Mark R. Johnson, Mayor
and Members of the City Council
City of Covington, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Covington, Louisiana (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board Statement No. 87, *Leases*, for the year ended December 31, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required other postemployment benefits supplementary information, schedule of City's contributions to pension plans, schedule of proportionate share of net pension liability, schedule of changes in net OPEB liability and related ratios, and budgetary comparison schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual non-major fund financial statements, the schedules in the other supplementary information section as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, the schedules in the other supplementary information section as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Covington, LA
June 26, 2023

REQUIRED SUPPLEMENTARY INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF COVINGTON, LOUISIANA

Management's Discussion and Analysis

Our discussion and analysis of the City of Covington's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2022. Please review in conjunction with the Letter of Transmittal on Page i and the City's Basic Financial Statements, which begin on page 17.

Reviewing the Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 17 and 19) provide information about the activities of the City as a whole and present a long-term view of the City's finances.

Fund financial statements start on page 21. For governmental activities, these statements report how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as an agent for the benefit of those outside of the government.

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 8. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's financial activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. As such, all of the current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in it. You can think of the City's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources - as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall financial health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities** - Most of the City's basic services are reported here, including the police, fire, public works, recreation and culture departments, and general administration. Sales and use taxes, property taxes, franchise taxes, and license and permit fees finance most of these activities.
- **Business-type activities** -The City charges a fee to customers using the City's water and sewer systems to help it cover all or most of the cost of the services it provides.

CITY OF COVINGTON, LOUISIANA

Management's Discussion and Analysis

Fund Financial Statements

Our analysis of the City's major funds begins on page 11. The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes other funds to help it control and manage money for particular purposes or to account for it to meet legal responsibilities for using certain taxes, grants, and other money it receives. The City's two kinds of funds - governmental and proprietary - use different accounting approaches.

- Governmental Funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations on pages 22 and 24 of the Basic Financial Statements.
- Proprietary Funds - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information such as cash flows for the proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 33.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning budgetary basis reporting for the General Fund, A3 Sales Tax Fund, and State and Federal Grants Fund, as well as other information detailed in the table of contents surrounding OPEB and pension liabilities. Required supplementary information can be found on pages 84 to 98 of this report.

The combining and individual statements of non-major governmental funds are presented immediately following the *Required Supplementary Information*. Combining statements can be found on pages 100 and 101 of this report.

CITY OF COVINGTON, LOUISIANA

Management's Discussion and Analysis

Financial Highlights

After this year's operations, the City's ending net position is as follows: the net position of governmental activities was \$42,607,634 and the net position of business-type activities was \$30,922,755.

- The current year's expense total was \$19,260,038 as compared to the \$25,511,841 generated in fees and charges, grants, general revenues, and taxes for governmental programs (before transfers). In the previous year, expenditures were \$20,344,100 as compared to the \$28,668,533 generated in tax and other revenues for governmental programs (before transfers).
- For business-type activities, city revenues (before transfers) were \$5,873,529. Expenses were \$5,577,654.
- The annual cost of all city programs was \$24,837,692. The previous year's cost was \$25,384,890.

Government-Wide Financial Analysis

The City's combined net position from the previous year was \$66,982,711 as compared to \$73,530,389 this year. However, net position and expenditures from governmental and business-type activities must be reviewed separately. Table 1 focuses on the net position and Table 2 focuses on changes in the net position of the City's governmental and business-type activities.

The City's net position for governmental activities was \$42,607,634 this year as compared to \$38,564,493 last year. Unrestricted net position for governmental activities was \$7,852,073 this year as compared to \$5,506,004 last year. Unrestricted net position are those funds that can be used to finance everyday operations without restrictions set by legislation, debt covenants, or other legal regulations.

The net position of the City's business-type activities was \$30,922,755 this year as compared to the balance of \$28,418,222 last year.

By far the largest portion of the City's net position reflects its investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Covington uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF COVINGTON, LOUISIANA

Management's Discussion and Analysis

Table 1
Net Position (in thousands)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|------------------|-----------------------------|------------------|------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Assets | | | | | | |
| Current and Other Assets | \$ 31,926 | \$ 29,950 | \$ 8,196 | \$ 7,302 | \$ 40,122 | \$ 37,252 |
| Capital Assets, Net | 35,291 | 34,365 | 26,234 | 24,579 | 61,525 | 58,944 |
| Total Assets | 67,217 | 64,315 | 34,430 | 31,881 | 101,647 | 96,196 |
| Deferred Outflows of Resources | | | | | | |
| Deferred Loss on Refunding | 68 | 68 | - | - | 68 | 68 |
| Deferred Outflows - Pension | 6,030 | 2,357 | 553 | 213 | 6,583 | 2,570 |
| Deferred Outflows - Other Postemployment Benefits | 3,408 | 3,568 | 596 | 624 | 4,004 | 4,192 |
| Total Deferred Outflows of Resources | 9,506 | 5,993 | 1,149 | 837 | 10,655 | 6,830 |
| Liabilities | | | | | | |
| Current Liabilities | 2,047 | 6,627 | 948 | 755 | 2,995 | 7,382 |
| Long-Term Liabilities | 23,864 | 17,935 | 2,906 | 2,557 | 26,770 | 20,492 |
| Total Liabilities | 25,911 | 24,562 | 3,854 | 3,312 | 29,765 | 27,874 |
| Deferred Inflows of Resources | | | | | | |
| Unavailable Revenues | 3,343 | 20 | - | - | 3,343 | 20 |
| Deferred Inflows - Pension | 530 | 4,066 | 45 | 446 | 575 | 4,512 |
| Deferred Inflows - Other Postemployment Benefits | 4,331 | 3,095 | 757 | 542 | 5,088 | 3,637 |
| Total Deferred Inflows of Resources | 8,204 | 7,181 | 802 | 988 | 9,006 | 8,169 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 32,804 | 31,242 | 26,234 | 24,579 | 59,038 | 55,821 |
| Restricted | 1,952 | 1,817 | - | - | 1,952 | 1,817 |
| Unrestricted | 7,852 | 5,506 | 4,689 | 3,839 | 12,541 | 9,345 |
| Total Net Position | \$ 42,608 | \$ 38,565 | \$ 30,923 | \$ 28,418 | \$ 73,531 | \$ 66,983 |

At the end of the current fiscal year, the City is able to report overall positive net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

CITY OF COVINGTON, LOUISIANA

Management's Discussion and Analysis

Table 2
Changes in Net Position (in thousands)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|------------------|-----------------------------|------------------|------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 2,139 | \$ 2,085 | \$ 5,777 | \$ 5,509 | \$ 7,916 | \$ 7,594 |
| Restricted Operating Grants | - | 4,959 | - | - | - | 4,959 |
| Restricted Capital Grants | 733 | 747 | - | - | 733 | 747 |
| General Revenues | | | | | | |
| Property Taxes | 3,303 | 3,289 | - | - | 3,303 | 3,289 |
| Sales Taxes | 17,374 | 16,132 | - | - | 17,374 | 16,132 |
| Other Taxes | 943 | 769 | - | - | 943 | 769 |
| Interest and Investment Income | 362 | 70 | 66 | 1 | 428 | 71 |
| Other General Revenues | 658 | 618 | 31 | 33 | 689 | 651 |
| Total Revenues | 25,512 | 28,669 | 5,874 | 5,543 | 31,386 | 34,212 |
| Program Expenditures | | | | | | |
| General Government | 5,801 | 3,260 | - | - | 5,801 | 3,260 |
| Public Safety | 8,186 | 7,810 | - | - | 8,186 | 7,810 |
| Public Works | 4,337 | 8,421 | - | - | 4,337 | 8,421 |
| Culture and Recreation | 884 | 771 | - | - | 884 | 771 |
| Interest on Long-Term Debt | 52 | 82 | - | - | 52 | 82 |
| Water and Sewer | - | - | 4,525 | 4,030 | 4,525 | 4,030 |
| Other Utilities | - | - | 1,053 | 1,011 | 1,053 | 1,011 |
| Total Expenditures | 19,260 | 20,344 | 5,578 | 5,041 | 24,838 | 25,385 |
| Excess (Deficit) before Transfers | 6,252 | 8,325 | 296 | 502 | 6,548 | 8,827 |
| Transfers | (2,209) | 289 | 2,209 | (289) | - | - |
| Change in Net Position | 4,043 | 8,614 | 2,505 | 213 | 6,548 | 8,827 |
| Net Position, Beginning of Year, Restated | 38,565 | 29,951 | 28,418 | 28,205 | 66,983 | 58,156 |
| Net Position, End of Year | \$ 42,608 | \$ 38,565 | \$ 30,923 | \$ 28,418 | \$ 73,531 | \$ 66,983 |

Governmental Activities

This year's governmental activities revenues were \$25,511,841 as compared to \$28,668,533 last year. Total revenues decreased by \$3,156,692, or 11%. This decrease is driven mainly by the decrease in federal funding for Hurricane Ida expenses incurred in 2021.

This year's governmental activities expenditures was \$19,260,035 as compared to \$20,344,100 in the previous year. Total expenditures decreased by \$1,084,062, or 5%. This is primarily due to the decrease in Hurricane Ida expenses incurred in 2021.

CITY OF COVINGTON, LOUISIANA

Management's Discussion and Analysis

Business-Type Activities

This year's business-type activities charges for services revenues were \$5,776,855 as compared to \$5,508,292 last year. Charges for services increased by \$268,563, or 4.8%. This increase is primarily due to growth of the community.

This year's business-type activities charges for services expenses were \$5,577,654 as compared to \$5,040,790 in the previous year. Total expenses increased by \$536,864, or 10.6%.

Financial Analysis of the Government's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$27,557,054, an increase of \$3,239,806 in comparison with the prior year.

Approximately 40% of the ending fund balance, or \$11,090,797, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is as follows: approximately 20% is assigned, 32% is committed, 7% is restricted, and 0.4% is non-spendable.

CITY OF COVINGTON, LOUISIANA

Management's Discussion and Analysis

The fund balance of the General Fund increased by \$1,346,611 in the current year and increased by \$4,495,405 in the prior year. The increase is primarily due to an increase in sales tax revenue.

Total revenue in the General Fund increased by \$1,133,480, or 6.2%.

Expenditures in the General Fund decreased by \$2,560,849, or 12.4%, due to a decrease in Hurricane Ida debris removal, clean up, and repairs.

The A3 Sales Tax Fund accounts for the special annexation sales tax. Total revenues increased by \$575,684, or 15.1%, due to an increase in sales tax collections for the current year.

Budgetary Statements

The City Council revised the 2022 original adopted budgets for the General Fund and the A3 Sales Tax Fund during the year as revenues and expenditures changed. The original budgets were voted and approved on December 9, 2021, and the amended budgets were voted and approved on April 5, 2022, July 19, 2022, August 9, 2022, September 13, 2022, and November 1, 2022.

By budgetary policy, revenue estimates are conservative. Overall, general fund revenue in 2022 experienced a positive variance of \$433,275 from the amount in the final adopted budget. A3 sales tax fund revenue in 2022 experienced a positive variance of \$666,719 from the amount in the final adopted budget.

The final budget for general fund expenditures increased \$3,773,472, or 19.3%, from the original budget for 2022. Actual expenditures for the General Fund were \$1,471,827 less than the original adopted budget and \$5,245,299 less than the final adopted budget. The final budget for A3 sales tax fund expenditures increased \$2,820,566 from the original budget for 2022 due to additional capital outlay projects. Actual expenditures for the A3 Sales Tax Fund were \$717,094 less than the original adopted budget and \$3,537,660 less than the final adopted budget.

Capital Assets

Table 3
Capital Assets, Net of Depreciation (in thousands)

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|----------------------------|------------------|-----------------------------|------------------|------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Land | \$ 807 | \$ 807 | \$ - | \$ - | \$ 807 | \$ 807 |
| Building and Improvements | 12,018 | 11,968 | 1,076 | 1,076 | 13,094 | 13,044 |
| Equipment | 3,148 | 3,186 | 4,853 | 4,659 | 8,001 | 7,845 |
| Infrastructure | 17,338 | 16,823 | 17,708 | 17,178 | 35,046 | 34,001 |
| Construction in Progress | 1,980 | 1,581 | 2,597 | 1,667 | 4,577 | 3,248 |
| Capital Assets, Net | \$ 35,291 | \$ 34,365 | \$ 26,234 | \$ 24,580 | \$ 61,525 | \$ 58,945 |

CITY OF COVINGTON, LOUISIANA

Management's Discussion and Analysis

The current year's significant capital asset additions included:

- **Governmental Activities:** Blue Swamp Creek Grading & Cleaning, River Forest Drainage - Patricia Drive, 2020 Guardrail Replacement, Downtown Asphalt Patching, Concrete Panel Replacements, Harrison Ave. Drainage Improvements, Nose Park Track Replacement, Downtown Striping, Downtown Sidewalks, Trailhead Bathroom Renovation, Fire Station 2 Parking Lot Paving, Savannah Ponds 5 & 6, 2022 Bridge Inspections, 2022 Striping, W. 11th Ave. Guardrail Replacement, Mackie Creek Regional Drainage, Patricia Drive Guardrail, and Cherokee Lane Street Repairs
- **Business-Type Activities:** 2020 Sewer Repairs, 2020 Waste-Water Treatment Plant (WWTP) Improvements Phase III, WWTP Emergency Generator Repair, Beth Drive Waterline Replacement, WWTP Capacity & Improvement Study, and Water Meters (CWEF)

More detailed information about the City's capital assets is presented in Note 2 to the financial statements.

Debt Management

At the close of the year, the City had \$2,045,000 in outstanding bonds and notes as compared to \$2,425,000 in the previous year (see Table 4). This decrease in debt of \$380,000 is due to regularly scheduled principal payments.

Table 4
Outstanding Debt (in thousands)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|-----------------|-----------------------------|-------------|-----------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| General Obligation Bonds (Backed by the City) | \$ 2,045 | \$ 2,425 | \$ - | \$ - | \$ 2,045 | \$ 2,425 |
| Finance Lease Liability | 502 | 698 | - | - | 502 | 698 |
| Capital Assets, Net | \$ 2,547 | \$ 3,123 | \$ - | \$ - | \$ 2,547 | \$ 3,123 |

More detailed information about the City's long-term liabilities is presented in Note 2 to the financial statements.

Economic Issues/Upcoming Yearly Budgets

City public officials considered many issues when establishing the upcoming year's budget, tax rates, and fees.

In 2023, we anticipate over 73% of the City's general fund revenues will be derived from sales taxes. We budgeted \$18,120,388 in net sales tax collections for 2023, which is an increase of 18% over the 2022 budget.

CITY OF COVINGTON, LOUISIANA

Management's Discussion and Analysis

From A3 sales tax fund revenue, \$2,122,783 will be transferred to the General Fund for the purpose of maintaining roads, bridges, and drainage in areas where it benefits residents of St. Tammany Parish Sales Tax District 3. An additional \$2,152,597 of revenue in the A3 Sales Tax Fund is dedicated to the construction and maintenance of roads, bridges, and drainage projects in St. Tammany Parish Sales Tax District 3.

Ad valorem tax is anticipated to generate approximately \$2,551,015 in revenue for the General Fund. This is based upon an assessed valuation of \$147,909,513. It should be noted that property taxes represent 11.7% of the 2023 General Fund Budget. The City of Covington currently has the following ad valorem tax assessments: millage comprised of 3.5 mills for retiring General Obligation Bonds, 7.08 mills to general fund revenues, and 9.43 mills for operation and maintenance of the Fire Department.

The administration recognizes that the amount of revenues generated does not cover the amount of expenditures proposed in the General Fund Budget. In order to subsidize this difference, funds are taken from the General Fund Balance. The projected difference between revenues and expenditures in the 2023 budget is \$1,058,358. This includes \$2,906,038 in one-time capital expenditures. This budget, while balanced, provides for an estimated \$9,533,331 unassigned General Fund Balance at the end of 2023. An additional \$3,081,411 is in Assigned Fund Balance for the GFOA recommended 2 months of operating expenditures or revenue range to cover emergencies and unexpected expenditures.

2022 - A Year in Review

At the beginning of 2022, the City was working closely with FEMA and GOHSEP to prepare and submit almost \$5,000,000 in claims for Hurricane Ida damage. By the end of 2022, FEMA had approved all of the City's claims. However, as of June 26th 2023, GOHSEP still had not approved and paid out approximately \$1,100,000 of the almost \$5,000,000 in Hurricane Ida claims. Almost two years after Hurricane Ida, the City is still working through the invoicing, reporting, and audit of these claims and expects there will be future audits. Thanks to the hard work of the Finance Department and CAO office, we are prepared to fully support and respond to inquiries on all Hurricane Ida expenditures submitted for reimbursement.

After the hack in March of 2021, the Administration began evaluating the Information Technology ("IT") Department. While the City was able to fully recover from the hack in 2021 with support from the Louisiana Cyber Investigator's Alliance, it became evident that having an in-house IT staff was not providing the level of security necessary to protect against modern cyber security concerns. In March 2022, the IT department was dissolved and an extensive RFP process to identify an IT firm was completed. In August 2022, a firm was selected and five-year contract was executed. The firm provides a full-time on-site staff member that is fully supported by an off-site, remote team. This restructuring has resulted in stronger security, extensive offsite backup support, development of stronger internal IT policies and procedures, enhance security measures in the form of advanced facilities access and camera surveillance systems, and cost savings to the City through efficient packaging of licenses and products.

CITY OF COVINGTON, LOUISIANA

Management's Discussion and Analysis

On December 10, 2022 the citizens of Covington voted overwhelmingly in support of two tax millage propositions: 1) a millage renewal of 9.43 mills on all property subject to taxation for 10 years for the purpose of improving, maintaining and operating the City's fire protection facilities, for purchasing maintaining and operating fire trucks and other firefighting equipment; and 2) authorization for the City to incur debt and issue bonds for \$4,750,000 for 20 years for the purpose of making capital improvements in the City. In 2023 the City received a AA+ bond rating and was able to bid and receive an excellent rate on the bond issuance. The Mayor and Council are working together to identify projects that will address infrastructure needs and improve the quality of life for the residents and businesses of Covington.

Contact Information

The financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Erin Bivona
Chief Administrative Officer
317 N. Jefferson Avenue
Covington, LA 70433
Phone: 985-898-4714
Fax: 985-898-4723
ebivona@covla.com

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF COVINGTON, LOUISIANA
Statement of Net Position
December 31, 2022

Statement A

| | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|--------------------|
| Assets | | | |
| Cash and Cash Equivalents | \$ 28,360,647 | \$ 425 | \$ 28,361,072 |
| Investments - LAMP | 4,339,109 | - | 4,339,109 |
| Restricted Cash and Cash Equivalents | 255,362 | - | 255,362 |
| Certificates of Deposit | 302,455 | - | 302,455 |
| Receivables, Net | 5,813,789 | 960,665 | 6,774,454 |
| Internal Balances | (7,227,273) | 7,227,273 | - |
| Prepaid Expense | 82,265 | 7,745 | 90,010 |
| Capital Assets Not Being Depreciated | 2,787,697 | 2,597,217 | 5,384,914 |
| Capital Assets Being Depreciated, Net of Accumulated Depreciation | 32,503,477 | 23,636,700 | 56,140,177 |
| Total Assets | 67,217,528 | 34,430,025 | 101,647,553 |
| Deferred Outflows of Resources | | | |
| Deferred Loss on Refunding | 67,909 | - | 67,909 |
| Deferred Outflows - Pension Plans | 6,029,591 | 553,444 | 6,583,035 |
| Deferred Outflows - Other Postemployment Benefits | 3,407,819 | 596,376 | 4,004,195 |
| Total Deferred Outflows of Resources | 9,505,319 | 1,149,820 | 10,655,139 |
| Liabilities | | | |
| Accounts Payable | 961,253 | 471,711 | 1,432,964 |
| Accrued Payroll Expenses | 53,532 | 41,831 | 95,363 |
| Customer Deposits | - | 434,356 | 434,356 |
| Accrued Interest | 10,450 | - | 10,450 |
| Unearned Revenue | - | 86 | 86 |
| Compensated Absences | | | |
| Due Within One Year | 376,869 | - | 376,869 |
| Due in More than One Year | 241,276 | - | 241,276 |
| Finance Lease Liability | | | |
| Due Within One Year | 259,410 | - | 259,410 |
| Due in More than One Year | 182,986 | - | 182,986 |
| General Obligations Bonds Payable | | | |
| Due Within One Year | 385,000 | - | 385,000 |
| Due in More than One Year | 1,660,000 | - | 1,660,000 |
| Net Pension Liability | | | |
| Due in More than One Year | 15,506,400 | 1,808,279 | 17,314,679 |
| Net Other Postemployment Benefit Liability | | | |
| Due in More than One Year | 6,273,711 | 1,097,915 | 7,371,626 |
| Total Liabilities | 25,910,887 | 3,854,178 | 29,765,065 |

The accompanying notes are an integral part of these financial statements.

CITY OF COVINGTON, LOUISIANA
Statement of Net Position (Continued)
December 31, 2022

Statement A

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| Deferred Inflows of Resources | | | |
| Unavailable Revenues | 3,343,412 | - | 3,343,412 |
| Deferred Inflows - Pension Obligation | 530,394 | 45,063 | 575,457 |
| Deferred Inflows - Other Postemployment Benefits | 4,330,520 | 757,849 | 5,088,369 |
| Total Deferred Inflows of Resources | 8,204,326 | 802,912 | 9,007,238 |
| Net Position | | | |
| Net Investment in Capital Assets | 32,803,778 | 26,233,917 | 59,037,695 |
| Restricted for: | | | |
| Expendable | | | |
| Perpetual Care | 3,653 | - | 3,653 |
| Debt Service | 1,232,667 | - | 1,232,667 |
| FHA Loan Program | 255,362 | - | 255,362 |
| Drug Forfeiture | 41,176 | - | 41,176 |
| Tree Mitigation | 8,705 | - | 8,705 |
| State and Federal Grants | 303,000 | - | 303,000 |
| Nonexpendable | | | |
| Prepaid Expenditures | 82,265 | - | 82,265 |
| Permanent Fund | 24,955 | - | 24,955 |
| Unrestricted | 7,852,073 | 4,688,838 | 12,540,911 |
| Total Net Position | \$ 42,607,634 | \$ 30,922,755 | \$ 73,530,389 |

The accompanying notes are an integral part of these financial statements.

CITY OF COVINGTON, LOUISIANA
Statement of Activities
For the Year Ended December 31, 2022

Statement B

| Functions / Programs | Expenses | Program Revenues | | | Net Revenue (Expense) and Change in Net Position | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|---------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities | | | | | | | |
| General Government | \$ 5,800,360 | \$ 1,742,350 | \$ - | \$ - | \$ (4,058,010) | \$ - | \$ (4,058,010) |
| Public Safety - Police | 5,306,532 | 78,727 | - | 100,000 | (5,127,805) | - | (5,127,805) |
| Public Safety - Fire | 2,879,337 | - | - | - | (2,879,337) | - | (2,879,337) |
| Public Works | 4,337,837 | 83,311 | - | 633,297 | (3,621,229) | - | (3,621,229) |
| Culture and Recreation | 884,378 | 234,001 | - | - | (650,377) | - | (650,377) |
| Interest on Long-Term Debt | 51,594 | - | - | - | (51,594) | - | (51,594) |
| Total Governmental Activities | 19,260,038 | 2,138,389 | - | 733,297 | (16,388,352) | - | (16,388,352) |
| Business-Type Activities | | | | | | | |
| Water | 3,032,858 | 2,216,801 | - | - | - | (816,057) | (816,057) |
| Sewer | 1,491,862 | 2,500,311 | - | - | - | 1,008,449 | 1,008,449 |
| Garbage | 1,052,934 | 1,059,743 | - | - | - | 6,809 | 6,809 |
| Total Business-Type Activities | 5,577,654 | 5,776,855 | - | - | - | 199,201 | 199,201 |
| Total | \$ 24,837,692 | \$ 7,915,244 | \$ - | \$ 733,297 | (16,388,352) | 199,201 | (16,189,151) |
| General Revenues | | | | | | | |
| Taxes | | | | | | | |
| Sales Taxes | | | | | 17,373,758 | - | 17,373,758 |
| Property Taxes | | | | | 3,303,400 | - | 3,303,400 |
| Franchise Taxes | | | | | 943,484 | - | 943,484 |
| Other General Revenues | | | | | 284,304 | - | 284,304 |
| Other Revenues | | | | | | | |
| Interest and Penalties | | | | | 361,522 | 65,668 | 427,190 |
| Non-Employer Contribution | | | | | | | |
| Revenue | | | | | 373,687 | 31,006 | 404,693 |
| Transfers | | | | | | | |
| | | | | | (2,208,658) | 2,208,658 | - |
| Total General Revenues, Other Revenues, and Transfers | | | | | | | |
| | | | | | 20,431,497 | 2,305,332 | 22,736,829 |
| Change in Net Position | | | | | | | |
| | | | | | 4,043,145 | 2,504,533 | 6,547,678 |
| Net Position, Beginning of Year, Restated | | | | | | | |
| | | | | | 38,564,489 | 28,418,222 | 66,982,711 |
| Net Position, End of Year | | | | | | | |
| | | | | | \$ 42,607,634 | \$ 30,922,755 | \$ 73,530,389 |

The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

CITY OF COVINGTON, LOUISIANA
Balance Sheet
Governmental Funds
December 31, 2022

Statement C

| | General Fund | A3 Sales Tax Fund | State and Federal Grants Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|-------------------------------|------------------------------|--------------------------|
| Assets | | | | | |
| Cash and Cash Equivalents | \$ 27,881,650 | \$ - | \$ - | \$ 478,997 | \$ 28,360,647 |
| Equity in Pooled Cash | - | 7,852,155 | 2,536,487 | 796,120 | 11,184,762 |
| Investments - LAMP | 4,339,109 | - | - | - | 4,339,109 |
| Restricted Cash and Cash Equivalents | 255,362 | - | - | - | 255,362 |
| Certificates of Deposits | - | - | - | 302,455 | 302,455 |
| Receivables | | | | | |
| Property Tax | 2,212,583 | - | - | 515,610 | 2,728,193 |
| Sales Tax | 1,479,986 | 411,755 | - | - | 1,891,741 |
| Grants Receivable | - | - | 1,182,585 | - | 1,182,585 |
| Other | 11,270 | - | - | - | 11,270 |
| Prepaid Expenditures | 82,265 | - | - | - | 82,265 |
| Due from Other Funds | 50,422 | - | - | - | 50,422 |
| Total Assets | \$ 36,312,647 | \$ 8,263,910 | \$ 3,719,072 | \$ 2,093,182 | \$ 50,388,811 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$ 836,605 | \$ 61,328 | \$ 63,320 | \$ - | \$ 961,253 |
| Deficit in Pooled Cash | 18,400,652 | - | - | - | 18,400,652 |
| Accrued Payroll Expenditures | 53,532 | - | - | - | 53,532 |
| Due to Other Funds | 22,000 | 2,652 | 1,366 | 35,787 | 61,805 |
| Total Liabilities | 19,312,789 | 63,980 | 64,686 | 35,787 | 19,477,242 |
| Deferred Inflows of Resources | | | | | |
| Unavailable Revenues | 3,129 | - | 3,351,386 | - | 3,354,515 |
| Total Deferred Inflows of Resources | 3,129 | - | 3,351,386 | - | 3,354,515 |
| Fund Balances | | | | | |
| Nonspendable | | | | | |
| Prepaid Expenditures | 82,265 | - | - | - | 82,265 |
| Permanent Fund | - | - | - | 24,955 | 24,955 |
| Restricted for: | | | | | |
| Perpetual Care | - | - | - | 3,653 | 3,653 |
| Debt Services | - | - | - | 1,232,667 | 1,232,667 |
| FHA Loan Program | 255,362 | - | - | - | 255,362 |
| Drug Forfeiture | - | - | - | 41,176 | 41,176 |
| Tree Mitigation | - | - | - | 8,705 | 8,705 |
| State and Federal Grants | - | - | 303,000 | - | 303,000 |
| Committed | | | | | |
| Capital Outlay | - | 8,199,930 | - | 746,239 | 8,946,169 |
| Assigned | | | | | |
| 2022 Operating Budget | 2,860,670 | - | - | - | 2,860,670 |
| Contingency | 2,707,635 | - | - | - | 2,707,635 |
| Unassigned | 11,090,797 | - | - | - | 11,090,797 |
| Total Fund Balances | 16,996,729 | 8,199,930 | 303,000 | 2,057,395 | 27,557,054 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 36,312,647 | \$ 8,263,910 | \$ 3,719,072 | \$ 2,093,182 | \$ 50,388,811 |

The accompanying notes are an integral part of these financial statements.

CITY OF COVINGTON, LOUISIANA
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
December 31, 2022

Statement D

| | |
|---|----------------------|
| Fund Balances - Total Governmental Funds | \$ 27,557,054 |
|---|----------------------|

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

| | | |
|--------------------------------|---------------------|------------|
| Governmental Capital Assets | \$ 63,690,391 | |
| Less: Accumulated Depreciation | <u>(28,399,217)</u> | 35,291,174 |

| | |
|--|-----------|
| Deferred outflows of resources - pension used in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental funds. | 6,029,591 |
|--|-----------|

| | |
|---|-----------|
| Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | (530,394) |
|---|-----------|

| | |
|---|-----------|
| Deferred outflows of resources - OPEB used in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental funds. | 3,407,819 |
|---|-----------|

| | |
|--|-------------|
| Deferred inflows of resources - OPEB used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | (4,330,520) |
|--|-------------|

| | |
|--|--------|
| Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds balance sheet. | 11,103 |
|--|--------|

| | |
|---|--------|
| Deferred inflows of resources - debt refunding are currently expended in the governmental fund; whereas they are capitalized and amortized over the life of the respective debt in the statement of net position. | 67,909 |
|---|--------|

Long-term liabilities, including bonds payable, net OPEB liability, net pension liability, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds:

| | | |
|--|--------------------|--------------|
| Accrued Interest on Bonds | (10,450) | |
| Compensated Absences | (618,145) | |
| Capital Lease Obligation | (442,396) | |
| General Obligation Bonds | (2,045,000) | |
| Net Pension Liability | (15,506,400) | |
| Net Other Postemployment Benefit Liability | <u>(6,273,711)</u> | (24,896,102) |

| | |
|--|-----------------------------|
| Net Position of Governmental Activities | <u>\$ 42,607,634</u> |
|--|-----------------------------|

The accompanying notes are an integral part of these financial statements.

CITY OF COVINGTON, LOUISIANA
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

Statement E

| | General Fund | A3 Sales Tax Fund | State and Federal Grants Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|----------------------|----------------------|-------------------------------------|------------------------------------|--------------------------------|
| Revenues | | | | | |
| Taxes | | | | | |
| Sales Taxes | \$ 13,098,189 | \$ 4,275,569 | \$ - | \$ - | \$ 17,373,758 |
| Property Taxes | 2,730,846 | - | - | 572,554 | 3,303,400 |
| Franchise Taxes | 943,484 | - | - | - | 943,484 |
| Licenses and Permits | 1,430,081 | - | - | - | 1,430,081 |
| Other Revenues | 277,746 | - | - | - | 277,746 |
| Fines and Forfeitures | 78,727 | - | - | 6,558 | 85,285 |
| Charges for Services | 203,533 | - | - | 113,779 | 317,312 |
| Intergovernmental Revenues | 312,269 | - | - | - | 312,269 |
| Interest and Penalties | 235,980 | 116,544 | - | 8,998 | 361,522 |
| State and Federal Grants | - | - | 733,297 | - | 733,297 |
| Total Revenues | 19,310,855 | 4,392,113 | 733,297 | 701,889 | 25,138,154 |
| Expenditures | | | | | |
| Current | | | | | |
| General Government | 4,186,552 | 49,382 | - | 440 | 4,236,374 |
| Public Safety - Police | 5,048,737 | - | - | - | 5,048,737 |
| Public Safety - Fire | 2,619,735 | - | - | - | 2,619,735 |
| Public Works | 2,503,279 | - | - | - | 2,503,279 |
| Culture and Recreation | 766,222 | - | - | - | 766,222 |
| Capital Outlay | 2,672,966 | 1,076,308 | 75,760 | - | 3,825,034 |
| Debt Service | | | | | |
| Principal | 255,502 | - | - | 380,000 | 635,502 |
| Interest | 17,035 | - | - | 37,772 | 54,807 |
| Total Expenditures | 18,070,028 | 1,125,690 | 75,760 | 418,212 | 19,689,690 |
| Deficiency of Revenues Over Expenditures | 1,240,827 | 3,266,423 | 657,537 | 283,677 | 5,448,464 |
| Other Financing Sources (Uses) | | | | | |
| Transfers In | 17,335,973 | - | - | - | 17,335,973 |
| Transfers Out | (17,230,189) | (1,627,132) | (687,310) | - | (19,544,631) |
| Total Other Financing Sources (Uses) | 105,784 | (1,627,132) | (687,310) | - | (2,208,658) |
| Net Change in Fund Balances | 1,346,611 | 1,639,291 | (29,773) | 283,677 | 3,239,806 |
| Fund Balances, Beginning of Year | 15,650,118 | 6,560,639 | 332,773 | 1,773,718 | 24,317,248 |
| Fund Balances, End of Year | \$ 16,996,729 | \$ 8,199,930 | \$ 303,000 | \$ 2,057,395 | \$ 27,557,054 |

The accompanying notes are an integral part of these financial statements.

CITY OF COVINGTON, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2022

Statement F

| | |
|--|----------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 3,239,806 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period. | 886,453 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 373,683 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 380,000 |
| Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. | 255,502 |
| Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year. | 49,169 |
| Other postemployment benefit liability reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds. | (95,615) |
| Cash pension contributions reported in the funds were less than the calculated pension expense on the statement of activities and, therefore, decrease net position. | (1,049,070) |
| Amortization of Loss on Refunding | (16,025) |
| Difference in interest cost on the modified accrual basis as reported in the fund statements versus interest expense on the full accrual basis. | 19,238 |
| Change in Net Position of Governmental Activities | <u>\$ 4,043,141</u> |

The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
PROPRIETARY FUNDS**

CITY OF COVINGTON, LOUISIANA
Statement of Net Position
Proprietary Fund
December 31, 2022

Statement G

Assets

Current Assets

| | |
|---|-----------|
| Cash and Cash Equivalents | \$ 425 |
| Equity in Pooled Cash | 7,215,890 |
| Accounts Receivable, Net of Uncollectible | 960,665 |
| Prepaid Expenses | 7,745 |
| Due from Other Funds | 22,000 |

Total Current Assets 8,206,725

Non-Current Assets

| | |
|---|-------------------|
| Capital Assets, Net of Accumulated Depreciation | <u>26,233,917</u> |
|---|-------------------|

Total Non-Current Assets 26,233,917

Total Assets 34,440,642

Deferred Outflows of Resources

| | |
|---|----------------|
| Deferred Outflows - Pension Plans | 553,444 |
| Deferred Outflows - Other Postemployment Benefits | <u>596,376</u> |

Total Deferred Outflows of Resources 1,149,820

Liabilities

Current Liabilities

| | |
|-------------------------|---------------|
| Accounts Payable | 471,711 |
| Accrued Payroll Expense | 41,831 |
| Customer Deposits | 434,356 |
| Due to Other Funds | <u>10,617</u> |

Total Current Liabilities 958,515

Non-Current Liabilities

| | |
|--|------------------|
| Unearned Revenues | 86 |
| Net Pension Liability | 1,808,279 |
| Net Other Postemployment Benefit Liability | <u>1,097,915</u> |

Total Non-Current Liabilities 2,906,280

Total Liabilities 3,864,795

Deferred Inflows of Resources

| | |
|--|----------------|
| Deferred Inflows - Pension Plans | 45,063 |
| Deferred Inflows - Other Postemployment Benefits | <u>757,849</u> |

Total Deferred Inflows of Resources 802,912

Net Position

| | |
|----------------------------------|------------------|
| Net Investment in Capital Assets | 26,233,917 |
| Unrestricted Net Position | <u>4,688,838</u> |

Total Net Position \$ 30,922,755

The accompanying notes are an integral part of these financial statements.

CITY OF COVINGTON, LOUISIANA
Statement of Revenues, Expenses, and Changes in
Net Position
Proprietary Fund
For the Year Ended December 31, 2022

Statement H

| | |
|---|----------------------|
| Operating Revenues | |
| Sewer Maintenance Fees | \$ 2,422,222 |
| Water Revenues | 1,991,608 |
| Garbage Collection Fees | 1,059,743 |
| Miscellaneous | 93,480 |
| Water Installations | 82,945 |
| DHH Fee | 65,489 |
| Connection Fees | 48,768 |
| Non-Employer Contribution Revenue | 31,006 |
| Sewer Installations | 12,600 |
| Total Operating Revenues | 5,807,861 |
| Operating Expenses | |
| Sewer Department Expenses | 1,491,862 |
| Water Department Expenses | 1,276,352 |
| Garbage Department Expenses | 1,052,934 |
| Depreciation | 1,756,506 |
| Total Operating Expenses | 5,577,654 |
| Operating Income | 230,207 |
| Nonoperating Revenues (Expenses) | |
| Interest Income | 65,668 |
| Total Nonoperating Revenues (Expenses) | 65,668 |
| Income Before Transfers | 295,875 |
| Transfers | |
| Transfers In | 2,208,658 |
| Change in Net Position | 2,504,533 |
| Net Position, Beginning of Year | 28,418,222 |
| Net Position, End of Year | \$ 30,922,755 |

The accompanying notes are an integral part of these financial statements.

CITY OF COVINGTON, LOUISIANA
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2022

Statement I

| | |
|--|----------------------------|
| Cash Flows from Operating Activities | |
| Receipts from Customers and Users | \$ 5,690,852 |
| Other Receipts | 93,480 |
| Payments to Suppliers | (2,443,944) |
| Payments to Employees | <u>(1,355,773)</u> |
| Net Cash Provided by Operating Activities | <u>1,984,615</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Purchase of Capital Assets | (3,411,399) |
| Transfers In | <u>2,208,658</u> |
| Net Cash Used in Capital and Related Financing Activities | <u>(1,202,741)</u> |
| Cash Flows from Investing Activities | |
| Interest Earned on Investments | <u>65,668</u> |
| Net Cash Provided by Investing Activities | <u>65,668</u> |
| Net Increase in Cash and Cash Equivalents | 847,542 |
| Cash and Cash Equivalents, Beginning of Year | <u>6,368,773</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 7,216,315</u></u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | |
| Operating Income | \$ 230,207 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities | |
| Depreciation | 1,756,506 |
| (Increase) Decrease in: | |
| Accounts Receivable | (46,669) |
| Deferred Outflows - Pension Plans | (340,935) |
| Deferred Outflows - Other Postemployment Benefits | 28,013 |
| Increase (Decrease) in: | |
| Accounts Payable | 158,348 |
| Accrued Payroll Expenses | 11,569 |
| Customer Deposits | 23,140 |
| Net Pension Liability | 577,061 |
| Net Other Postemployment Benefit Liability | (227,561) |
| Deferred Inflows - Pension Plans | (401,345) |
| Deferred Inflows - Other Postemployment Benefits | <u>216,281</u> |
| Net Cash Provided by Operating Activities | <u><u>\$ 1,984,615</u></u> |

The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
FIDUCIARY FUND**

CITY OF COVINGTON, LOUISIANA
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2022

Statement J

Assets

Current Assets

| | |
|---------------------------|----------------|
| Cash and Cash Equivalents | \$ 58,495 |
| Accrued Interest | 5,484 |
| Investments | <u>959,605</u> |

| | |
|---------------------|----------------------------|
| Total Assets | <u>\$ 1,023,584</u> |
|---------------------|----------------------------|

Net Position

| | |
|--|------------------|
| Restricted for Other Postemployment Benefits | <u>1,023,584</u> |
|--|------------------|

| | |
|---------------------------|----------------------------|
| Total Net Position | <u>\$ 1,023,584</u> |
|---------------------------|----------------------------|

The accompanying notes are an integral part of these financial statements.

CITY OF COVINGTON, LOUISIANA
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2022

Statement K

Additions

| | |
|---|-----------------|
| Investment Income | |
| Interest and Dividends | \$ 23,935 |
| Net Depreciation in Fair Value of Investments | (70,853) |
| Investment Expense | <u>(8,622)</u> |
| Total Additions | <u>(55,540)</u> |

Deductions

| | |
|-------------------------|--------------|
| Bank Charges | <u>4,480</u> |
| Total Deductions | <u>4,480</u> |

| | |
|-------------------------------|----------|
| Change in Net Position | (60,020) |
|-------------------------------|----------|

| | |
|--|------------------|
| Net Position, Beginning of Year | <u>1,083,604</u> |
|--|------------------|

| | |
|----------------------------------|----------------------------|
| Net Position, End of Year | <u><u>\$ 1,023,584</u></u> |
|----------------------------------|----------------------------|

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The City of Covington, Louisiana (the City), was incorporated in 1813. The current City Code, as adopted in 2002, authorizes the following services: public safety - fire, public safety - police, public works, recreation, and general administrative services. Education, health, and welfare are administered by other governmental entities.

Reporting Entity

The City is a municipal corporation governed by an elected mayor and seven-member governing council (the Council). The accompanying financial statements present the City as the primary government. The accounting policies of the City conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The more significant accounting policies used by the City are described below.

In evaluating the City as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity*, of the Governmental Accounting Standards Board (GASB) Codification. As such, the City has no component units.

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

The City has seven council members which serve four year terms. Three of the council members were elected for an additional term in 2019. The council members are elected by majority vote. The City covers an approximately eight square-mile area and has approximately 10,464 residents. The City has approximately 200 employees who encompass police, fire, public works, recreation, and general administration employees. The City operates a water department and a sewerage department.

Government-Wide Financial and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide Financial and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds, proprietary fund, and fiduciary fund, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary fund and other postemployment benefit trust are reported using the economic resources measurement focus and the accrual basis of accounting.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's wastewater and sanitation services functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary fund. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund. Revenues are derived primarily from property and sales taxes, licenses and permits, interest and penalties, and other revenues. At December 31, 2022, there was a minimum fund balance of \$3,081,411 which consists of approximately two months of expenditures.

The *A3 Sales Tax Fund* is used to account for tax revenues derived from sales tax received within the geographic boundaries of the annexation area to finance development within that area. The A3 sales tax fund revenues are committed to fund capital outlay projects of the City.

The *State and Federal Grants Fund* is used to account for state and federal grants that are restricted to expenditures for specified purposes.

Additionally, the City reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects.

The Debt Service Funds are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Capital Projects Funds account for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

The Perpetual Care Permanent Fund is used to account for resources legally held in trust to finance maintenance for the City's municipal cemeteries. The revenues designated for perpetual care are placed in trust and the interest earned is transferred to the General Fund.

The Proprietary Fund accounts for the water, sewer, and garbage services it provides to the residents and businesses of the City.

The OPEB Trust Fund accounts for the activities of the General Employees' OPEB trust investments, which accumulate resources for OPEB benefit payments to qualified employees.

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, A3 Sales Tax Fund, Debt Service Funds, Special Revenue Funds, and Capital Projects Funds. The Capital Projects Funds are appropriated on a project-length basis. Certain Special Revenue Funds and the Permanent Fund do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - LAMP

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in the Louisiana Asset Management Pool (LAMP). The Louisiana Asset Management Pool meets all of the specified criteria in Section 150: *Investments*, to qualify to elect to measure its investments at amortized cost. Accordingly, the fair value of the City's position in the pool is equal to the value of the pooled shares.

Louisiana Revised Statute (R.S.) 33:2955 allows the investment in direct United States Treasury obligations; bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. government instrumentalities, which are federally sponsored; direct security repurchase agreements of any federal book-entry-only securities guaranteed by the U.S. government; time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana; savings accounts or shares of certain savings and loan associations and savings banks; certain accounts of federally- or state-chartered credit unions, and certain mutual or trust fund institutions.

Restricted Cash and Cash Equivalents

Certain assets of the City are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Restricted cash and cash equivalents are for funds generated from the FHA loans for the purpose of making loans to area businesses at low interest rates to promote economic development.

Receivables

Unbilled Receivables - An amount for unbilled revenue is recorded in the Utility Fund for services rendered, but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to fiscal year-end and prorated for usage in December.

Allowance for Doubtful Accounts - Accounts receivable have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 90 days are subject to being considered as uncollectible.

Unavailable Revenue - Unavailable revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)
Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" within the fund financial statements. Long-term borrowings between funds are classified as "advances to other funds" or "advances from other funds" in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which is reported in the government-wide financial statements as internal balances.

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when a fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are netted as part of the reconciliation to the government-wide presentation.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years.

In accordance with GASB Codification, the City has elected to not capitalize infrastructure retroactively. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Capital Assets (Continued)

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

| Description | Estimated Useful Lives |
|-------------------------------|-------------------------------|
| Building | 10 - 40 Years |
| Improvements | 5 - 40 Years |
| Vehicles | 5 - 10 Years |
| Tools and Equipment | 5 - 25 Years |
| Infrastructure | 10 - 40 Years |
| Sewer Plant and Lines | 5 - 40 Years |
| Water Wells, Tanks, and Lines | 5 - 40 Years |

Right-to-Use Assets

The City has recorded right-to-use lease assets as a result of implementing GASB Statement No. 87. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use lease assets are amortized on a straight-line basis over the life of the related lease.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has three (3) items that qualify for reporting as deferred outflows of resources - pension deferrals, OPEB deferrals, and deferred loss on refunding - which are reported in the government-wide and proprietary fund statements of net position. The deferred amount on refunding results from debt refinancing, whereby the reacquisition price of the funding debt instruments exceeds their net carrying amount. The deferred amount on refunding is amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pension and OPEB deferrals will be recognized as an expense in future reporting years.

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three (3) items that qualify for reporting as deferred inflows of resources - pension deferrals, OPEB deferrals, and unavailable revenue. The deferred inflows related to pension and OPEB deferrals will be recognized as a reduction to expense in future reporting years.

Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues related to grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

City employees earn vacation and sick benefits on an escalating scale based on years of service at the beginning of each fiscal year. City employees are not allowed to carry over vacation benefits but are allowed to carry over sick benefits up to a maximum of 720 hours. At the time of termination, city employees are paid for any accumulated unused vacation benefits; however, sick benefits are not paid at termination.

Civil service employees earn vacation benefits on an escalating scale based on years of service at the beginning of each fiscal year and are allowed to carry over up to 500 hours. Police employees earn sick benefits on a monthly basis, while fire employees must adhere to R.S. 33:1995, which allows up to 52 weeks of sick benefits. All civil service employees are allowed to roll over unlimited sick benefits; however, at termination, only accumulated unused sick benefits up to 500 hours are paid.

The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. As a result, the amount of accumulated annual leave payable in the government-wide financial statements at December 31, 2022 is \$618,145.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded as adjustments to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs - Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)
Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System, Municipal Police Employees' Retirement System, and the Firefighters' Retirement System, and additions to/deductions from these retirement systems' fiduciary net positions have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Categories and Classification of Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets - The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflow of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)
Categories and Classification of Net Position (Continued)

Restricted Net Position - Consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments or by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Categories and Classification of Fund Equity

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Non-Spendable Fund Balance - Non-spendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed Fund Balance - The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Categories and Classification of Fund Equity (Continued)

Assigned Fund Balance - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution authorized the Mayor or the Council's designee established in the City's Fund Balance Policy to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, no additional action is essential to either remove or revise a commitment.

Unassigned Fund Balance - Unassigned fund balance is the residual classification for the General Fund and Non-Major Funds. The General Fund is the only fund which may report a positive unassigned fund balance.

Fund Balance Policies - Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Fund Balance Flow Assumptions - Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Revenues and Expenditures/Expenses

Program Revenues - Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Revenues and Expenditures/Expenses (Continued)

Property Taxes - Property taxes are due on December 31st and become delinquent if not paid by January 1st. Ad Valorem taxes are recorded as revenues when levied. Tax liens are filed on all unpaid bills. The City bills property taxes using the assessed values determined by the tax assessor of St. Tammany Parish. The St. Tammany Parish Sheriff collects property taxes and remits taxes to the City, as collected.

Total property tax revenue for the year ended December 31, 2022 was \$3,303,400 and is recorded in the funds as follows: General Fund - \$2,730,846 and General Obligation Debt Service Fund - \$572,554.

Proprietary Fund Operating and Non-Operating Revenues and Expenses - The Proprietary Fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Proprietary Fund's principal ongoing operations. Principal operating revenues for the City's Proprietary Fund consist of charges to customers and users of its water, sewer, and garbage services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the City's own programs. The fiduciary fund categories within this ACFR include one Other Postemployment Benefits Fund. This type of fund is used to report resources required to be held in trust for the members and beneficiaries of the City, which was established in 2018 for the purpose of providing postemployment retiree medical benefits for the City's eligible retirees.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded as reservations of budget, is employed as an extension of the statutory required budgetary process. At year-end, outstanding encumbrances represent material purchase commitments for goods and services which were ordered, budgeted, and appropriated, but had not been received or completed as of that date. Although encumbrances lapse at year-end, it is the intention to substantially honor these encumbrances under authority provided in the subsequent year's budget. Total encumbrances as of December 31, 2022 were as follows:

| | Amount |
|----------------------|----------------------------|
| General Fund | \$ 2,621,908 |
| Special Revenue Fund | |
| A3 Sales Tax Fund | <u>3,513,385</u> |
| Total | <u><u>\$ 6,135,293</u></u> |

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make various estimates. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements - Adopted

Effective with the fiscal year ended December 31, 2022, the City has implemented GASB Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Recently Issued Accounting Pronouncements

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

Note 2. Detailed Notes on All Funds

Deposits and Investments

The City is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the United States, or laws of the United States. Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. State Law R.S. 39:1225 provides that the amount of the security shall at all times be equal to 100% of the amount on deposit to the credit of each depositing authority, except that portion of the deposits insured by the United States.

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 2. Detailed Notes on All Funds (Continued)

Deposits and Investments (Continued)

Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The City's deposits are stated at cost, which approximates fair value. The deposits are categorized as follows at December 31, 2022:

| | Carrying Amount | Bank Balance |
|-------------------------|----------------------|----------------------|
| Demand Deposits | \$ 28,616,434 | \$ 29,155,144 |
| Certificates of Deposit | 302,455 | 302,455 |
| Total | \$ 28,918,889 | \$ 29,457,599 |

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be recovered. As of December 31, 2022, the City's bank balance was not exposed to custodial credit risk. As of December 31, 2022, \$28,655,144 of deposits were secured by the pledge of securities owned by the fiscal agent bank.

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. The City was in compliance with the deposit and investment laws and regulations as of December 31, 2022.

Deposits available within various funds, except the OPEB Trust Fund, were consolidated for investment purposes. Interest earned was allocated to the various funds based on their average cash and investment balances. The OPEB Trust Fund is authorized to invest in corporate bonds and stocks, money markets funds, and mortgages and notes.

As of December 31, 2022, the City's OPEB investments are held in the form of U.S. government bonds and corporate bonds through a financial brokerage firm.

Interest Rate Risk - Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The City's investment policy limits interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements.

Note 2. Detailed Notes on All Funds (Continued)

Deposits and Investments (Continued)

Credit Risk - Section 150 - *Investments*, of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The City's investment policy and the investment policy for the City's OPEB Trust limits investment to securities with specific ranking criteria.

Concentration Risk - Section 150 - *Investments*, of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, external investment pools, and other pooled investments. The City's investment policy does not address concentration risk. The OPEB Trust restricts the percentage of assets that may be held in the stock of any one company and the bonds issued by any one issuer.

Fair Value - GASB Codification Section 3100 - *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability; and
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 2. Detailed Notes on All Funds (Continued)

Deposits and Investments (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the City's assets at fair value as of December 31, 2022:

| Fiduciary Fund | Fair Value | Maturities (in years) | | | Level |
|---------------------------|-------------------|-----------------------|-------------------|-------------------|-------|
| | | Less than 1 | 1 - 5 | More than 5 | |
| Money Market Funds | \$ 84,134 | \$ 84,134 | \$ - | \$ - | 1 |
| Debt Securities - U.S. | | | | | |
| Government Obligations | 140,074 | 48,029 | 92,045 | - | 1 |
| Debt Securities - U.S. | | | | | |
| Government Obligations | 178,906 | - | 178,906 | - | 2 |
| Debt Securities - | | | | | |
| Corporate Bonds | 422,738 | 104,601 | 124,547 | 193,590 | 1 |
| Debt Securities - | | | | | |
| Corporate Bonds | 133,753 | 34,729 | 99,024 | | 2 |
| Total | <u>\$ 959,605</u> | <u>\$ 271,493</u> | <u>\$ 494,522</u> | <u>\$ 193,590</u> | |

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2022.

Debt and Equity Securities - Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique based on the price or yield of similar debt securities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 2. Detailed Notes on All Funds (Continued)

Accounts Receivable

For the Utility Fund, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered for the period from the last billing date to December 31, 2022 (unbilled receivable), is estimated and accrued at year-end. The allowance for uncollectible accounts at December 31, 2022 was \$154,114. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

All accounts receivable are shown net of allowances for uncollectable accounts for governmental funds. Property taxes are considered fully collected (97% of the levy) during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are uncollectable as of December 31, 2022. There are no other reserves for receivables recorded by the City as of December 31, 2022.

The accounts receivable and allowance for uncollectible accounts at December 31, 2022, were as follows:

Governmental Funds

| | |
|-------------------|--------------|
| Property Tax | \$ 2,728,193 |
| Sales Tax | 1,891,741 |
| Grants Receivable | 1,182,585 |
| Other Receivables | 11,270 |

| | |
|---------------------------------|------------------|
| Total Governmental Funds | 5,813,789 |
|---------------------------------|------------------|

Proprietary Fund

| | |
|----------------------|-----------|
| Under 30 Days | 444,881 |
| 31 to 60 Days | 16,056 |
| 61 to 90 Days | 9,074 |
| Over 91 Days | 32,013 |
| Less Allowance | (154,114) |
| | 347,910 |
| Unbilled Receivables | 612,755 |

| | |
|-------------------------------|----------------|
| Total Proprietary Fund | 960,665 |
|-------------------------------|----------------|

| | |
|---------------------------------------|---------------------|
| Total Accounts Receivable, Net | \$ 6,774,454 |
|---------------------------------------|---------------------|

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 2. Detailed Notes on All Funds (Continued)

Investments - LAMP

Investments - LAMP of \$4,339,109, which are stated at fair value using published market quotes for those securities at December 31, 2022, consist of shares in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with R.S. 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- *Credit Risk:* LAMP is rated AAAm by Standard & Poor's.
- *Custodial Credit Risk:* LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- *Concentration of Credit Risk:* Pooled investments are excluded from the 5 percent disclosure requirement.
- *Interest Rate Risk:* LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments was 52 as of December 31, 2022.
- *Foreign Currency Risk:* Not applicable.

Investments in LAMP are stated at amortized cost based on quoted market rates. The fair value is determined on a weekly basis by LAMP, and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 2. Detailed Notes on All Funds (Continued)

Investments - LAMP (Continued)

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the Securities and Exchange Commission as an investment company.

If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

Capital Assets

The following is a summary of the changes in capital assets for governmental activities for the year ended December 31, 2022:

| Governmental Activities | Balance 12/31/2021 | Increases | Decreases | Balance 12/31/2022 |
|--|-----------------------|---------------------|-----------------------|-----------------------|
| Capital Assets Not Depreciated | | | | |
| Land | \$ 807,452 | \$ - | \$ - | \$ 807,452 |
| Construction in Progress | 1,580,773 | 2,608,927 | (2,209,455) | 1,980,245 |
| Total Capital Assets Not Depreciated | 2,388,225 | 2,608,927 | (2,209,455) | 2,787,697 |
| Capital Assets Being Depreciated | | | | |
| Building | 9,702,576 | 63,446 | - | 9,766,022 |
| Improvements | 9,733,456 | 676,348 | - | 10,409,804 |
| Vehicles | 5,571,327 | 240,884 | (72,039) | 5,740,172 |
| Tools and Equipment | 4,644,631 | 262,020 | - | 4,906,651 |
| Infrastructure | 27,833,018 | 2,247,026 | - | 30,080,044 |
| Total Capital Assets Being Depreciated | 57,485,008 | 3,489,724 | (72,039) | 60,902,693 |
| Less Accumulated Depreciation for: | | | | |
| Building | (3,538,671) | (191,274) | - | (3,729,945) |
| Improvements | (3,929,381) | (499,268) | - | (4,428,649) |
| Vehicles | (3,481,453) | (308,128) | 72,039 | (3,717,542) |
| Tools and Equipment | (3,549,217) | (231,768) | - | (3,780,985) |
| Infrastructure | (11,009,788) | (1,732,307) | - | (12,742,095) |
| Total Accumulated Depreciation | (25,508,510) | (2,962,745) | 72,039 | (28,399,216) |
| Total Capital Assets Being Depreciated, Net | 31,976,498 | 526,979 | - | 32,503,477 |
| Total | \$ 34,364,723 | \$ 3,135,906 | \$ (2,209,455) | \$ 35,291,174 |

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 2. Detailed Notes on All Funds (Continued)

Capital Assets (Continued)

As of December 31, 2022, construction in progress for governmental activities consisted of the following:

| Governmental Activities Project | Expended as of 12/31/22 | Amount Authorized | Committed Financing |
|--|-------------------------|---------------------|---------------------|
| Sealing Drive Improvements | \$ 3,950 | \$ 40,000 | \$ 36,050 |
| Jefferson Avenue Shared Path | 88,113 | 239,560 | 151,447 |
| Mile Branch Drainage | 123,005 | 219,518 | 96,513 |
| Transportation Consulting | 52,401 | 75,000 | 22,599 |
| Evidence Renovation | 57,765 | 57,804 | 39 |
| Lurline Drainage Improvements | 242,997 | 1,315,109 | 1,072,112 |
| U.S. 190 Utility Relocate | 430,144 | 650,000 | 219,856 |
| Ozone Park Field | 209,485 | 210,500 | 1,015 |
| Columbia Street Bridge Replacement | 132,365 | 256,470 | 124,105.00 |
| 2022 Downtown Drainage Repairs | 122,722 | 901,092 | 778,370 |
| Boston Street Overlay | 445,453 | 500,000 | 54,547 |
| Bogue Falaya Park Pavilion Bathroom Renovation | 9,064 | 100,000 | 90,936 |
| Menetre Boat Launch Improvements | 24,281 | 150,000 | 125,719 |
| Jahncke Overlay | 38,500 | 350,000 | 311,500 |
| Total | \$ 1,980,245 | \$ 5,065,053 | \$ 3,084,808 |

The following is a summary of the changes in capital assets for business-type activities for the year ended December 31, 2022:

| Business-Type Activities | Balance 12/31/2021 | Increases | Decreases | Balance 12/31/2022 |
|--|----------------------|---------------------|-----------------------|----------------------|
| Capital Assets Not Depreciated | | | | |
| Construction in Progress | \$ 1,667,001 | \$ 2,455,665 | \$ (1,525,449) | \$ 2,597,217 |
| Total Capital Assets Not Depreciated | 1,667,001 | 2,455,665 | (1,525,449) | 2,597,217 |
| Capital Assets Being Depreciated | | | | |
| Buildings | 1,075,552 | - | - | 1,075,552 |
| Sewer Plant and Lines | 34,530,851 | 1,879,845 | - | 36,410,696 |
| Water Wells, Tanks, and Lines | 10,883,889 | 551,420 | - | 11,435,309 |
| Total Capital Assets Being Depreciated | 46,490,292 | 2,431,265 | - | 48,921,557 |
| Less Accumulated Depreciation for: | | | | |
| Sewer Plant and Lines | (17,353,079) | (1,349,263) | - | (18,702,342) |
| Water Wells, Tanks, and Lines | (6,225,190) | (357,325) | - | (6,582,515) |
| Total Accumulated Depreciation | (23,578,269) | (1,706,588) | - | (25,284,857) |
| Total Capital Assets Being Depreciated, Net | 22,912,023 | 724,677 | - | 23,636,700 |
| Total | \$ 24,579,024 | \$ 3,180,342 | \$ (1,525,449) | \$ 26,233,917 |

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 2. Detailed Notes on All Funds (Continued)

Capital Assets (Continued)

As of December 31, 2022, construction in progress for business-type activities consisted of the following:

| Business-Type Activities Project | Expended as of 12/31/22 | Amount Authorized | Committed Financing |
|------------------------------------|-------------------------|---------------------|---------------------|
| Water Meters | \$ 670,910 | \$ 786,200 | \$ 115,290 |
| St. Paul's Wet Well Cleaning | 40,563 | 45,000 | 4,437 |
| W 16Th Avenue Water Production | 308,552 | 435,000 | 126,448 |
| Wastewater Improvement Phase 2 | 39,070 | 90,000 | 50,930 |
| U.S. 190 Sewer Lift Station | 135,331 | 420,000 | 284,669 |
| U.S. 190 Utility Relocation | 645,216 | 900,000 | 254,784 |
| U.S. 190 Liftstation & Sewer Force | 40,000 | 40,000 | - |
| River Forest Sewer Repair | 97,975 | 1,340,000 | 1,242,025 |
| Wastewater Belt Press | 57,200 | 1,200,000 | 1,142,800 |
| U.S. 190 Lift Station Upgrad | 562,400 | 1,953,560 | 1,391,160 |
| Total | \$ 2,597,217 | \$ 7,209,760 | \$ 4,612,543 |

For the year ended December 31, 2022, depreciation was charged to functions/programs of the City as follows:

| Governmental Activities | Amount |
|--|---------------------|
| General Government | \$ 528,621 |
| Public Safety - Police | 257,795 |
| Public Safety - Fire | 259,602 |
| Public Works | 1,798,571 |
| Culture and Recreation | 118,156 |
| Total Depreciation - Governmental Activities | \$ 2,962,745 |
| Business-Type Activities | Amount |
| Sewer Department | \$ 1,349,263 |
| Water Department | 407,243 |
| Total Depreciation - Business-Type Activities | \$ 1,756,506 |

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 2. Detailed Notes on All Funds (Continued)

Long-Term Debt and Liabilities

Long-term liabilities other than debt are normally liquidated by the General Fund. These include net OPEB liability, net pension liability, and compensated absences.

General Obligation Bonds and sales tax bonds are all direct placement and are comprised of the following individual issues:

| Governmental Activities | Date of Issuance | Authorized and Issued | Interest Rate | Maturity Date | Principal Outstanding |
|--------------------------|------------------|-----------------------|---------------|---------------|-----------------------|
| General Obligation Bonds | | | | | |
| Series 2016 - Refunding | 08/02/2016 | \$ 3,890,000 | 1.69% | 03/01/2027 | \$ 2,045,000 |

Total future principal and interest payments are as follows:

| Year Ending December 31, | General Obligation Bonds | | Total | |
|-----------------------------|--------------------------|------------------|---------------------|------------------|
| | Principal | Interest | Principal | Interest |
| 2023 | \$ 385,000 | \$ 31,307 | \$ 385,000 | \$ 31,307 |
| 2024 | 400,000 | 24,674 | 400,000 | 24,674 |
| 2025 | 410,000 | 17,830 | 410,000 | 17,830 |
| 2026 | 420,000 | 10,816 | 420,000 | 10,816 |
| 2027 | 430,000 | 3,634 | 430,000 | 3,634 |
| Total | \$ 2,045,000 | \$ 88,261 | \$ 2,045,000 | \$ 88,261 |

As of December 31, 2022, there is \$1,232,667 in restricted fund balance available in the Debt Service Funds to service the governmental activity bonds.

General Obligation Bonds are secured by an annual ad valorem tax levy. In accordance with R.S. 39:562, the City is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property in the City. At December 31, 2022, the City had not exceeded this statutory limit.

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 2. Detailed Notes on All Funds (Continued)

Long-Term Debt and Liabilities (Continued)

Defeasance of Debts

In 2011, the Council defeased \$745,000 of General Obligation Bonds by issuing \$777,000 in General Obligation Refunding Bonds, Series 2011. This advance refunding was undertaken to reduce total debt service payment by \$35,713 and resulted in an economic gain of \$85,092. The Council placed the proceeds of the new bonds in an irrevocable trust to provide for complete payment of the outstanding balance of the defeased bonds on March 1, 2012.

In 2016, the Council defeased \$3,755,000 of General Obligation Bonds by issuing \$3,890,000 in General Obligation Refunding Bonds, Series 2016. This advance refunding was undertaken to reduce total debt service payment by \$129,995 and resulted in an economic gain of \$162,319. The Council placed the proceeds of the new bonds in an irrevocable trust to provide for complete payment of the outstanding balance of the defeased bonds on March 1, 2017.

Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the City's financial statements.

Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions and total long-term liabilities of the City for the year ended December 31, 2022:

| | Balance 12/31/2021 | Additions | Retirements | Balance 12/31/2022 | Due Within One Year |
|------------------------------------|-----------------------|-------------------|-----------------------|-----------------------|------------------------|
| Governmental Activities | | | | | |
| General Obligation Bonds | \$ 2,425,000 | \$ - | \$ (380,000) | \$ 2,045,000 | \$ 385,000 |
| Finance Lease Liability | 697,898 | - | (255,502) | 442,396 | 259,410 |
| Compensated Absences | 667,314 | 468,678 | (517,847) | 618,145 | 376,869 |
| Total Long-Term Liabilities | \$ 3,790,212 | \$ 468,678 | \$ (1,153,349) | \$ 3,105,541 | \$ 1,021,279 |

Leases

During March 2019, the City entered into a five-year lease agreement as lessee for financing a fire truck. The lease agreement qualifies as a finance lease and has been recorded at the present value of the future minimum lease payments as of the date of inception. At December 31, 2022, the cost of the vehicle is \$947,195 and accumulated amortization totaled \$178,914. For the year ended December 31, 2022, amortization expense related to the leased fire truck totaled \$63,146.

During July 2021, the City entered into a five-year lease agreement as lessee for financing a walking excavator. The lease agreement qualifies as a capital lease and has been recorded at the present value of the future minimum lease payments as of the date of inception. At December 31, 2022, the cost of the excavator is \$300,895 and accumulated amortization totaled \$45,135. For the year ended December 31, 2022, amortization expense related to the excavator totaled \$30,090.

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 2. Detailed Notes on All Funds (Continued)

Long-Term Debt and Liabilities (Continued)

Leases (Continued)

The future lease payments under the lease agreements are as follows:

| Year Ending December 31, | Governmental Activities | |
|-----------------------------|-------------------------|------------------|
| | Principal | Interest |
| 2023 | \$ 259,410 | \$ 13,128 |
| 2024 | 59,347 | 5,036 |
| 2025 | 60,981 | 3,402 |
| 2026 | 62,658 | 1,725 |
| Total | \$ 442,396 | \$ 23,291 |

Note 3. Retirement Plans

Substantially all employees of the City are members of one of the following statewide retirement systems: Municipal Employees' Retirement System of Louisiana (the Municipal System), Municipal Police Employees' Retirement System of Louisiana (the Police System), or the Firefighters' Retirement System of Louisiana (the Firefighters' System). These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees.

Pertinent information relative to each plan follows:

General Information about the Pension Plans

Plan Descriptions/Benefits Provided

The Municipal System

The Municipal System administers a plan to provide retirement benefits to employees of all incorporated villages, towns, and cities within the State of Louisiana which do not have their own retirement system and which elect to become members of the Municipal System. The age and years of creditable service required in order for a member to receive retirement benefits are established by the plan and vary depending on the member's hire date, employer, and job classification.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is permanent and works at least 35 hours per week. Plan A members who were hired prior to January 1, 2013 may retire: 1) at any age with 25 years or more of creditable service, 2) at age 60 with at least 10 years of creditable service, or 3) at any age with 20 years of creditable service, exclusive of military service, with an actuarially reduced early benefit.

Note 3. Retirement Plans (Continued)

General Information about the Pension Plans (Continued)

Plan Descriptions/Benefits Provided (Continued)

The Municipal System (Continued)

For Plan A, in general, the monthly amount of the retirement allowance shall consist of an amount equal to 3.0 percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specific amounts.

The Police System

The Police System administers a plan to provide retirement benefits to employees of all full-time police officers employed by a municipality in the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. Benefit provisions are authorized within Act 189 of 1973 and amended by R.S. 11:2211-2233.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is a full-time police officer employed by a municipality. Members who were hired prior to January 1, 2013 may retire: 1) at any age with 25 years or more of creditable service, 2) at age 50 with at least 20 years of creditable service, 3) at age 55 with at least 12 years of creditable service, or 4) at any age with 20 years of creditable service, with an actuarially reduced benefit. For members hired after January 1, 2013, eligibility for retirement benefits is based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for retirement: 1) at any age with at least 25 years of creditable service, or 2) at age 55 with at least 12 years of creditable service. Under the Non-Hazardous Duty sub plan, a member is eligible for retirement: 1) at any age with at least 30 years of creditable service, 2) at age 55 with at least 25 years of creditable service, or 3) at age 60 with at least 10 years of service. Under both sub plans, a member is eligible for retirement at any age with at least 20 years of creditable service, with an actuarially reduced benefit from age 55.

For members hired prior to January 1, 2013, the benefit rates are 3½ percent of the average final compensation (average monthly earnings during the highest 36 consecutive months or joined months, if service was interrupted) times the number of years of creditable service, not to exceed 100 percent of final salary. For members hired after January 1, 2013, the benefit rates are 3 percent for the Hazardous Duty sub plan and 2½ percent for the Non-Hazardous Duty sub plan of the average final compensation (average monthly earnings during the highest 60 consecutive months or joined months, if service was interrupted) times the number of years of creditable service, not to exceed 100 percent of final salary.

Note 3. Retirement Plans (Continued)

General Information about the Pension Plans (Continued)

Plan Descriptions/Benefits Provided (Continued)

The Firefighters' System

The Firefighters' System is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. The system provides retirement benefits for its members. The projections of benefit payments in the calculation of the total pension liability include all benefits to be provided to current active and inactive employees through the system in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 434 of 1979 and amended by R.S. 11 : 2251-11: 2272. The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any person who becomes an employee as defined in R.S. 11:2252 on and after January 1, 1980, shall become a member as a condition of employment. Members in the system consist of fulltime firefighters, eligible employees of the retirement system, or any person in a position as defined in the municipal fire and police civil service system that earns at least \$375 per month, excluding state supplemental pay, and is employed by a fire department of any municipality, parish, or fire district of the State of Louisiana, except for Orleans Parish and the City of Baton Rouge.

No person who has attained age 50 or over shall become a member of the system, unless the person becomes a member by reason of a merger or unless the system received an application for membership before the applicant attained the age of 50. No person who has not attained the age of eighteen years shall become a member of the system.

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the State of Louisiana, its agencies, or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this system, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this system, or for any other purpose in order to attain eligibility or increase the amount of service credit in this system.

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 3. Retirement Plans (Continued)

General Information about the Pension Plans (Continued)

Disability Benefits

The Municipal System

For Plan A, a member shall be eligible to receive a disability benefit if he has at least 5 years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. A disabled member of Plan A shall be paid a disability benefit equal to the lesser of 45 percent of his final average compensation or 3 percent of his final average compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to 3 percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

Survivor Benefits

The Municipal System

Survivor benefits are available to the surviving spouse and/or minor children as outlined in the statutes, upon the death of any member of Plan A with 5 years or more of creditable service, who is not eligible for retirement. For any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

The Police System

Upon the death of the active contributing member, or disability retiree, the plan provides for benefits for the surviving spouse and minor children. Prior to January 1, 2013, under certain conditions outlined in the statutes, the benefits range from 40 to 60 percent of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10 percent of the member's average final compensation or \$200/month, whichever is greater. For members hired after January 1, 2013, under certain conditions outlined in the statutes, the benefits range from 25 to 55 percent of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10 percent of the member's average final compensation or \$200/ month, whichever is greater. If the deceased member had less than 10 years of service, the beneficiary will receive a refund of employee contributions only.

The Firefighters' System

Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256(B) and (C).

Note 3. Retirement Plans (Continued)

General Information about the Pension Plans (Continued)

Deferred Retirement Option Plan Benefits (DROP)

The Municipal System

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to 3 years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund. Interest is earned when the member has completed DROP participation. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, or any other method of payment if approved by the board of trustees. If employment is not terminated at the end of 3 years, payments into the DROP fund cease and the person resumes active contributing membership in the Municipal System.

The Police System

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the DROP for up to 36 months and defer the receipt of benefits. During participation in DROP, both the employee and employer contributions to the Police System cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum or a true annuity. If employment is not terminated at the end of 3 years, payments into the DROP fund cease and the person resumes active contribution membership in the Police System. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage return of the system's investment portfolio. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the system's investment portfolio return or a money market investment return, which could result in a negative earnings rate being applied to the account.

The Firefighters' System

After completing 20 years of creditable service and age 50, or 25 years at any age, a member may elect to participate in the DROP for up to 36 months.

Note 3. Retirement Plans (Continued)

General Information about the Pension Plans (Continued)

Deferred Retirement Option Plan Benefits (DROP) (Continued)

The Firefighters' System (Continued)

Upon commencement of participation in the DROP, employer and employee contributions to the system cease. Upon filing the application for the program, the employee's active membership in the system is terminated. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. Upon termination of employment, a participant in the program shall receive, at his option, a lump sum payment from the account or an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the system. No payments may be made from the deferred retirement option plan account until the participant retires.

Initial Benefit Option Plan

The Police System

In 1999, the State Legislature authorized the Police System to establish an Initial Benefit Option (IBO) Program. Members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on the same criteria as DROP.

The Firefighters' System

Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an IBO in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Cost-of-Living Adjustments

The Municipal System

The system is authorized under state statutes to grant a cost-of-living increase to members who have been retired for at least one year. The increase cannot exceed 2.0% of the eligible retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State statutes allow the Municipal System to grant an additional cost-of-living increase to all retirees and beneficiaries who are age 65 and above equal to 2.0% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Note 3. Retirement Plans (Continued)

General Information about the Pension Plans (Continued)

Cost-of-Living Adjustments (Continued)

The Police System

The board of trustees is authorized to provide annual cost-of-living adjustments (COLA) computed on the amount of the current regular retirement, disability, beneficiary, or survivor's benefit, not to exceed 3.0% in any given year. The board is authorized to provide an additional 2.0% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors, and beneficiaries who are 65 years or older on the cut-off date which determines eligibility. No regular retiree, survivor, or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year, and the payment of such COLA when authorized shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost-of-living adjustment until they reach regular retirement age.

Contributions

The Municipal System

Contributions for all members are established by statute at 10.0% for Plan A of wages for the year ended June 30, 2022. The contributions are deducted from the member's salary and remitted by the City.

According to state statute, employer contributions are actuarially determined each year. For the years ended June 30, 2022 and 2021, the actuarially determined contribution rates were 29.50% and 29.50%, respectively, of member's compensation for Plan A. Contributions to the pension plan from the City were \$984,645 for the year ended December 31, 2022.

In accordance with state statutes, the system also receives ad valorem taxes and state revenue sharing funds. The additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions were recognized as revenue by the system for the year ended December 31, 2022, and were excluded from pension expense.

The Police System

Contributions for all members are actuarially determined as required by state statutes but cannot be less than 10.0% of the employee's earnable compensation excluding overtime but including state supplemental pay for the year ended June 30, 2022. The contributions are deducted from the member's salary and remitted by the City.

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 3. Retirement Plans (Continued)

General Information about the Pension Plans (Continued)

Contributions (Continued)

The Police System (Continued)

According to state statute, employer contributions are actuarially determined each year. For the years ended June 30, 2022 and 2021, the actuarially determined contribution rates are as follows:

| Year Ended | | Hazardous | Non-Hazardous | Below Poverty |
|---------------|----------|-----------|---------------|---------------|
| June 30, 2022 | Employer | 29.75% | 29.75% | 32.25% |
| | Employee | 10.00% | 8.00% | 7.50% |
| June 30, 2021 | Employer | 33.75% | 33.75% | 36.25% |
| | Employee | 10.00% | 8.00% | 7.50% |

Contributions to the pension plan from the City were \$609,983 for the year ended December 31, 2022.

In accordance with state statutes, the system also receives insurance premium taxes as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. The additional sources are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions were recognized as revenue for the year ended December 31, 2022, and were excluded from pension expense.

The Firefighters' System

Contributions for all members are established by state statute at 10.0% for wages above poverty for the year ended June 30, 2022 and 2021. The contributions are deducted from the member's salary and remitted by the City.

According to state statute, employer contributions are actuarially determined each year. For the years ended June 30, 2022 and 2021, the actuarially determined contribution rates were 35.75% and 32.75%, respectively, of member's compensation. Contributions to the pension plan from the City were \$406,024 for the year ended December 31, 2022.

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended December 31, 2022, and were excluded from pension expense.

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 3. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the City reported a combined liability of \$17,314,679 for its proportionate share of the Net Pension Liabilities (NPL) of the Municipal System, the Police System, and the Firefighters' System. The amounts for each plan were \$7,233,115, \$6,788,935, and \$3,292,629, respectively. The NPL for each system was measured as of June 30, 2022, and the total pension liability used to calculate the NPL was determined based on an actuarial valuation as of that date. The City's proportion of the NPL was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contribution of all participating employers, actuarially determined.

As of June 30, 2022, the most recent measurement date, the City's proportionate share for each system was:

| | Municipal System | Police System | Firefighters' System |
|----------------------------|-----------------------------|--------------------------|---------------------------------|
| City's Proportionate Share | 1.741562% | 0.664164% | 0.466954% |
| Increase from Prior Year | 0.160688% | 0.114168% | 0.047885% |

For the year ended December 31, 2022, the City recognized a total pension expense of \$3,465,402.

At year-end, the City reported deferred outflows of resources and deferred inflows of resources related to the Municipal System from the following sources:

| The Municipal System | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between Expected and Actual Experience | \$ 8,542 | \$ 27,697 |
| Changes of Assumptions | 70,072 | - |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 1,203,559 | - |
| Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions | 374,333 | 152,557 |
| Employer Contributions Subsequent to the Measurement Date | 497,653 | - |
| Total | \$ 2,154,159 | \$ 180,254 |

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 3. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At year-end, the City reported deferred outflows of resources and deferred inflows of resources related to the Police System from the following sources:

| The Police System | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between Expected and Actual Experience | \$ 33,483 | \$ 55,332 |
| Changes of Assumptions | 234,180 | 50,496 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 1,212,040 | - |
| Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions | 813,045 | - |
| Employer Contributions Subsequent to the Measurement Date | 447,573 | - |
| Total | \$ 2,740,321 | \$ 105,828 |

At year-end, the City reported deferred outflows of resources and deferred inflows of resources related to the Firefighters' System from the following sources:

| The Firefighters' System | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between Expected and Actual Experience | \$ 19,680 | \$ 155,196 |
| Changes of Assumptions | 271,501 | - |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 745,867 | - |
| Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions | 388,568 | 134,179 |
| Employer Contributions Subsequent to the Measurement Date | 262,939 | - |
| Total | \$ 1,688,555 | \$ 289,375 |

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date (June 30, 2022) totaled \$1,208,165 (\$497,653 for the Municipal System, \$447,573 for the Police System, and \$262,939 for the Firefighters' System). These amounts will be recognized as a reduction of the NPL in the year ending December 31, 2023.

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 3. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending December 31, | Municipal System | Police System | Firefighters' System |
|-------------------------------------|-----------------------------|--------------------------|---------------------------------|
| 2023 | \$ 367,156 | \$ 635,155 | \$ 240,990 |
| 2024 | 416,746 | 623,235 | 193,058 |
| 2025 | 115,173 | 292,765 | 118,359 |
| 2026 | 577,177 | 635,765 | 479,663 |
| 2027 | - | - | 77,459 |
| 2028 | - | - | 26,712 |
| Total | \$ 1,476,252 | \$ 2,186,920 | \$ 1,136,241 |

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2022 are as follows:

The Municipal System

| | |
|----------------------------------|--|
| Valuation Date | June 30, 2022 |
| Actuarial Cost Method | Entry Age Normal |
| Investment Rate of Return | 6.85% (Net of Investment Expense) |
| Expected Remaining Service Lives | 3 Years |
| Inflation | 2.5% per Annum |
| Projected Salary Increases | 1 to 4 Years of Service - 6.4% Plan A More than 4 Years of Service - 4.5% Plan A |
| Cost-of-Living Adjustments | Only those previously granted |

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 3. Retirement Plans (Continued)

Actuarial Assumptions (Continued)

The Municipal System (Continued)

The mortality rate assumption used was verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2013 through June 30, 2018.

The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the Municipal System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables would produce liability values approximating the appropriate generational mortality tables.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5% and adjusting for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 6.85% as of June 30, 2022.

Best estimates of real rates of return for each major asset class included in the Municipal System's target asset allocation as of June 30, 2022 are summarized in the following table:

| Asset Class | Target Asset Allocation | Long-Term Expected Portfolio Real Rate of Return |
|---|--------------------------------|---|
| Public Equity | 53% | 2.31% |
| Public Fixed Income | 38% | 1.65% |
| Alternatives | 9% | 0.39% |
| Total | 100% | 4.35% |
| Inflation | | 2.60% |
| Expected Arithmetic Nominal Return | | 6.95% |

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 3. Retirement Plans (Continued)

Actuarial Assumptions (Continued)

The Police System

| | |
|----------------------------------|--|
| Valuation Date | June 30, 2022 |
| Actuarial Cost Method | Entry Age Normal |
| Investment Rate of Return | 6.75% (Net of Investment Expense) |
| Expected Remaining Service Lives | 4 Years |
| Inflation | 2.5% per Annum |
| Projected Salary Increases | Vary from 12.3% in the first two years of service, to 4.7% for years after |
| Cost-of-Living Adjustments | Only those previously granted |

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the Police System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long-term expected nominal rate of return was 6.90% as of June 30, 2022.

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 3. Retirement Plans (Continued)

Actuarial Assumptions (Continued)

The Police System (Continued)

Best estimates of real rates of return for each major asset class included in the Police System's target asset allocation as of June 30, 2022 are summarized in the following table:

| Asset Class | Target Asset Allocation | Long-Term Expected Portfolio Real Rate of Return |
|---|--------------------------------|---|
| Equity | 55.50% | 3.60% |
| Fixed Income | 30.50% | 0.85% |
| Alternative | 14.00% | 0.95% |
| Total | 100.00% | 5.40% |
| Inflation | | 2.66% |
| Expected Arithmetic Nominal Return | | 8.06% |

The Firefighters' System

| | |
|----------------------------------|---|
| Valuation Date | June 30, 2022 |
| Actuarial Cost Method | Entry Age Normal |
| Investment Rate of Return | 6.90% (Net of Investment Expense) |
| Expected Remaining Service Lives | 7 Years |
| Inflation | 2.5% per Annum |
| Projected Salary Increases | Vary from 14.1% in the first two years of service, to 5.2% with 3 or more |
| Cost-of-Living Adjustments | Only those previously granted |

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 3. Retirement Plans (Continued)

Actuarial Assumptions (Continued)

The Firefighters' System (Continued)

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2014 through June 30, 2019. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the Firefighter System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long-term expected nominal rate of return was 6.90% as of June 30, 2022.

Best estimates of real rates of return for each major asset class included in the Firefighters' System's target asset allocation as of June 30, 2022 are summarized in the following table:

| Asset Class | Target Asset Allocation | Long-Term Expected Portfolio Real Rate of Return |
|--------------------|--------------------------------|---|
| Equity | 56.00% | 6.30% |
| Fixed Income | 26.00% | 1.40% |
| Alternative | 18.00% | 6.15% |
| Other | 0.00% | 3.14% |
| Total | 100.00% | |

Discount Rate

The discount rate used to measure the total pension liability was 6.85% for the Municipal System, 6.75% for the Police System, and 6.90% for Firefighters' System. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of each of the systems' actuary. Based on those assumptions, each of the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 3. Retirement Plans (Continued)

Sensitivity of the Proportionate Share of the NPL to Changes in the Discount Rate

The following presents the City's proportionate share of the Net Pension Liability using the discount rate, as well as what the City's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| | 1% Decrease | Current Discount | 1% Increase |
|---|--------------|------------------|--------------|
| <u>The Municipal System</u> | | | |
| Discount Rate | 5.85% | 6.85% | 7.85% |
| City's Proportionate Share of the Net Pension Liability | \$ 9,621,453 | \$ 7,233,115 | \$ 5,215,043 |
| <u>The Police System</u> | | | |
| Discount Rate | 5.75% | 6.75% | 7.75% |
| City's Proportionate Share of the Net Pension Liability | \$ 9,503,209 | \$ 6,788,935 | \$ 4,521,618 |
| <u>The Firefighters' System</u> | | | |
| Discount Rate | 5.90% | 6.90% | 7.90% |
| City's Proportionate Share of the Net Pension Liability | \$ 4,871,079 | \$ 3,292,629 | \$ 1,976,090 |

Support of Non-Employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The City recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2022, the City recognized revenue as a result of support received from non-employer contributing entities of \$404,689. The Municipal System, Police System, and Firefighters' System received \$124,024, \$147,744, and \$132,921, respectively, for their participation in the City's Pension and Relief Fund.

Pension Plan Fiduciary Net Position

The Municipal System, the Police System, and the Firefighters' System issue publicly available financial reports that include financial statements and required supplementary information for the systems. Detailed information about each system's fiduciary net position is available in these separately issued financial reports. These reports may be obtained by visiting the Louisiana Legislative Auditor's website at www.lla.la.gov and searching under the Reports section. The Police System's report may also be found at www.lampers.org. The Municipal System's report may also be found at www.mersla.com.

Payables to the Pension Plan

At December 31, 2022, the City had no payables to the pension plans.

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 4. Postemployment Benefits other than Pensions

Plan Description

Plan Administration - The City of Covington's medical benefits are provided through a fully insured medical plan and are made available to employees upon actual retirement.

Management of the plan is vested in the plan's Board of Trustees (the Board), which consists of the Mayor, Chief Administrative Officer, Finance Director, and the members of the Finance Committee of the City Council for the City of Covington. The plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees of the City.

Plan Membership - At December 31, 2022, the Plan's membership consisted of the following:

| | |
|--|-------------------|
| Inactive Plan Members or Beneficiaries | |
| Currently Receiving Benefits | 30 |
| Active Plan Members | <u>131</u> |
| Total | <u><u>161</u></u> |

Benefits Provided - The employees are covered by one of three retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; second, the Municipal Police Employees' Retirement System of Louisiana, whose retirement eligibility provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service; and, third, the Firefighters' Retirement System of Louisiana, whose retirement eligibility provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service.

Contributions - The City of Covington has the authority to establish and amend the contribution requirements of the City of Covington and the plan members. Plan members are not required to contribute to their postemployment benefits costs.

Investments

Investment Policy - The OPEB Trust was funded on December 7, 2020. As of December 31, 2022, the funds were invested as seen below. The Board has selected Reliant Trust as an OEPB investment advisor. An investment policy has been established. The asset allocation policy is:

| Asset Class | Target Asset Allocation |
|--------------------|--------------------------------|
| Fixed Income | 100% |

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 4. Postemployment Benefits other than Pensions (Continued)

Investments (Continued)

Concentrations - The OPEB Trust has over 5% invested in the following funds, U.S. Treasury Bonds, 9%, SPDR S&P 500, 8%, and FNMA, 18%.

| Asset Class | Actual Asset Allocation |
|---------------------|--------------------------------|
| Agency Bonds | 22.2% |
| Corporate Bonds | 54.8% |
| Stock Funds | 8.2% |
| Cash/Reserves | 5.8% |
| U.S. Treasury Bonds | 9.0% |

Rate of Return - For the year ended December 31, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -5.5%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability of the City of Covington at December 31, 2022, were as follows:

| | |
|--|----------------------------|
| Total OPEB Liability | \$ 8,395,210 |
| Plan Fiduciary Net Position | <u>1,023,584</u> |
| Net OPEB Liability | <u>\$ 7,371,626</u> |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | <u>12.19%</u> |

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|---|
| Inflation | 2.0% |
| Projected Salary Increases | 3.0%, including inflation |
| Discount Rate | 2.06% annually (Beginning of Year) 3.72% annually (Measurement Date) |
| Healthcare Cost Trend Rates | 5.5% annually |

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 4. Postemployment Benefits other than Pensions (Continued)

Investments (Continued)

The RP-2000 Table without projection with 50/50 percent unisex blend has been used. Projected future mortality improvement has not been used since it is our opinion that this table contains a substantial conservative margin for the population involved in this valuation.

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2006 to December 31, 2022 in addition to the Office of Group Benefits (OGB) assumptions.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2022 are summarized in the following table:

| Asset Class | Long-Term Expected Real Rate of Return |
|-------------------------|---|
| Domestic Equity | 6.0% |
| Corporate Bonds | 5.0% |
| Certificates of Deposit | 2.0% |
| Cash | 0.0% |

This plan is a defined benefit OPEB plan which meets the requirements of paragraph 4 of GASB Statement No. 75 as of the beginning of the fiscal year ended December 31, 2022. However, a trust was established during 2018 and an initial contribution was made during that year but funding and investment policies have not yet been fully implemented. We have therefore used the discount rates which would be applicable to an unfunded plan; namely, 3.72%, which is the value of the Bond Buyers' 20 Year General Obligation Municipal Bond Index as of December 31, 2022, the measurement date at the end of the applicable measurement period, and 2.06% as of, December 31 2021, the measurement date at the end of the immediately preceding measurement period.

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 4. Postemployment Benefits other than Pensions (Continued)

Changes in the Net OPEB Liability

| | Increases (Decreases) | | |
|--|--------------------------------|---------------------------------------|------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Total OPEB Liability (a)-(b) |
| Balances at December 31, 2021 | \$ 9,983,123 | \$ 1,083,604 | \$ 8,899,519 |
| Service Cost | 391,704 | - | 391,704 |
| Interest Cost at 2.06% | 209,687 | - | 209,687 |
| Difference between Expected and Actual Experience | 375,352 | - | 375,352 |
| Employer Contributions Trust | - | - | - |
| Net Investment Income (Loss) | - | (55,540) | 55,540 |
| Changes of Assumptions | (2,329,169) | - | (2,329,169) |
| Benefit Payments | | | |
| (a) From Trust | - | - | - |
| (b) Direct | (235,488) | - | (235,488) |
| Administrative Expense | | | |
| (a) From Trust | - | (4,480) | 4,480 |
| (b) Direct | - | - | - |
| Net Change | (1,587,914) | (60,020) | (1,527,894) |
| Balances at December 31, 2022 | \$ 8,395,209 | \$ 1,023,584 | \$ 7,371,625 |

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following represents the net OPEB liability of the City of Covington, as well as what the City of Covington's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.72%) or one percentage point higher (4.72%) than the current discount rate:

| | 1% Decrease (2.72%) | Current Discount Rate (3.72%) | 1% Increase (4.72%) |
|--------------------|------------------------|-------------------------------------|------------------------|
| Net OPEB Liability | \$ 12,084,874 | \$ 7,371,625 | \$ 5,372,694 |

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 4. Postemployment Benefits other than Pensions (Continued)

Changes in the Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following represents the net OPEB liability of the City of Covington, as well as what the City of Covington's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (4.5%) or one percentage point higher (6.5%) than the current healthcare trend rates:

| | 1% Decrease (4.5%) | Ultimate Trend (5.5%) | 1% Increase (6.5%) |
|--------------------|-------------------------------|----------------------------------|-------------------------------|
| Net OPEB Liability | <u>\$ 12,048,978</u> | <u>\$ 7,371,625</u> | <u>\$ 5,048,978</u> |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the City recognized OPEB expense of \$95,615. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between Expected and Actual Experience | \$ 862,024 | \$ 2,608,836 |
| Net Difference between Projected and Actual Earnings on OPEB Plan Investments | 100,224 | 1,955 |
| Changes in Assumptions/Inputs | <u>3,041,947</u> | <u>2,477,578</u> |
| Total | <u>\$ 4,004,195</u> | <u>\$ 5,088,369</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan for the year ended December 31, 2022 will be recognized in OPEB expense as follows:

| Year Ending December 31, | Amount |
|-------------------------------------|-----------------------|
| 2023 | \$ (204,059) |
| 2024 | (209,776) |
| 2025 | (208,798) |
| 2026 | (214,763) |
| 2027 | (510,453) |
| Thereafter | <u>263,675</u> |
| Total | <u>\$ (1,084,174)</u> |

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 5. Risk Management

The City has contracted with a commercial insurance company to provide liability coverage for general acts, law enforcement, and public officials' errors and omissions. The policy requires the City to pay for claims and costs up to \$25,000 with maximum aggregate payments limited to \$200,000. At December 31, 2022, no significant claims were owed and no liability has been recorded.

Note 6. Claims and Judgements

The City is a defendant in several lawsuits, which are currently pending. The City persists in its vigorous defense of these lawsuits and maintains that the defenses available should shield the City from liability or, at a minimum, preclude the amount of damages sought by the plaintiffs. The majority of the cases are covered by insurance and, in the opinion of legal counsel for the City, the ultimate resolution of this litigation will not result in a significant liability to the City.

Note 7. Tax Abatement

St. Tammany Parish (the Parish) negotiates property tax abatement agreements on the City's behalf on an individual basis. Each agreement was negotiated for a variety of economic development purposes, including business relocation, retention, and expansion. The City has tax abatement agreements with four entities as of December 31, 2022:

- A manufacturing company, through an agreement negotiated with the Industrial Tax Exemption (ITE) program, has property assessed at \$319,480 with exempt taxes of approximately \$38,000. The ITE program may be granted to manufacturers located within the Parish. The ITE program abates, up to ten years, local property taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing sale.
- A hotel, through a Restoration Tax Abatement program, has property assessed at \$450,000 with exempt taxes of approximately \$54,000. The Restoration Tax Abatement may be granted to any commercial property owners or homeowners located within the Parish who expand, restore, improve, or develop an existing structure in an economic development or historic district.
- A manufacturing company, through an agreement negotiated with the ITE program, has property assessed at \$58,170 with exempt taxes of approximately \$7,000. The ITE program may be granted to manufacturers located within the Parish. The ITE program abates, up to ten years, local property taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing sale.

The City is not subject to any tax abatement agreements entered into by other governmental entities other than the Parish. The Parish has not made any commitments as part of the agreements other than to reduce taxes.

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 8. Restricted Assets

General Obligation Bond Restricted Assets (Debt Service)

An ordinance authorizing the issuance of \$1,240,000 General Obligation Bonds dated February 1, 2002, which were defeased on November 2, 2011 for the issuance of \$777,000 General Obligation Bonds, along with \$5,285,000 General Obligation Bonds dated January 1, 2007, which were defeased on August 2, 2016 for the issuance of \$3,890,000 General Obligation Refunding Bonds, together provide for certain restrictions on assets of the General Fund. The bond funding requirements provide that upon receipt of the proceeds of the ad valorem tax, the issuer has the responsibility for the deposit of such receipts in a debt service fund and such proceeds will be used to pay the principal and interest of the bonds' payments.

Garden of Pines (Perpetual Care)

An ordinance requires the establishment of a trust responsible for the general maintenance and care of the mausoleum. The original deposit of \$24,955 must be kept intact in an income earning trust and the income can be used to make disbursements of \$100 per month to the City for the care and maintenance of the mausoleum.

Note 9. Interfund Transfers

Transfers between funds consist primarily of sales tax revenues transferred out of the General Fund to the particular funds for which the sales tax revenue is to be used for debt service and capital outlay expenditures:

| | Transfers In | Transfers Out |
|--|----------------------|----------------------|
| <u>Governmental Activities</u> | | |
| General Fund | \$ 17,335,973 | \$ 17,230,189 |
| Special Revenue Funds | | |
| A3 Sales Tax Fund | - | 1,627,132 |
| State and Federal Grants Fund | - | 687,310 |
| | 17,335,973 | 19,544,631 |
| <u>Business-Type Activities</u> | | |
| Utility Fund | 2,208,658 | - |
| Total | \$ 19,544,631 | \$ 19,544,631 |

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 10. Equity in Pooled Cash

To the extent possible, cash is pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose funds are deposited in the pooled cash accounts has equity therein. Pooled cash at December 31, 2022 was as follows:

| | Amount |
|--|--------------------|
| <u>Governmental Activities</u> | |
| General Fund | \$ (18,400,652) |
| Special Revenue Funds | |
| A3 Sales Tax Fund | 7,852,155 |
| State and Federal Grants Fund | 2,536,487 |
| Drug Forfeiture Fund | 41,176 |
| Tree Mitigation Fund | 8,705 |
| Capital Projects Funds | |
| Water Capacity Treatment Fund | 145,063 |
| Waste-Water Capacity Treatment Fund | 601,176 |
| | <u>(7,215,890)</u> |
| <u>Business-Type Activities</u> | |
| Utility Fund | <u>7,215,890</u> |
| Total | <u><u>\$ -</u></u> |

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 11. Due to/from Other Funds

The primary purpose of interfund receivables/payables is to loan funds from the General Fund to individual funds to cover current expenditures. The due to/from other funds are short-term receivables or payables resulting from the normal course of the City's operations. Individual fund balances due to/from other funds at December 31, 2022 are as follows:

| | Interfund Receivables | Interfund Payables |
|--|--------------------------|-----------------------|
| <u>Governmental Activities</u> | | |
| General Fund | \$ 50,422 | \$ 22,000 |
| Special Revenue Funds | | |
| A3 Sales Tax Fund | - | 2,652 |
| State and Federal Grants Fund | - | 1,366 |
| Debt Service Funds | | |
| General Obligation Debt Service Fund | - | 3,400 |
| Permanent Fund | | |
| Garden of Pines Permanent Fund | - | 32,387 |
| | 50,422 | 61,805 |
| <u>Business-Type Activities</u> | | |
| Utility Fund | 22,000 | 10,617 |
| Total | \$ 72,422 | \$ 72,422 |

Note 12. Internal Balances

In the government-wide statement of net position, the balances of the due to/from other funds (Note 11) and the equity in pooled cash (Note 10) are combined into a single line, internal balances. The following is the reconciliation for the amount shown on the statement of net position for internal balances at December 31, 2022:

| | Governmental Activities | Business-Type Activities |
|---------------------------------|----------------------------|-----------------------------|
| Due from Other Funds | \$ 50,422 | \$ 22,000 |
| Due to Other Funds | (61,805) | (10,617) |
| (Deficit) Equity in Pooled Cash | (7,215,890) | 7,215,890 |
| Total | \$ (7,227,273) | \$ 7,227,273 |

CITY OF COVINGTON, LOUISIANA

Notes to Financial Statements

Note 13. FHA Revolving Loan Fund

In prior years, the City was awarded grant funds under the Rural Business Enterprise Grant (CFDA #10.769) for the purpose of making loans to area businesses at low interest rates to promote economic development. The grant funds were to form a revolving loan fund where notes would be collected and new loans would be made.

The following is a recap of the cash flows of the revolving loan fund which is accounted for in the City's General Fund:

| | |
|---|--------------------------|
| Restricted Cash and Cash Equivalents - December 31, 2021 | \$ 252,529 |
| Deletions | |
| New Loans Issued | - |
| Additions | |
| Principal Payments on Notes | - |
| Interest Payments on Notes | - |
| Interest on Cash Account | <u>2,833</u> |
| Restricted Cash and Cash Equivalents - December 31, 2022 | <u>\$ 255,362</u> |
| Notes Receivable - December 31, 2022 | <u>\$ -</u> |

Note 14. Subsequent Events

In March 2023, the City issued \$4,750,000 of General Obligation Bonds for the purpose of making capital improvements.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

CITY OF COVINGTON, LOUISIANA
Required Other Postemployment Benefits Supplementary Information
For the Year Ended December 31, 2022

Schedule of Investment Returns

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|--------|--------|-------|-------|-------|
| Annual Money Weighted Rate of Return, Net of Investment Expense | -5.51% | -1.01% | 2.79% | 0.61% | 0.00% |

Source: Regions Wealth Platform (RWP)

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of City's Contributions

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|-------------------|-------------------|-------------------|-------------------|---------------------|
| Actuarially Determined Contribution | \$ 1,002,040 | \$ 839,878 | \$ 782,875 | \$ 561,104 | \$ 641,772 |
| Contributions in Relation to the Actuarially Determined Contribution | | | | | |
| Employer Contributions to Trust | - | - | - | - | 1,050,000 |
| Employer-Paid Retiree Premiums | 235,488 | 223,211 | 213,894 | 210,381 | 116,941 |
| Total Contributions | 235,488 | 223,211 | 213,894 | 210,381 | 1,166,941 |
| Contribution Deficiency (Excess) | \$ 766,552 | \$ 616,667 | \$ 568,981 | \$ 350,723 | \$ (525,169) |
| Covered-Employee Payroll | \$ 6,053,756 | \$ 5,877,433 | \$ 5,468,435 | \$ 5,258,110 | \$ 5,376,452 |
| Contributions as a Percentage of Covered-Employee Payroll | 3.89% | 3.80% | 3.91% | 4.00% | 21.70% |

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Schedule of City's Contributions to Pension Plans
For the Year Ended December 31, 2022

| The Municipal System | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually Required Contribution | \$ 984,645 | \$ 923,465 | \$ 899,612 | \$ 835,171 | \$ 771,786 | \$ 717,787 | \$ 625,486 | \$ 557,105 | \$ 539,797 |
| Contributions in Relation to the Contractually Required Contribution | 984,645 | 923,465 | 899,612 | 835,171 | 771,786 | 717,787 | 625,486 | 557,105 | 539,797 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| City's Covered Payroll | \$ 3,262,633 | \$ 3,245,402 | \$ 3,143,685 | \$ 3,009,624 | \$ 3,039,066 | \$ 3,024,599 | \$ 2,940,646 | \$ 2,820,787 | \$ 2,804,436 |
| Contributions as a Percentage of Covered Payroll | 30.18% | 28.45% | 28.62% | 27.75% | 25.40% | 23.73% | 21.27% | 19.75% | 19.25% |
| The Police System | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Contractually Required Contribution | \$ 609,983 | \$ 566,304 | \$ 502,108 | \$ 501,345 | \$ 552,967 | \$ 526,234 | \$ 540,210 | \$ 490,167 | \$ 445,036 |
| Contributions in Relation to the Contractually Required Contribution | 609,983 | 566,304 | 502,108 | 501,345 | 552,967 | 526,234 | 540,210 | 490,167 | 445,036 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| City's Covered Payroll | \$ 1,863,216 | \$ 1,588,391 | \$ 1,515,453 | \$ 1,548,049 | \$ 1,755,544 | \$ 1,681,942 | \$ 1,561,694 | \$ 1,419,730 | \$ 1,275,014 |
| Contributions as a Percentage of Covered Payroll | 32.74% | 35.65% | 33.13% | 32.39% | 31.50% | 31.29% | 34.59% | 34.53% | 34.90% |
| The Firefighters' System | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Contractually Required Contribution | \$ 406,024 | \$ 338,994 | \$ 295,717 | \$ 250,782 | \$ 262,537 | \$ 251,289 | \$ 258,903 | \$ 272,059 | \$ 280,598 |
| Contributions in Relation to the Contractually Required Contribution | 406,024 | 338,994 | 295,717 | 250,782 | 262,537 | 251,289 | 258,903 | 272,059 | 280,598 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| City's Covered Payroll | \$ 963,127 | \$ 963,848 | \$ 982,734 | \$ 923,122 | \$ 990,706 | \$ 1,042,519 | \$ 986,254 | \$ 963,150 | \$ 975,685 |
| Contributions as a Percentage of Covered Payroll | 42.16% | 35.17% | 30.09% | 27.17% | 26.50% | 24.10% | 26.25% | 28.25% | 28.76% |

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Schedule of Proportionate Share of Net Position Liability
For the Year Ended December 31, 2022

| The Municipal System | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| City's Portion of the Net Pension Liability | 1.741562% | 1.580874% | 1.700005% | 1.577123% | 1.638340% | 1.685030% | 1.602460% | 1.643521% | 1.668320% |
| City's Proportionate Share of the Net Pension Liability | \$ 7,233,115 | \$ 4,397,206 | \$ 7,349,817 | \$ 6,590,263 | \$ 6,783,826 | \$ 7,049,195 | \$ 6,568,003 | \$ 5,870,914 | \$ 4,281,651 |
| City's Covered Payroll | \$ 3,494,467 | \$ 3,262,633 | \$ 3,245,402 | \$ 2,913,696 | \$ 2,961,267 | \$ 3,030,352 | \$ 2,862,540 | \$ 2,805,094 | \$ 2,689,407 |
| City's Proportionate Share of the Net Pension Liability as a Percentage of its of Covered Payroll | 206.99% | 134.77% | 226.47% | 226.18% | 229.09% | 232.62% | 229.45% | 209.29% | 159.20% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 67.87% | 77.82% | 64.52% | 64.68% | 63.90% | 62.50% | 62.11% | 66.18% | 76.94% |
| The Police System | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| City's Portion of the Net Pension Liability | 0.664164% | 0.549996% | 0.514037% | 0.507229% | 0.577690% | 0.578550% | 0.560620% | 0.568431% | 0.536795% |
| City's Proportionate Share of the Net Pension Liability | \$ 6,788,935 | \$ 2,931,779 | \$ 4,750,900 | \$ 4,606,489 | \$ 4,883,784 | \$ 5,050,978 | \$ 5,254,579 | \$ 4,453,063 | \$ 3,358,234 |
| City's Covered Payroll | \$ 2,004,827 | \$ 1,863,216 | \$ 1,588,391 | \$ 1,584,018 | \$ 1,704,795 | \$ 1,626,838 | \$ 1,503,506 | \$ 1,347,463 | \$ 1,292,945 |
| City's Proportionate Share of the Net Pension Liability as a Percentage of its of Covered Payroll | 338.63% | 157.35% | 299.10% | 290.81% | 286.47% | 310.48% | 349.49% | 330.48% | 259.74% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 70.80% | 84.09% | 70.94% | 71.00% | 70.10% | 70.10% | 66.04% | 70.73% | 75.10% |
| The Firefighters' System | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| City's Portion of the Net Pension Liability | 0.466954% | 0.419069% | 0.387149% | 0.378677% | 0.434260% | 0.426240% | 0.433230% | 0.459625% | 0.484880% |
| City's Proportionate Share of the Net Pension Liability | \$ 3,292,629 | \$ 1,485,119 | \$ 2,683,542 | \$ 2,371,241 | \$ 2,497,915 | \$ 2,443,120 | \$ 2,833,709 | \$ 2,480,648 | \$ 2,157,674 |
| City's Covered Payroll | \$ 1,043,354 | \$ 963,127 | \$ 963,848 | \$ 913,291 | \$ 1,048,998 | \$ 995,201 | \$ 976,837 | \$ 976,788 | \$ 947,814 |
| City's Proportionate Share of the Net Pension Liability as a Percentage of its of Covered Payroll | 315.58% | 154.20% | 278.42% | 259.64% | 238.12% | 245.49% | 290.09% | 253.96% | 227.65% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 74.68% | 86.78% | 72.61% | 74.00% | 74.80% | 73.50% | 68.16% | 62.70% | 65.00% |

The amounts presented for each fiscal year were determined as of the prior fiscal year ended.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended December 31, 2022

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------------------|---------------------|----------------------|---------------------|---------------------|
| Total OPEB Liability | | | | | |
| Service Cost | \$ 391,704 | \$ 345,877 | \$ 360,161 | \$ 211,866 | \$ 239,287 |
| Interest Cost | 209,687 | 257,608 | 261,077 | 283,358 | 254,560 |
| Difference between Expected and Actual Experience | 375,352 | (3,465,904) | 605,657 | 284,397 | (14,113) |
| Changes in Assumptions | (2,329,169) | 1,090,383 | 1,330,103 | 2,049,743 | (804,905) |
| Benefit Payments | (235,488) | (223,211) | (213,984) | (210,381) | (116,941) |
| Net Change in OPEB Liability | (1,587,914) | (1,995,247) | 2,343,014 | 2,618,983 | (442,112) |
| Total OPEB Liability - Beginning | 9,983,123 | 11,978,370 | 9,635,356 | 7,016,373 | 7,458,485 |
| Total OPEB Liability - Ending (a) | 8,395,209 | 9,983,123 | 11,978,370 | 9,635,356 | 7,016,373 |
| Plan Fiduciary Net Position | | | | | |
| Contributions - Employer | - | - | - | - | 1,050,000 |
| Net Investment Income | (55,540) | (6,660) | 34,004 | 14,467 | - |
| Administrative Expense | (4,480) | (4,643) | (3,543) | (21) | - |
| Net Change in Plan Fiduciary Net Position | (60,020) | (11,303) | 30,461 | 14,446 | 1,050,000 |
| Plan Fiduciary Net Position - Beginning | 1,083,604 | 1,094,907 | 1,064,446 | 1,050,000 | - |
| Plan Fiduciary Net Position - Ending (b) | 1,023,584 | 1,083,604 | 1,094,907 | 1,064,446 | 1,050,000 |
| Total OPEB Liability - Ending (a) - (b) | <u>\$ 7,371,625</u> | <u>\$ 8,899,519</u> | <u>\$ 10,883,463</u> | <u>\$ 8,570,910</u> | <u>\$ 5,966,373</u> |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 12.19% | 10.85% | 9.14% | 11.05% | 14.96% |
| Covered-Employee Payroll | \$ 6,053,756 | \$ 5,877,433 | \$ 5,468,435 | \$ 5,258,110 | \$ 5,376,452 |
| Net OPEB Liability as a Percentage of Covered-Employee Payroll | 121.77% | 151.42% | 199.02% | 163.00% | 110.97% |

Notes to Schedule:

Benefit Changes. There were no changes of benefit terms for the year ended December 31, 2022.

Changes in Assumptions. The following discount rate was used in each period:

12/31/2018 - 4.10%
12/31/2019 - 2.74%
12/31/2020 - 2.12%
12/31/2021 - 2.06%
12/31/2022 - 3.72%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable/ (Unfavorable) |
|----------------------------------|--------------------|-------------------|-------------------|--|
| Revenues | | | | |
| Taxes | | | | |
| Sales Taxes | \$ 13,606,518 | \$ 13,606,518 | \$ 13,098,189 | \$ (508,329) |
| Property Taxes | 2,688,275 | 2,688,275 | 2,730,846 | 42,571 |
| Franchise Taxes | 747,332 | 747,332 | 943,484 | 196,152 |
| Total Taxes | 17,042,125 | 17,042,125 | 16,772,519 | (269,606) |
| Licenses and Permits | | | | |
| Insurance | 680,000 | 680,000 | 759,274 | 79,274 |
| Occupational | 408,000 | 408,000 | 456,340 | 48,340 |
| Building | 150,000 | 150,000 | 194,522 | 44,522 |
| Liquor and Beer | 20,000 | 20,000 | 19,695 | (305) |
| Filming | - | - | 250 | 250 |
| Total Licenses and Permits | 1,258,000 | 1,258,000 | 1,430,081 | 172,081 |
| Other Revenues | | | | |
| Other Revenues | 10,000 | 10,000 | 93,885 | 83,885 |
| LWCC | 100,000 | 100,000 | 158,954 | 58,954 |
| Donations | 8,000 | 8,000 | - | (8,000) |
| Accident Reports | 7,000 | 7,000 | 13,161 | 6,161 |
| Sale of Surplus | 20,000 | 20,000 | 31 | (19,969) |
| NSF Fees | 75 | 75 | 25 | (50) |
| Code Enforcement Liens | 2,650 | 2,650 | 11,690 | 9,040 |
| Total Other Revenues | 147,725 | 147,725 | 277,746 | 130,021 |
| Fines and Forfeitures | | | | |
| Court Fines | 25,000 | 25,000 | 60,295 | 35,295 |
| DWI Fines | 300 | 300 | 750 | 450 |
| City Court Fee | 9,000 | 9,000 | 16,813 | 7,813 |
| District Court Witness Fees | 1,000 | 1,000 | 869 | (131) |
| Total Fines and Forfeitures | 35,300 | 35,300 | 78,727 | 43,427 |
| Charges for Services | | | | |
| Greater Covington Center Rentals | 61,000 | 61,000 | 85,225 | 24,225 |
| Greater Covington Center Leases | 4,800 | 4,800 | 5,400 | 600 |
| Basketball Registration | 500 | 500 | 2,252 | 1,752 |
| Baseball Registration | 2,000 | 2,000 | 1,785 | (215) |
| Football Registration | 500 | 500 | 9,578 | 9,078 |
| Zoning Revenue | 15,000 | 15,000 | 17,305 | 2,305 |
| Park Rental | 8,000 | 8,000 | 16,400 | 8,400 |
| Rent Income | 7,750 | 7,750 | 12,809 | 5,059 |
| Cemetery Plot Sale | 1,200 | 1,200 | 750 | (450) |
| Event Ticket Sales | 20,000 | 20,000 | 14,780 | (5,220) |
| Old Firehouse Rent | 14,000 | 14,000 | 37,249 | 23,249 |
| Total Charges for Services | 134,750 | 134,750 | 203,533 | 68,783 |
| Intergovernmental Revenues | | | | |
| Fire Insurance Premium Tax | 39,000 | 39,000 | 74,808 | 35,808 |
| School Resource Officer | 91,100 | 91,100 | 174,249 | 83,149 |
| Beer Tax | 50,000 | 50,000 | 56,558 | 6,558 |
| Crossing Guard | 4,000 | 4,000 | 6,654 | 2,654 |
| Total Intergovernmental Revenues | 184,100 | 184,100 | 312,269 | 128,169 |
| Interest and Penalties | | | | |
| Interest on CDs | 16,300 | 16,300 | 99,985 | 83,685 |
| Interest on LAMP | 1,280 | 1,280 | 72,079 | 70,799 |
| Penalties | 58,000 | 58,000 | 63,916 | 5,916 |
| Total Interest and Penalties | 75,580 | 75,580 | 235,980 | 160,400 |
| Total Revenues | 18,877,580 | 18,877,580 | 19,310,855 | 433,275 |

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
General Fund (Continued)
For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable/ (Unfavorable) |
|---|--------------------|-----------------|-----------|--|
| Expenditures | | | | |
| General Government Administration - Council | | | | |
| Salaries | 128,600 | 128,600 | 122,311 | 6,289 |
| Payroll-Related Benefits and Taxes | 79,868 | 79,868 | 73,911 | 5,957 |
| Advertising | 18,000 | 18,000 | 17,777 | 223 |
| Contract Services | 28,900 | 28,400 | 23,749 | 4,651 |
| Government Fees - Clerk of Court | 500 | 500 | - | 500 |
| Dues and Subscriptions | 500 | 500 | 175 | 325 |
| Meetings, Trainings, and Conventions | 9,600 | 7,260 | 5,818 | 1,442 |
| Office Supplies, General, and Uniforms | 6,100 | 7,300 | 5,457 | 1,843 |
| Prof SVC - Computer | 11,200 | 11,200 | 8,132 | 3,068 |
| Small Office Furnishings and Equipment | 500 | 500 | 334 | 166 |
| Repairs and Maintenance | 11,500 | 11,500 | 7,565 | 3,935 |
| Operating Lease | 1,700 | 2,200 | 1,559 | 641 |
| Telephone - Cellular/Communication | 8,100 | 8,100 | 3,593 | 4,507 |
| Small Computer Equipment | 8,900 | 8,900 | 407 | 8,493 |
| Total Administration Council | 313,968 | 312,828 | 270,788 | 42,040 |
| General Government Administration - Mayor | | | | |
| Salaries | 90,669 | 90,669 | 90,841 | (172) |
| Payroll-Related Benefits and Taxes | 49,272 | 49,272 | 46,639 | 2,633 |
| Contract SVC | 1,160 | 1,010 | 160 | 850 |
| Prof SVC - Computer | 1,400 | 1,400 | 722 | 678 |
| Office Supplies | 3,500 | 4,250 | 957 | 3,293 |
| Meetings and Conventions | 8,000 | 7,400 | 3,324 | 4,076 |
| Small Office Furnishings and Equipment | 500 | 500 | 117 | 383 |
| Small Computer Equipment | 100 | 100 | - | 100 |
| Cell Phone | 1,600 | 1,600 | 1,040 | 560 |
| Total Administration Mayor | 156,201 | 156,201 | 143,800 | 12,401 |
| General Government Administration - Legal | | | | |
| Professional Services | 144,800 | 188,100 | 66,992 | 121,108 |
| General Government - Administration | | | | |
| Salaries | 754,585 | 648,644 | 613,963 | 34,681 |
| Payroll-Related Benefits and Taxes | 353,092 | 302,321 | 286,791 | 15,530 |
| Professional Services | 213,900 | 384,326 | 356,987 | 27,339 |
| Repairs and Maintenance | 64,700 | 55,320 | 42,115 | 13,205 |
| Insurance | 114,495 | 108,005 | 77,805 | 30,200 |
| Office Supplies | 30,800 | 28,644 | 24,022 | 4,622 |
| Contract Services | 55,600 | 72,321 | 70,548 | 1,773 |
| Service Charges and Fees | 35,500 | 39,645 | 36,158 | 3,487 |
| Advertising | 10,000 | 28,115 | 28,108 | 7 |
| Dues and Subscriptions | 6,200 | 6,200 | 5,943 | 257 |
| Small Office Furnishings and Equipment | 83,300 | 48,988 | 43,193 | 5,795 |
| Election Expense | 20,000 | 20,000 | 4,119 | 15,881 |
| Gasoline | 300 | 300 | 262 | 38 |
| Rent | 9,100 | 7,750 | 5,152 | 2,598 |
| Operating Leases | 21,070 | 21,070 | 20,955 | 115 |
| Meetings and Conventions | 20,000 | 23,864 | 20,800 | 3,064 |
| Telephone | 27,100 | 73,700 | 66,755 | 6,945 |
| Sheriff's Fees | 157,702 | 157,702 | 172,857 | (15,155) |
| Government Fees - Assessor | 1,500 | 990 | 125 | 865 |
| Bank Charges | 200 | 200 | - | 200 |
| Total Administration | 1,979,144 | 2,028,105 | 1,876,658 | 151,447 |

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
General Fund (Continued)
For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable/ (Unfavorable) |
|--|--------------------|-----------------|---------|--|
| Expenditures (Continued) | | | | |
| General Government - Engineering | | | | |
| Salary | 310,999 | 300,499 | 238,635 | 61,864 |
| Payroll-Related Benefits and Taxes | 155,093 | 155,093 | 120,801 | 34,292 |
| Professional Services | 19,100 | 16,598 | 6,969 | 9,629 |
| Office Supplies | 4,750 | 4,750 | 3,812 | 938 |
| Meetings, Trainings, and Conventions | 3,400 | 4,500 | 4,111 | 389 |
| Dues and Subscriptions | 1,530 | 320 | - | 320 |
| Insurance | 2,812 | 2,812 | 1,416 | 1,396 |
| Repairs and Maintenance | 10,300 | 10,300 | 2,403 | 7,897 |
| Small Office Furnishings and Equipment | 6,400 | 6,400 | 5,339 | 1,061 |
| Small Computer Equipment | 10,500 | 10,500 | 7,605 | 2,895 |
| Telephone | 4,400 | 4,400 | 1,624 | 2,776 |
| Gasoline | 2,000 | 2,000 | 1,402 | 598 |
| Operating Leases | 5,200 | 5,200 | 3,860 | 1,340 |
| Total Engineering | 536,484 | 523,372 | 397,977 | 125,395 |
| General Government - Planning and Zoning | | | | |
| Salaries | 186,786 | 135,695 | 98,351 | 37,344 |
| Payroll-Related Benefits and Taxes | 85,418 | 85,418 | 45,251 | 40,167 |
| Professional Services | 20,100 | 20,090 | 13,875 | 6,215 |
| Office Supplies | 4,600 | 4,600 | 1,703 | 2,897 |
| Contract Services | 20,000 | 70,161 | 52,312 | 17,849 |
| Advertising | 24,000 | 24,000 | 7,034 | 16,966 |
| Training and Education | 4,000 | 4,000 | 1,633 | 2,367 |
| Repairs and Maintenance | 1,800 | 4,330 | 2,791 | 1,539 |
| Operating Lease | 2,000 | 2,000 | 1,872 | 128 |
| Small Office Furnishings and Equipment | 3,000 | 3,000 | 55 | 2,945 |
| Small Computer Equipment | 5,700 | 5,700 | 1,977 | 3,723 |
| Gasoline | - | 48 | 48 | - |
| Telephone | 2,500 | 2,112 | 1,375 | 737 |
| Dues and Subscriptions | 3,000 | 3,597 | 2,106 | 1,491 |
| Total Planning and Zoning | 362,904 | 364,751 | 230,383 | 134,368 |
| General Government - Code Enforcement | | | | |
| Salaries | 49,000 | 46,982 | 41,426 | 5,556 |
| Payroll-Related Benefits and Taxes | 25,591 | 27,609 | 24,805 | 2,804 |
| Professional Services | 3,900 | 3,900 | 2,106 | 1,794 |
| Meetings, Trainings, and Conventions | 750 | 750 | - | 750 |
| Contract Services | 30,000 | 32,150 | 2,150 | 30,000 |
| Gasoline | 1,000 | 994 | 268 | 726 |
| Insurance | 1,410 | 1,416 | 1,416 | - |
| Telephone | 1,000 | 1,000 | 770 | 230 |
| Office Supplies | 1,500 | 1,500 | 222 | 1,278 |
| Repairs and Maintenance | 1,300 | 1,300 | 94 | 1,206 |
| Small Computer Equipment | 4,400 | 4,400 | 2,686 | 1,714 |
| Small Office Furnishings and Equipment | 150 | 150 | - | 150 |
| Operating Leases | 2,100 | 2,100 | 1,058 | 1,042 |
| Materials and Supplies | 750 | 750 | - | 750 |
| Total Code Enforcement | 122,851 | 125,001 | 77,001 | 48,000 |

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
General Fund (Continued)
For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable/ (Unfavorable) |
|--|--------------------|-----------------|---------|--|
| Expenditures (Continued) | | | | |
| General Government - Building Permits | | | | |
| Salaries | 115,801 | 130,953 | 122,744 | 8,209 |
| Payroll-Related Benefits and Taxes | 60,421 | 68,298 | 64,679 | 3,619 |
| Professional Services | 79,900 | 92,903 | 90,778 | 2,125 |
| Repairs and Maintenance | 3,300 | 2,550 | 595 | 1,955 |
| Insurance | 1,400 | 1,416 | 1,416 | - |
| Office Supplies | 8,000 | 5,262 | 5,062 | 200 |
| Operating Leases | 2,000 | 2,000 | 1,870 | 130 |
| Telephone | 1,800 | 1,800 | 940 | 860 |
| Small Office Furnishings and Equipment | 1,150 | 1,150 | - | 1,150 |
| Small Computer Equipment | 100 | 800 | - | 800 |
| Meetings, Trainings, and Conventions | 2,000 | 1,572 | 1,572 | - |
| Dues and Subscriptions | 1,000 | 100 | 100 | - |
| Gasoline | 1,200 | 1,200 | 957 | 243 |
| Total Building Permits | 278,072 | 310,004 | 290,713 | 19,291 |
| General Government - Trailhead | | | | |
| Salaries | 25,760 | 36,190 | 27,803 | 8,387 |
| Payroll-Related Benefits and Taxes | 6,485 | 6,485 | 4,402 | 2,083 |
| Contract Services | 3,000 | 3,400 | 2,980 | 420 |
| Professional Services | 4,900 | 4,950 | 459 | 4,491 |
| Gasoline | 300 | 300 | - | 300 |
| Insurance | 13,046 | 26,746 | 26,469 | 277 |
| Office Supplies | 6,000 | 7,203 | 6,909 | 294 |
| Repairs and Maintenance | 48,000 | 22,097 | 16,243 | 5,854 |
| Utilities | 9,864 | 9,864 | 9,326 | 538 |
| Small Office Furnishings and Equipment | 7,000 | 10,000 | 2,451 | 7,549 |
| Small Computer Equipment | 7,300 | 7,300 | 3,500 | 3,800 |
| Small Tools and Equipment | 3,000 | 3,000 | 2,539 | 461 |
| Total Trailhead | 134,655 | 137,535 | 103,081 | 34,454 |
| General Government - Bogue Falaya Park | | | | |
| Salaries | 36,667 | 36,667 | 36,767 | (100) |
| Payroll-Related Benefits and Taxes | 21,533 | 21,655 | 21,646 | 9 |
| Professional Services | 1,400 | 911 | 698 | 213 |
| Gasoline | 1,500 | 2,000 | 1,855 | 145 |
| Insurance | 4,832 | 5,600 | 5,570 | 30 |
| Office Supplies | 4,000 | 6,895 | 6,702 | 193 |
| Utilities | 3,620 | 4,032 | 3,881 | 151 |
| Repairs and Maintenance | 48,000 | 52,622 | 50,270 | 2,352 |
| Telephone | 1,700 | 1,700 | 922 | 778 |
| Small Office Furnishings and Equipment | 20,000 | 12,700 | 30,234 | (17,534) |
| Small Computer Equipment | 700 | 300 | - | 300 |
| Small Tools and Equipment | 3,500 | 5,500 | 5,493 | 7 |
| Materials and Supplies | 6,000 | 3,672 | 3,672 | - |
| Contract Services | 2,000 | 2,078 | 1,831 | 247 |
| Total Bogue Falaya Park | 155,452 | 156,332 | 169,541 | (13,209) |

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
General Fund (Continued)
For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable/ (Unfavorable) |
|---|----------------------------|-------------------------|------------------|--|
| Expenditures (Continued) | | | | |
| General Government - Firehouse Event Center | | | | |
| Insurance | 10,788 | 16,872 | 14,891 | 1,981 |
| Office Supplies | 1,000 | 146 | 145 | 1 |
| Utilities | 1,707 | 2,691 | 2,354 | 337 |
| Repairs and Maintenance | 19,000 | 5,885 | 5,337 | 548 |
| Small Office Furnishings and Equipment | 2,500 | 2,500 | 2,393 | 107 |
| Contract Services | 5,000 | 7,000 | 5,872 | 1,128 |
| Materials and Supplies | 1,000 | 1,130 | 970 | 160 |
| Total Firehouse Event Center | <u>40,995</u> | <u>36,224</u> | <u>31,962</u> | <u>4,262</u> |
| General Government - Greater Covington Center | | | | |
| Salaries | 190,825 | 195,985 | 153,739 | 42,246 |
| Payroll-Related Benefits and Taxes | 87,946 | 96,076 | 75,465 | 20,611 |
| Contract Labor | 32,000 | 32,000 | 28,245 | 3,755 |
| Contract Services | 10,000 | 9,700 | 8,481 | 1,219 |
| Professional Services | 7,000 | 6,750 | 5,020 | 1,730 |
| Insurance | 47,833 | 104,808 | 104,623 | 185 |
| Office Supplies | 16,000 | 16,660 | 16,393 | 267 |
| Gasoline | 600 | 2,315 | 1,844 | 471 |
| Repairs and Maintenance | 53,000 | 45,372 | 34,883 | 10,489 |
| Small Tools and Equipment | 3,500 | 3,500 | 3,465 | 35 |
| Materials and Supplies | 4,000 | 4,103 | 3,937 | 166 |
| Telephone | 4,000 | 4,000 | 1,790 | 2,210 |
| Small Computer Equipment | 4,000 | 6,245 | 5,840 | 405 |
| Small Office Furnishings and Equipment | 3,000 | 3,000 | 3,000 | - |
| Utilities | 68,150 | 80,765 | 80,612 | 153 |
| Operating Leases | 900 | 900 | 319 | 581 |
| Total Greater Covington Center | <u>532,754</u> | <u>612,179</u> | <u>527,656</u> | <u>84,523</u> |
| Total General Government | <u>4,758,280</u> | <u>4,950,632</u> | <u>4,186,552</u> | <u>764,080</u> |
| Public Safety - Police | | | | |
| Salaries | 2,293,361 | 2,409,408 | 2,318,128 | 91,280 |
| Payroll-Related Benefits and Taxes | 1,428,839 | 1,507,997 | 1,461,252 | 46,745 |
| Contract Services | 205,658 | 236,438 | 231,504 | 4,934 |
| Materials and Supplies | 13,000 | 14,200 | 11,185 | 3,015 |
| Gasoline | 75,000 | 136,480 | 134,091 | 2,389 |
| Insurance | 255,018 | 260,467 | 217,323 | 43,144 |
| Repairs and Maintenance | 85,600 | 74,374 | 66,578 | 7,796 |
| Utilities | 30,476 | 37,714 | 35,222 | 2,492 |
| Office Supplies | 50,800 | 62,732 | 60,426 | 2,306 |
| Meetings, Trainings, and Conventions | 68,000 | 49,807 | 48,138 | 1,669 |
| Small Office Furnishings and Equipment | 8,000 | 16,450 | 16,160 | 290 |
| Small Computer Equipment | 37,600 | 37,952 | 37,940 | 12 |
| Professional Services | 220,300 | 212,450 | 193,583 | 18,867 |
| Small Tools and Equipment | 183,852 | 150,145 | 137,240 | 12,905 |
| Rent | 25,200 | 25,200 | 25,200 | - |
| Dues and Subscriptions | 3,000 | 3,000 | 2,219 | 781 |
| Advertising | 1,000 | - | - | - |
| Operating Leases | 7,900 | 7,900 | 4,889 | 3,011 |
| Vehicle Allowance | 7,200 | 7,200 | 7,200 | - |
| Telephone | 47,000 | 49,608 | 40,459 | 9,149 |
| Total Public Safety - Police | <u>5,046,804</u> | <u>5,299,522</u> | <u>5,048,737</u> | <u>250,785</u> |

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
General Fund (Continued)
For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable/ (Unfavorable) |
|--|--------------------|-----------------|-----------|--|
| Expenditures (Continued) | | | | |
| Public Safety - Fire | | | | |
| Salaries | 1,254,445 | 1,289,905 | 1,264,917 | 24,988 |
| Payroll-Related Benefits and Taxes | 860,430 | 874,970 | 863,918 | 11,052 |
| Utilities | 20,800 | 22,736 | 21,437 | 1,299 |
| Small Tools and Equipment | 25,000 | 40,519 | 29,680 | 10,839 |
| Small Computer Equipment | 25,500 | 19,413 | 18,093 | 1,320 |
| Small Office Furnishings and Equipment | 2,000 | 2,000 | 1,922 | 78 |
| Insurance | 89,599 | 76,837 | 76,835 | 2 |
| Repairs and Maintenance | 85,900 | 90,650 | 77,747 | 12,903 |
| Gasoline | 25,000 | 30,173 | 29,272 | 901 |
| Office Supplies | 24,500 | 25,405 | 19,763 | 5,642 |
| Operating Leases | 1,500 | 2,150 | 1,910 | 240 |
| Materials and Supplies | 9,000 | 9,000 | 8,234 | 766 |
| Garbage Collection | 500 | - | - | - |
| Telephone | 26,300 | 13,015 | 11,075 | 1,940 |
| Contract Services | 68,695 | 69,837 | 69,539 | 298 |
| Meetings, Trainings, and Conventions | 40,000 | 34,977 | 34,017 | 960 |
| Radios and Pagers | 16,200 | 11,328 | 9,591 | 1,737 |
| Dues and Subscriptions | 3,800 | 2,671 | 2,671 | - |
| Vehicle Allowance | 7,200 | 7,200 | 7,200 | - |
| Professional Services | 93,800 | 77,505 | 71,914 | 5,591 |
| Total Public Safety - Fire | 2,680,169 | 2,700,291 | 2,619,735 | 80,556 |
| Public Works | | | | |
| Salaries | 1,048,288 | 1,098,988 | 883,171 | 215,817 |
| Payroll-Related Benefits and Taxes | 637,263 | 655,051 | 543,094 | 111,957 |
| Professional Services | 168,300 | 171,630 | 129,762 | 41,868 |
| Telephone | 9,300 | 12,709 | 12,436 | 273 |
| Utilities | 276,100 | 306,564 | 306,460 | 104 |
| Repairs and Maintenance | 166,300 | 174,635 | 125,772 | 48,863 |
| Materials and Supplies | 215,000 | 184,718 | 140,241 | 44,477 |
| Rent | 1,500 | 1,500 | 960 | 540 |
| Gasoline | 70,000 | 136,800 | 102,277 | 34,523 |
| Small Office Furnishings and Equipment | 4,600 | 5,397 | 1,907 | 3,490 |
| Small Computer Equipment | 16,300 | 23,862 | 9,534 | 14,328 |
| Insurance | 163,103 | 176,103 | 78,479 | 97,624 |
| Office Supplies | 48,048 | 53,548 | 51,156 | 2,392 |
| Contract Services | 40,000 | 46,000 | 31,165 | 14,835 |
| Small Tools and Equipment | 11,500 | 18,500 | 15,271 | 3,229 |
| Contract Labor | 52,800 | 363,941 | 62,772 | 301,169 |
| Garbage Collection | - | 500 | - | 500 |
| Dues and Subscriptions | 1,200 | 1,200 | 762 | 438 |
| Meetings, Trainings, and Conventions | 5,000 | 5,000 | 4,852 | 148 |
| Operating Leases | 5,100 | 5,100 | 3,208 | 1,892 |
| Total Public Works | 2,939,702 | 3,441,746 | 2,503,279 | 938,467 |

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
General Fund (Continued)
For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable/ (Unfavorable) |
|--|-----------------------|-----------------------|----------------------|--|
| Expenditures (Continued) | | | | |
| Culture and Recreation | | | | |
| Salaries | 378,888 | 381,441 | 274,164 | 107,277 |
| Payroll-Related Benefits and Taxes | 148,767 | 150,635 | 115,738 | 34,897 |
| Materials and Supplies | 53,500 | 72,186 | 52,212 | 19,974 |
| Utilities | 38,736 | 48,973 | 45,651 | 3,322 |
| Contract Labor | 26,000 | 14,094 | 9,680 | 4,414 |
| Professional Services | 17,485 | 17,185 | 14,163 | 3,022 |
| Repairs and Maintenance | 32,900 | 23,959 | 10,864 | 13,095 |
| Insurance | 18,426 | 28,514 | 28,063 | 451 |
| Office Supplies | 14,500 | 14,007 | 5,548 | 8,459 |
| Contract Services | 149,400 | 140,240 | 125,374 | 14,866 |
| Service Charges and Fees | 3,000 | 1,000 | - | 1,000 |
| Pool Operations | 8,500 | 12,700 | 11,155 | 1,545 |
| Small Tools and Equipment | 9,500 | 8,750 | 5,653 | 3,097 |
| Small Computer Equipment | 6,000 | 4,600 | 3,150 | 1,450 |
| Telephone | 9,100 | 9,571 | 6,757 | 2,814 |
| Meetings, Trainings, and Conventions | 8,000 | 7,200 | 5,079 | 2,121 |
| Advertising | 22,350 | 22,350 | 22,096 | 254 |
| Dues and Subscriptions | 1,600 | 1,600 | 1,357 | 243 |
| Small Office Furnishings and Equipment | 2,250 | 2,250 | 228 | 2,022 |
| Gasoline | 2,850 | 3,850 | 2,746 | 1,104 |
| Operating Leases | 5,000 | 5,000 | 3,971 | 1,029 |
| Farmer's Market | 12,500 | 13,008 | 13,008 | - |
| Rent | 8,905 | 10,370 | 9,565 | 805 |
| Total Culture and Recreation | 978,157 | 993,483 | 766,222 | 227,261 |
| Capital Outlay | | | | |
| Capital Outlay | 2,867,586 | 5,657,113 | 2,672,966 | 2,984,147 |
| Debt Service | | | | |
| Payment | 271,154 | 272,537 | 255,502 | 17,035 |
| Interest | - | - | 17,035 | (17,035) |
| Total Debt Service | 271,154 | 272,537 | 272,537 | - |
| Total Expenditures | 19,541,852 | 23,315,324 | 18,070,028 | 5,245,296 |
| Excess (Deficiency) of Revenues Over Expenditures | (664,272) | (4,437,744) | 1,240,827 | (4,812,021) |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 13,606,518 | 13,606,518 | 17,335,973 | (3,729,455) |
| Transfers Out | (15,398,828) | (15,398,828) | (17,230,189) | 1,831,361 |
| Total Other Financing Sources (Uses) | \$ (1,792,310) | \$ (1,792,310) | 105,784 | \$ (1,898,094) |
| Net Change in Fund Balance | | | 1,346,611 | |
| Fund Balance, Beginning of Year | | | 15,650,118 | |
| Fund Balance, End of Year | | | \$ 16,996,729 | |

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Annexation Area (A3) Sales Tax Fund
For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable/ (Unfavorable) |
|--|----------------------------|-------------------------|---------------------|--|
| Revenues | | | | |
| Taxes | | | | |
| Sales Taxes | \$ 3,720,394 | \$ 3,720,394 | \$ 4,275,569 | \$ 555,175 |
| Interest and Penalties | 5,000 | 5,000 | 116,544 | 111,544 |
| Total Revenues | 3,725,394 | 3,725,394 | 4,392,113 | 666,719 |
| Expenditures | | | | |
| General Government | 42,784 | 42,784 | 49,382 | (6,598) |
| Capital Outlay | 1,800,000 | 4,620,566 | 1,076,308 | 3,544,258 |
| Total Expenditures | 1,842,784 | 4,663,350 | 1,125,690 | 3,537,660 |
| Excess (Deficiency) of Revenues Over Expenditures | 1,882,610 | (937,956) | 3,266,423 | 4,204,379 |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | (1,977,850) | (1,977,850) | (1,627,132) | 350,718 |
| Total Other Financing Sources (Uses) | (1,977,850) | (1,977,850) | (1,627,132) | 350,718 |
| Net Change in Fund Balance | \$ (95,240) | \$ (2,915,806) | 1,639,291 | \$ 4,555,097 |
| Fund Balance, Beginning of Year | | | 6,560,639 | |
| Fund Balance, End of Year | | | \$ 8,199,930 | |

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
State and Federal Grants Fund
For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable/ (Unfavorable) |
|--|----------------------------|-------------------------|-------------------|--|
| Revenues | | | | |
| State and Federal Grants | \$ 7,487,596 | \$ 9,587,596 | \$ 733,297 | \$ (8,854,299) |
| Total Revenues | <u>7,487,596</u> | <u>9,587,596</u> | <u>733,297</u> | <u>(8,854,299)</u> |
| Expenditures | | | | |
| Capital Outlay | <u>8,282,596</u> | <u>14,889,185</u> | <u>75,760</u> | <u>14,813,425</u> |
| Total Expenditures | <u>8,282,596</u> | <u>14,889,185</u> | <u>75,760</u> | <u>14,813,425</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(795,000)</u> | <u>(5,301,589)</u> | <u>657,537</u> | <u>5,959,126</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | <u>795,000</u> | <u>795,000</u> | <u>(687,310)</u> | <u>(1,482,310)</u> |
| Total Other Financing Sources (Uses) | <u>795,000</u> | <u>795,000</u> | <u>(687,310)</u> | <u>(1,482,310)</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ (4,506,589)</u> | <u>(29,773)</u> | <u>\$ 4,476,816</u> |
| Fund Balance, Beginning of Year | | | <u>332,773</u> | |
| Fund Balance, End of Year | | | <u>\$ 303,000</u> | |

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA

Notes to Required Supplementary Information

Note 1. Budgetary Information

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- a) Prior to September of each year, the City prepares a proposed budget for the next succeeding fiscal year and submits it to the Council. The recommended budget includes proposed expenditures and the sources of receipts to finance them.
- b) Public hearings are conducted at City Hall.
- c) Prior to the last meeting of the current fiscal year, the budget is enacted through passage of an ordinance and becomes the basis for the millage levied by the Council.
- d) The Mayor is authorized to transfer budgeted amounts between line items within a department; however, any revisions that alter the total expenditures of any department must be approved by the Council. Expenditures may not exceed legal appropriations at the department level. All appropriations lapse at year-end.
- e) Formal budgetary integration is employed as a management control device during the year for the General Fund, the Special Revenue Funds, Debt Service Funds, and Capital Outlay Funds. Formal budgetary integration is not employed for the Garden of Pines Permanent Fund and the Tree Mitigation Fund because projects are approved individually.
- f) Budgets are legally adopted on a basis consistent with U.S. GAAP except for transfers and debt service.
- g) The budgetary comparison schedules shown in the accompanying required supplementary information present comparisons of the legally adopted budgets, as amended, with actual results. The originally adopted budgets are presented for purposes of comparison to the final, amended budgets.

Note 2. Pension Schedules

Plan Changes in Benefit Terms

There have been no changes in benefits since the prior valuation of all three pension plans.

Note 2. Pension Schedules (Continued)

Changes of Assumptions

For the Municipal Employees' Retirement System for the valuation year ended June 30, 2021, the investment rate of return decreased from 6.95% to 6.85%. For the valuation year ended June 30, 2020, the investment rate of return decreased from 7% to 6.95%. For the valuation year ended June 30, 2019, the investment rate of return decreased from 7.275% to 7% and the rate of inflation decreased from 2.6% to 2.5%. For the valuation year ended June 30, 2018, the investment rate of return decreased from 7.4% to 7.275% and the rate of inflation decreased from 2.775% to 2.6%. For the valuation year ended June 30, 2017, the investment rate of return decreased from 7.5% to 7.4% and the rate of inflation decreased from 2.875% to 2.775%. For the valuation year ended June 30, 2015, the investment rate of return decreased from 7.75% to 7.5%, the rate for projected salary increases decreased from 5.75% to 5.0%, and the rate of inflation decreased from 3.0% to 2.875%.

For the Municipal Police Employees' Retirement System for the valuation year ended June 30, 2021, the investment rate of return decreased from 6.95% to 6.75%. For the valuation year ended June 30, 2020, the investment rate of return decreased from 7.125% to 6.95%. For the valuation year ended June 30, 2019, the investment rate of return decreased from 7.2% to 7.125% and the inflation rate decreased from 2.6% to 2.5%. For the valuation year ended June 30, 2018, the investment rate of return decreased from 7.33% to 7.20% and the inflation rate decreased from 2.70% to 2.60%. For the valuation year ended June 30, 2017, the investment rate of return decreased from 7.5% to 7.33% and the inflation rate decreased from 2.875% to 2.70%. For the valuation year ended June 30, 2015, the inflation rate decreased from 3% to 2.875%.

For the Firefighters' Retirement System for the valuation year ended June 30, 2020, the investment rate of return decreased from 7.00% to 6.90%. For the valuation year ended June 30, 2020, the investment rate of return decreased from 7.15% to 7.00%. For the valuation year ended June 30, 2019, the investment rate of return decreased from 7.3% to 7.15% and the inflation rate decreased from 2.7% to 2.5%. For the valuation year ended June 30, 2018, the investment rate of return decreased from 7.40% to 7.30% and the inflation rate decreased from 2.775% to 2.70%. For the valuation year ended June 30, 2017, the investment rate of return decreased from 7.50% to 7.40% and the inflation rate decreased from 2.875% to 2.775%. For the valuation year ended June 30, 2015, the inflation rate decreased from 3% to 2.875%.

OTHER SUPPLEMENTARY INFORMATION

CITY OF COVINGTON, LOUISIANA
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2022

| | <u>Debt Service Funds</u> | | <u>Permanent</u> | <u>Special Revenue Funds</u> | | <u>Capital Projects Funds</u> | | <u>Total Non-Major Governmental</u> |
|--|---|---|---|-------------------------------------|-------------------------------------|--|--|---|
| | <u>General Obligation Debt Service Fund</u> | <u>Sales Tax Bond Debt Service Fund</u> | <u>Garden of Pines Permanent Fund</u> | <u>Drug Forfeiture Fund</u> | <u>Tree Mitigation Fund</u> | <u>Water Capacity Treatment Fund</u> | <u>Waste-Water Capacity Treatment Fund</u> | |
| Assets | | | | | | | | |
| Cash and Cash Equivalents | \$ 394,014 | \$ 48,943 | \$ 36,040 | \$ - | \$ - | \$ - | \$ - | \$ 478,997 |
| Equity in Pooled Cash | - | - | - | 41,176 | 8,705 | 145,063 | 601,176 | 796,120 |
| Certificates of Deposit | - | 277,500 | 24,955 | - | - | - | - | 302,455 |
| Receivables | | | | | | | | |
| Property Taxes | 515,610 | - | - | - | - | - | - | 515,610 |
| Total Assets | \$ 909,624 | \$ 326,443 | \$ 60,995 | \$ 41,176 | \$ 8,705 | \$ 145,063 | \$ 601,176 | \$ 2,093,182 |
| Liabilities and Fund Balances | | | | | | | | |
| Liabilities | | | | | | | | |
| Due to Other Funds | \$ 3,400 | \$ - | \$ 32,387 | \$ - | \$ - | \$ - | \$ - | \$ 35,787 |
| Total Liabilities | 3,400 | - | 32,387 | - | - | - | - | 35,787 |
| Fund Balances | | | | | | | | |
| Nonspendable | | | | | | | | |
| Permanent Fund | - | - | 24,955 | - | - | - | - | 24,955 |
| Restricted for: | | | | | | | | |
| Perpetual Care | - | - | 3,653 | - | - | - | - | 3,653 |
| Debt Services | 906,224 | 326,443 | - | - | - | - | - | 1,232,667 |
| Drug Forfeiture | - | - | - | 41,176 | - | - | - | 41,176 |
| Tree Mitigation | - | - | - | - | 8,705 | - | - | 8,705 |
| Committed | | | | | | | | |
| Capital Outlay | - | - | - | - | - | 145,063 | 601,176 | 746,239 |
| Unrestricted | - | - | - | - | - | - | - | - |
| Total Fund Balances | 906,224 | 326,443 | 28,608 | 41,176 | 8,705 | 145,063 | 601,176 | 2,057,395 |
| Total Liabilities and Fund Balances | \$ 909,624 | \$ 326,443 | \$ 60,995 | \$ 41,176 | \$ 8,705 | \$ 145,063 | \$ 601,176 | \$ 2,093,182 |

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2022

| | Debt Service Funds | | Permanent | Special Revenue Funds | | Capital Projects Funds | | Total |
|--|--------------------|-------------------|------------------|-----------------------|-----------------|------------------------|-------------------|---------------------|
| | General | Sales Tax | Garden | Drug | Tree | Water | Waste-Water | Non-Major |
| | Obligation | Bond | of Pines | Forfeiture | Mitigation | Capacity | Capacity | Governmental |
| | Debt Service | Debt Service | Permanent | Fund | Fund | Treatment | Treatment | |
| | Fund | Fund | Fund | | | Fund | Fund | |
| Revenues | | | | | | | | |
| Property Taxes | \$ 572,554 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 572,554 |
| Charges for Services | - | - | - | - | - | 33,052 | 80,727 | 113,779 |
| Fines and Forfeitures | - | - | - | 6,558 | - | - | - | 6,558 |
| Interest and Penalties | 47 | 70 | 516 | 431 | 94 | 1,498 | 6,342 | 8,998 |
| Total Revenues | 572,601 | 70 | 516 | 6,989 | 94 | 34,550 | 87,069 | 701,889 |
| Expenditures | | | | | | | | |
| Current | | | | | | | | |
| General Government | 440 | - | - | - | - | - | - | 440 |
| Debt Service | | | | | | | | |
| Principal | 380,000 | - | - | - | - | - | - | 380,000 |
| Interest | 37,772 | - | - | - | - | - | - | 37,772 |
| Total Expenditures | 418,212 | - | - | - | - | - | - | 418,212 |
| Excess (Deficiency of Revenues Over Expenditures) | 154,389 | 70 | 516 | 6,989 | 94 | 34,550 | 87,069 | 283,677 |
| Net Change in Fund Balances | 154,389 | 70 | 516 | 6,989 | 94 | 34,550 | 87,069 | 283,677 |
| Fund Balances, Beginning of Year | 751,835 | 326,373 | 28,092 | 34,187 | 8,611 | 110,513 | 514,107 | 1,773,718 |
| Fund Balances, End of Year | \$ 906,224 | \$ 326,443 | \$ 28,608 | \$ 41,176 | \$ 8,705 | \$ 145,063 | \$ 601,176 | \$ 2,057,395 |

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Fund Descriptions
Non-Major Governmental Funds
For the Year Ended December 31, 2022

DEBT SERVICE FUNDS

Debt Service Funds are used to accumulate monies for the payment of principal, interest, and fiscal charges for the City's outstanding bonded debt.

General Obligation Debt Service Fund - This fund was created to account for the annual principal and interest of the general obligation bonded debt.

Sales Tax Bond Debt Service Fund - This fund was created to account for the annual principal and interest of the sales tax secured debt.

PERMANENT FUND

Permanent Funds are used to account for funds that are required to be kept in perpetual trust.

Garden of Pines Permanent Fund - This fund was created to account for the trust responsible for the general maintenance and care of the mausoleum. The original deposit must be kept intact.

SPECIAL REVENUE FUNDS

Drug Forfeiture Fund - This fund was created in 2017 to account for all expenditures in connection with drug forfeiture revenues.

Tree Mitigation Fund - This fund was created in 2017 to account for all expenditures in connection with fees collected for tree mitigation.

CAPITAL PROJECTS FUNDS

Water Capacity Treatment Fund - This fund was created in 2016 to account for all resources and expenditures in connection with the City's water system improvements.

Waste-Water Capacity Treatment Fund - This fund was created in 2016 to account for all resources and expenditures in connection with the City's waste-water system improvements.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
General Obligation Debt Service Fund
For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable/ (Unfavorable) |
|--|----------------------------|-------------------------|-------------------|--|
| Revenues | | | | |
| Taxes | | | | |
| Property Taxes | \$ 417,772 | \$ 417,772 | \$ 572,554 | \$ 154,782 |
| Interest and Penalties | - | - | 47 | 47 |
| Total Revenues | <u>417,772</u> | <u>417,772</u> | <u>572,601</u> | <u>154,829</u> |
| Expenditures | | | | |
| Current | | | | |
| General Government | 440 | 440 | 440 | - |
| Debt Service | | | | |
| Principal | 380,000 | 380,000 | 380,000 | - |
| Interest | 37,772 | 37,772 | 37,772 | - |
| Total Expenditures | <u>418,212</u> | <u>418,212</u> | <u>418,212</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(440)</u> | <u>(440)</u> | <u>154,389</u> | <u>154,829</u> |
| Net Change in Fund Balance | <u>\$ (440)</u> | <u>\$ (440)</u> | <u>154,389</u> | <u>\$ 154,829</u> |
| Fund Balance, Beginning of Year | | | <u>751,835</u> | |
| Fund Balance, End of Year | | | <u>\$ 906,224</u> | |

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Sales Tax Bond Debt Service Fund
For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable/ (Unfavorable) |
|--|----------------------------|-------------------------|-------------------|--|
| Revenues | | | | |
| Taxes | | | | |
| Interest and Penalties | \$ - | \$ - | \$ 70 | \$ 70 |
| Total Revenues | - | - | 70 | 70 |
| Excess (Deficiency) of Revenues Over Expenditures | - | - | 70 | 70 |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | 70 | <u>\$ 70</u> |
| Fund Balance, Beginning of Year | | | <u>326,373</u> | |
| Fund Balance, End of Year | | | <u>\$ 326,443</u> | |

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Garden of Pines Permanent Fund
For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable/ (Unfavorable) |
|--|----------------------------|-------------------------|------------------|--|
| Revenues | | | | |
| Taxes | | | | |
| Interest and Penalties | \$ - | \$ - | \$ 516 | \$ 516 |
| Total Revenues | - | - | 516 | 516 |
| Excess (Deficiency) of Revenues Over Expenditures | - | - | 516 | 516 |
| Net Change in Fund Balance | \$ - | \$ - | 516 | \$ 516 |
| Fund Balance, Beginning of Year | | | <u>28,092</u> | |
| Fund Balance, End of Year | | | <u>\$ 28,608</u> | |

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Drug Forfeiture Fund
For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable/ (Unfavorable) |
|--|----------------------------|-------------------------|------------------|--|
| Revenues | | | | |
| Fines and Forfeitures | \$ - | \$ - | \$ 6,558 | \$ 6,558 |
| Interest and Penalties | - | - | 431 | 431 |
| Total Revenues | - | - | 6,989 | 6,989 |
| Excess (Deficiency) of Revenues Over Expenditures | - | - | 6,989 | 6,989 |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | 6,989 | <u>\$ 6,989</u> |
| Fund Balance, Beginning of Year | | | <u>34,187</u> | |
| Fund Balance, End of Year | | | <u>\$ 41,176</u> | |

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Tree Mitigation Fund
For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable/ (Unfavorable) |
|--|----------------------------|-------------------------|-----------------|--|
| Revenues | | | | |
| Interest and Penalties | \$ - | \$ - | \$ 94 | \$ 94 |
| Total Revenues | - | - | 94 | 94 |
| Excess (Deficiency) of Revenues Over Expenditures | - | - | 94 | 94 |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | 94 | <u>\$ 94</u> |
| Fund Balance, Beginning of Year | | | <u>8,611</u> | |
| Fund Balance, End of Year | | | <u>\$ 8,705</u> | |

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Water Capacity Treatment Fund
For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable/ (Unfavorable) |
|--|----------------------------|-------------------------|-------------------|--|
| Revenues | | | | |
| Charges for Services | \$ 15,000 | \$ 15,000 | \$ 33,052 | \$ 18,052 |
| Interest and Penalties | - | - | 1,498 | 1,498 |
| Total Revenues | <u>15,000</u> | <u>15,000</u> | <u>34,550</u> | <u>19,550</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>15,000</u> | <u>15,000</u> | <u>34,550</u> | <u>19,550</u> |
| Net Change in Fund Balance | <u>\$ 15,000</u> | <u>\$ 15,000</u> | <u>34,550</u> | <u>\$ 19,550</u> |
| Fund Balance, Beginning of Year | | | <u>110,513</u> | |
| Fund Balance, End of Year | | | <u>\$ 145,063</u> | |

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Waste-Water Capacity Treatment Fund
For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable/ (Unfavorable) |
|--|----------------------------|-------------------------|-------------------|--|
| Revenues | | | | |
| Charges for Services | \$ 80,000 | \$ 80,000 | \$ 80,727 | \$ 727 |
| Interest and Penalties | - | - | 6,342 | 6,342 |
| Total Revenues | <u>80,000</u> | <u>80,000</u> | <u>87,069</u> | <u>7,069</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>80,000</u> | <u>80,000</u> | <u>87,069</u> | <u>7,069</u> |
| Net Change in Fund Balance | <u>\$ 80,000</u> | <u>\$ 80,000</u> | <u>87,069</u> | <u>\$ 7,069</u> |
| Fund Balance, Beginning of Year | | | <u>514,107</u> | |
| Fund Balance, End of Year | | | <u>\$ 601,176</u> | |

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Schedule of Council Compensation
For the Year Ended December 31, 2022

| Council Members | Term of Office | Compensation |
|-----------------------------------|-----------------------|-------------------------|
| Joey Roberts | May 2018 - Current | \$ 10,800 |
| Larry Rolling | July 2015 - Current | 10,800 |
| Cody Ludwig | July 2019 - Current | 10,800 |
| Peter Lewis | July 2019 - Current | 10,800 |
| Mark Verret | July 2019 - Current | 10,800 |
| John Botsford | July 2019 - Current | 10,800 |
| Rick Smith | July 2015 - Current | <u>10,800</u> |
| Total Council Compensation | | <u><u>\$ 75,600</u></u> |

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2022

Agency Head

Mark R. Johnson, Mayor

| Purpose | Amount |
|-----------------------|---------------|
| Salary | \$90,669 |
| Benefits - Insurance | \$9,044 |
| Benefits - Retirement | \$26,747 |
| Benefits - Other | \$4,615 |
| Car Allowance | \$9,000 |
| Cell Phone | \$600 |
| Other | \$0 |

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session - Cash Basis Presentation
For the Six-Month Periods Ended June 30, 2022 and December 31, 2022

| | | |
|--|-----------------------------|------------------------------|
| Entity Name | City of Covington | |
| LLA Entity ID # (This is the ID number assigned to the entity by the Legislative Auditor for identification purposes.) | 2165 | |
| Date that reporting period ended (mm/dd/yyyy) | Saturday, December 31, 2022 | |
| | First 6 months ended | Second 6 months ended |
| | 06/30/2022 | 12/31/2022 |
| Cash Basis Presentation | | |
| Beginning Balance of Amounts Collected (i.e. cash on hand) | - | - |
| Add: Collections | | |
| Traffic Ticket Fees | 83,364 | 42,661 |
| Criminal Court Costs/Fees | - | - |
| Criminal Fines - Contempt | - | - |
| Criminal Fines - Other | - | - |
| Subtotal Collections | 83,364 | 42,661 |
| Less: Disbursements To Governments & Nonprofits: <i>(Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)</i> | | |
| LA Commission on Law Enforcement - Court Fees | 700 | 332 |
| Indigent Defender Board - Court Fees | 15,740 | 7,470 |
| Florida Parishes Juvenile Justice Commission - Court Fees | 1,745 | 825 |
| Trial Court Case Management Information System - Court Fees | 1,048 | 498 |
| Louisiana Traumatic Head and Sprinal Cord Injury Trust Fund - Court Fees | 740 | 289 |
| State Treasurer - Disability Affairs Trust Fund - Court Fees | - | - |
| Crimestoppers, Inc - Court Fees | 696 | 330 |
| St. Tammany Sherrif - Court Fees | 3,400 | 1,620 |
| Louisiana Supreme Court - Court Fees | 163 | 79 |
| Crime Victim Rep Fund | 60 | 22 |
| Officer Witness Fee | 699 | 180 |
| Witness Protection | 349 | 165 |
| Less: Amounts Retained by Collecting Agency | | |
| Court Fines | 41,159 | 19,136 |
| Police Report Fees | 6,396 | 6,765 |
| City Court Fee | 10,469 | 4,950 |
| NSF Fee | - | - |
| Subtotal Disbursements/Retainage | 83,364 | 42,661 |
| Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand) | - | - |
| Ending Balance of "Partial Payments" Collected but not Disbursed <i>(only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained</i> | - | - |

See independent auditor's report.

STATISTICAL SECTION

CITY OF COVINGTON, LOUISIANA
Statistical Section
Table of Contents

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

| <u>Contents</u> | <u>Tables</u> |
|--|----------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 1 - 5 |
| Revenue Capacity These schedules contain information to help the reader assess the City's property tax. | 6 - 10 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | 11 - 15 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | 16 - 17 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | 18 - 20 |

Sources: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

CITY OF COVINGTON, LOUISIANA
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

Table 1

| | Fiscal Year | | | | | | | | | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 32,803,778 | \$ 31,320,016 | \$ 30,292,215 | \$ 28,310,163 | \$ 25,477,548 | \$ 23,051,733 | \$ 21,362,467 | \$ 18,519,019 | \$ 17,029,735 | \$ 14,051,675 |
| Restricted | 1,951,783 | 1,816,660 | 1,692,222 | 1,449,985 | 1,804,406 | 1,595,170 | 1,266,366 | 5,218,131 | 5,121,612 | 5,492,166 |
| Unrestricted | 7,852,073 | (5,367,347) | (1,993,150) | (2,084,725) | (2,506,238) | 62,767 | 385,497 | (1,132,977) | 4,953,099 | 4,984,304 |
| Total Governmental Activities | | | | | | | | | | |
| Net Position | \$ 42,607,634 | \$ 27,769,329 | \$ 29,991,287 | \$ 27,675,423 | \$ 24,775,716 | \$ 24,709,670 | \$ 23,014,330 | \$ 22,604,173 | \$ 27,104,446 | \$ 24,528,145 |
| Business-Type Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 26,233,917 | \$ 24,579,024 | \$ 24,608,548 | \$ 24,405,436 | \$ 22,917,753 | \$ 22,689,820 | \$ 22,870,664 | \$ 22,311,124 | \$ 22,109,454 | \$ 22,033,851 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted | 4,688,838 | 3,390,977 | 3,148,548 | 2,878,968 | 3,136,403 | 3,253,676 | 2,083,644 | 1,980,260 | 2,429,351 | 1,793,519 |
| Total Business-Type Activities | | | | | | | | | | |
| Net Position | \$ 30,922,755 | \$ 27,970,001 | \$ 27,757,096 | \$ 27,284,404 | \$ 26,054,156 | \$ 25,943,496 | \$ 24,954,308 | \$ 24,291,384 | \$ 24,538,805 | \$ 23,827,370 |
| Primary Government | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 59,037,695 | \$ 55,899,040 | \$ 54,900,763 | \$ 52,715,599 | \$ 48,395,301 | \$ 45,741,553 | \$ 44,233,131 | \$ 40,830,143 | \$ 39,139,189 | \$ 36,085,526 |
| Restricted | 1,951,783 | 1,816,660 | 1,692,222 | 1,449,985 | 1,804,406 | 1,595,170 | 1,266,366 | 5,218,131 | 5,121,612 | 5,492,166 |
| Unrestricted | 12,540,911 | (1,976,370) | 1,155,398 | 794,243 | 630,165 | 3,316,443 | 2,469,141 | 847,283 | 7,382,450 | 6,777,823 |
| Total Primary Government | | | | | | | | | | |
| Net Position | \$ 73,530,389 | \$ 55,739,330 | \$ 57,748,383 | \$ 54,959,827 | \$ 50,829,872 | \$ 50,653,166 | \$ 47,968,638 | \$ 46,895,557 | \$ 51,643,251 | \$ 48,355,515 |

Source: Annual Comprehensive Financial Reports

CITY OF COVINGTON, LOUISIANA
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

Table 2

| | Fiscal Year | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| General Government | \$ 5,800,360 | \$ 5,526,762 | \$ 4,219,873 | \$ 4,034,415 | \$ 3,352,924 | \$ 4,038,234 | \$ 4,769,296 | \$ 4,668,943 | \$ 3,486,965 | \$ 3,794,356 |
| Public Safety - Police | 5,306,532 | 4,814,817 | 4,534,911 | 4,773,793 | 4,663,107 | 4,563,093 | 5,006,714 | 3,882,644 | 4,040,778 | 3,886,455 |
| Public Safety - Fire | 2,879,337 | 2,506,187 | 2,525,136 | 2,367,913 | 2,147,667 | 2,305,524 | 2,526,229 | 1,879,036 | 1,889,585 | 1,747,521 |
| Public Works | 4,337,837 | 6,671,569 | 3,810,148 | 3,619,009 | 3,468,910 | 3,295,665 | 3,082,316 | 2,539,709 | 2,512,339 | 2,312,901 |
| Culture and Recreation | 884,378 | 628,483 | 747,883 | 844,901 | 900,389 | 1,095,418 | 541,513 | 458,504 | 547,055 | 757,640 |
| Interest on Long-Term Debt | 51,594 | 82,407 | 78,486 | 123,555 | 106,937 | 123,302 | 117,453 | 229,043 | 246,632 | 442,827 |
| Total Governmental Activities Expense | 19,260,038 | 20,230,225 | 15,916,437 | 15,763,586 | 14,639,934 | 15,421,236 | 16,043,521 | 13,657,879 | 12,723,354 | 12,941,700 |
| Business-Type Activities | | | | | | | | | | |
| Water | 3,032,858 | 1,438,531 | 2,524,833 | 1,560,160 | 1,741,357 | 1,612,340 | 1,486,619 | 1,932,925 | 1,921,567 | 1,857,583 |
| Sewer | 1,491,862 | 2,591,764 | 2,826,649 | 2,459,697 | 2,396,349 | 2,399,537 | 2,280,164 | 1,565,892 | 1,582,093 | 1,690,685 |
| Garbage | 1,052,934 | 1,010,495 | 992,160 | 942,259 | 822,539 | 790,005 | 767,388 | 684,886 | 649,894 | 659,800 |
| Total Business-Type Activities Expense | 5,577,654 | 5,040,790 | 6,343,642 | 4,962,116 | 4,960,245 | 4,801,882 | 4,534,171 | 4,183,703 | 4,153,554 | 4,208,068 |
| Total Primary Government Expenses | 24,837,692 | 25,271,015 | 22,260,079 | 20,725,702 | 19,600,179 | 20,223,118 | 20,577,692 | 17,841,582 | 16,876,908 | 17,149,768 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Charges for Services | | | | | | | | | | |
| General Government | 1,742,350 | 1,783,302 | 1,467,832 | 1,331,387 | 1,658,114 | 1,320,913 | 1,501,344 | - | - | - |
| Public Safety - Police | 78,727 | 75,653 | 62,823 | 60,838 | 61,740 | 78,493 | 103,222 | - | - | - |
| Public Works | 83,311 | 83,311 | 104,446 | 101,817 | - | 21,907 | 19,329 | 26,468 | 27,349 | 17,402 |
| Culture and Recreation | 234,001 | 142,477 | 69,535 | 103,255 | 272,055 | 229,464 | 85,431 | 105,114 | 104,647 | 86,529 |
| Operating Grants and Contributions | | | | | | | | | | |
| General Government | - | 4,959,226 | - | 33 | 51,414 | 4,711 | 21,128 | 13,724 | - | 2,293,734 |
| Public Safety - Police | - | - | 87,004 | 4,003 | 24,263 | 25,135 | 44,875 | 28,221 | 46,059 | 146,840 |
| Public Safety - Fire | - | - | 87,004 | - | 5,262 | - | 10,424 | - | 4,324 | 51,854 |
| Public Works | - | - | - | 13,455 | 56,451 | 18,410 | 173,124 | - | - | - |
| Culture and Recreation | - | - | 1,366 | 5,000 | 1,000 | 5,750 | - | - | - | - |
| Capital Grants and Contributions | | | | | | | | | | |
| General Government | - | - | - | 230,992 | - | - | 75,005 | 25,000 | 142,207 | 1,364 |
| Public Safety - Police | 100,000 | - | 116,884 | - | - | - | 44,795 | - | - | 29,877 |
| Public Safety - Fire | - | - | - | 198,096 | - | 2,130 | 71,979 | - | - | - |
| Public Works | 633,297 | 500,000 | 14,000 | 8,541 | 3,097 | 590,078 | 81,883 | 472,944 | 50,853 | 239,070 |
| Culture and Recreation | - | 246,866 | - | 250,000 | - | - | 2,436 | 139,791 | 15,209 | - |
| Total Governmental Activities Program Revenues | 2,871,686 | 7,790,835 | 2,010,894 | 2,307,417 | 2,133,396 | 2,296,991 | 2,234,975 | 811,262 | 390,648 | 2,866,670 |
| Business-Type Activities | | | | | | | | | | |
| Charges for Services | | | | | | | | | | |
| Water | 2,216,801 | 2,064,623 | 1,750,857 | 1,751,694 | 1,568,834 | 1,462,483 | 1,438,457 | 1,406,118 | 1,329,090 | 1,328,553 |
| Sewer | 2,500,311 | 2,415,401 | 2,112,508 | 1,945,078 | 1,902,523 | 1,793,771 | 1,725,651 | 1,706,001 | 1,611,462 | 1,591,966 |
| Garbage | 1,059,743 | 1,028,268 | 976,460 | 953,630 | 884,599 | 836,508 | 799,028 | 774,651 | 734,984 | 736,864 |
| Total Business-Type Activities Program Revenues | 5,776,855 | 5,508,292 | 4,839,825 | 4,650,402 | 4,355,956 | 4,092,762 | 3,963,136 | 3,886,770 | 3,675,536 | 3,657,383 |
| Total Primary Government Program Revenues | 8,648,541 | 13,299,127 | 6,850,719 | 6,957,819 | 6,489,352 | 6,389,753 | 6,198,111 | 4,698,032 | 4,066,184 | 6,524,053 |

CITY OF COVINGTON, LOUISIANA
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

Table 2

| | Fiscal Year | | | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| Net (Expense) Revenue | | | | | | | | | | |
| Governmental Activities | (16,388,352) | (12,439,390) | (13,905,543) | (13,456,169) | (12,506,538) | (13,124,245) | (13,808,546) | (12,846,617) | (12,332,706) | (10,075,030) |
| Business-Type Activities | 199,201 | 467,502 | (1,503,817) | (311,714) | (604,289) | (709,120) | (571,035) | (296,933) | (478,018) | (550,685) |
| Total Primary Government Net Expense | (16,189,151) | (11,971,888) | (15,409,360) | (13,767,883) | (13,110,827) | (13,833,365) | (14,379,581) | (13,143,550) | (12,810,724) | (10,625,715) |
| General Revenues and Other Changes in Net Position: | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Sales Taxes | 17,373,758 | 16,131,917 | 13,664,106 | 12,862,905 | 12,429,707 | 11,973,167 | 10,874,639 | 10,750,947 | 10,796,315 | 10,356,610 |
| Property Taxes | 3,303,400 | 3,189,895 | 3,184,627 | 2,979,826 | 2,866,280 | 2,852,243 | 2,774,300 | 2,638,760 | 2,619,670 | 2,496,702 |
| Franchise Taxes | 943,484 | 768,835 | 672,277 | 788,684 | 825,019 | 763,357 | 774,406 | 786,218 | 775,089 | 748,346 |
| Licenses and Permits | - | - | - | - | - | - | - | 1,433,599 | 1,311,592 | 1,451,406 |
| Fines and Forfeitures | - | - | - | - | - | - | - | 86,020 | 481,808 | 90,881 |
| Interest | 361,522 | 69,590 | 74,683 | 368,914 | 197,327 | 88,099 | 57,007 | 32,197 | 82,585 | 38,408 |
| Other General Revenues | 284,304 | 291,241 | 399,764 | 581,834 | 761,177 | 518,983 | 805,950 | 475,066 | 31,401 | 212,690 |
| Special Item - Loss/Gain on Disposed Assets | - | - | - | 8,531 | 48,042 | - | (142,591) | - | - | - |
| Special Item - Law Suit Settlement | - | - | - | - | - | - | - | 1,469,800 | - | - |
| Non-Employer Contribution Revenue | 373,687 | 251,876 | 304,460 | 279,032 | 299,191 | 292,756 | 280,471 | 278,908 | - | - |
| Benefit Payments | - | - | - | - | 100,135 | - | - | - | - | - |
| Transfers | (2,208,658) | 288,769 | (2,118,510) | (1,513,850) | (2,350,837) | (1,669,020) | (1,205,479) | (1,275,484) | (1,189,453) | (588,482) |
| Total Governmental Activities | 20,431,497 | 20,992,123 | 16,181,407 | 16,355,876 | 15,176,041 | 14,819,585 | 14,218,703 | 16,676,031 | 14,909,007 | 14,806,561 |
| Business-Type Activities | | | | | | | | | | |
| Other General Revenues | 65,668 | 1,141 | - | - | - | - | - | - | - | - |
| Transfers | 2,208,658 | (288,769) | 2,116,735 | - | - | 1,669,020 | 1,205,479 | 1,275,484 | 1,189,453 | 588,482 |
| Non-Employer Contribution Revenue | 31,006 | 33,031 | 31,385 | 28,112 | 29,711 | 29,288 | 28,480 | 29,276 | - | - |
| Benefit Payments | - | - | - | - | 16,807 | - | - | - | - | - |
| Capital Contributions | - | - | (171,611) | 1,513,850 | 1,300,837 | - | - | - | - | - |
| Total Business-Type Activities | 2,305,332 | (254,597) | 1,976,509 | 1,541,962 | 1,347,355 | 1,698,308 | 1,233,959 | 1,304,760 | 1,189,453 | 588,482 |
| Total Primary Government | 22,736,829 | 20,737,526 | 18,157,916 | 17,897,838 | 16,523,396 | 16,517,893 | 15,452,662 | 17,980,791 | 16,098,460 | 15,395,043 |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities | 4,043,145 | 8,552,733 | 2,275,864 | 2,899,707 | 2,669,503 | 1,695,340 | 410,157 | 3,829,414 | 2,576,301 | 4,731,531 |
| Business-Type Activities | 2,504,533 | 212,905 | 472,692 | 1,230,248 | 743,066 | 989,188 | 662,924 | 1,007,827 | 711,435 | 37,797 |
| Total Primary Government | \$ 6,547,678 | \$ 8,765,638 | \$ 2,748,556 | \$ 4,129,955 | \$ 3,412,569 | \$ 2,684,528 | \$ 1,073,081 | \$ 4,837,241 | \$ 3,287,736 | \$ 4,769,328 |

Source: Annual Comprehensive Financial Reports

CITY OF COVINGTON, LOUISIANA
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

Table 3

| Fiscal Year | Sales Tax | Property Tax | Total |
|------------------------|------------------|---------------------|---------------|
| 2022 | \$ 17,373,758 | \$ 3,303,400 | \$ 20,677,158 |
| 2021 | 16,131,917 | 3,288,553 | 19,420,470 |
| 2020 | 13,664,106 | 3,184,627 | 16,848,733 |
| 2019 | 12,862,905 | 2,979,826 | 15,842,731 |
| 2018 | 12,429,707 | 2,866,280 | 15,295,987 |
| 2017 | 11,973,167 | 2,852,243 | 14,825,410 |
| 2016 | 10,874,639 | 2,774,300 | 13,648,939 |
| 2015 | 10,750,947 | 2,638,760 | 13,389,707 |
| 2014 | 10,796,315 | 2,619,670 | 13,415,985 |
| 2013 | 10,356,610 | 2,496,702 | 12,853,312 |

Source: Annual Comprehensive Financial Reports

CITY OF COVINGTON, LOUISIANA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

Table 4

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 82,265 | \$ 82,260 | \$ 80,260 | \$ 87,549 | \$ 102,447 | \$ 79,509 | \$ - | \$ - | \$ - | \$ - |
| Restricted | 255,362 | 252,529 | 284,522 | 254,243 | 253,254 | 255,515 | 253,853 | 287,655 | 521,987 | 253,219 |
| Committed | - | - | - | - | - | - | - | 1,209,809 | 176,089 | 440,795 |
| Assigned | 5,568,305 | 5,568,305 | 4,820,741 | 4,649,413 | 3,590,934 | 6,347,449 | 5,594,298 | 2,102,610 | 2,036,859 | 1,972,837 |
| Unassigned | 11,090,797 | 9,747,018 | 5,969,184 | 5,782,918 | 7,874,558 | 4,841,225 | 3,319,642 | 5,351,571 | 4,379,657 | 3,695,549 |
| Total General Fund | \$ 16,996,729 | \$ 15,650,112 | \$ 11,154,707 | \$ 10,774,123 | \$ 11,821,193 | \$ 11,523,698 | \$ 9,167,793 | \$ 8,951,645 | \$ 7,114,592 | \$ 6,362,400 |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | \$ 24,955 | \$ 24,955 | \$ 24,955 | \$ 24,955 | \$ 24,955 | \$ 24,955 | \$ 24,955 | \$ 24,955 | \$ 24,955 | \$ 24,955 |
| Restricted | 1,589,201 | 1,456,916 | 1,262,485 | 1,083,238 | 1,423,750 | 1,235,191 | 1,012,513 | 4,930,476 | 4,845,653 | 5,238,947 |
| Committed | 8,946,169 | 7,185,259 | 5,385,040 | 5,252,822 | 3,149,972 | 2,619,805 | 1,536,553 | 2,332,731 | 1,751,713 | 2,496,138 |
| Unreserved, Reported in: | | | | | | | | | | |
| Special Revenue | - | - | - | - | - | - | 3,757,786 | - | - | - |
| Other | - | - | - | - | - | 1,245,844 | - | - | - | - |
| Total All Other Governmental Funds | \$ 10,560,325 | \$ 8,667,130 | \$ 6,672,480 | \$ 6,361,015 | \$ 4,598,677 | \$ 5,125,795 | \$ 6,331,807 | \$ 7,288,162 | \$ 6,622,321 | \$ 7,760,040 |

Source: Annual Comprehensive Financial Reports

CITY OF COVINGTON, LOUISIANA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

Table 5

| | Fiscal Year | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| Revenues | | | | | | | | | | |
| Sales Tax | \$ 17,373,758 | \$ 16,131,917 | \$ 13,664,106 | \$ 12,862,905 | \$ 12,429,707 | \$ 11,973,167 | \$ 10,874,639 | \$ 10,750,947 | \$ 10,796,315 | \$ 10,356,610 |
| Property Taxes | 3,303,400 | 3,189,895 | 3,184,627 | 2,979,826 | 2,866,280 | 2,852,243 | 2,774,300 | 2,638,760 | 2,619,670 | 2,496,702 |
| Franchise Tax | 943,484 | 768,834 | 672,277 | 788,684 | 825,019 | 763,357 | 774,406 | 786,218 | 775,089 | 748,346 |
| Licenses and Permits | 1,430,081 | 1,585,952 | 1,450,972 | 1,315,026 | 1,658,114 | 1,320,913 | 1,501,344 | 1,433,599 | 1,311,592 | 1,451,406 |
| Other Revenues | 277,746 | 291,241 | 212,726 | 398,369 | 459,132 | 251,211 | 544,009 | 258,747 | 288,327 | 210,698 |
| Fines and Forfeitures | 85,285 | 75,653 | 62,823 | 60,838 | 61,740 | 78,493 | 103,222 | 86,020 | 82,585 | 90,881 |
| Charges for Service | 317,312 | 225,788 | 190,841 | 221,433 | 272,055 | 251,371 | 104,760 | 131,582 | 131,996 | 103,931 |
| Intergovernmental Revenue | 312,269 | 197,350 | 187,038 | 183,456 | 250,160 | 243,152 | 247,058 | 216,097 | 192,061 | 175,782 |
| Interest and Penalties | 361,522 | 69,590 | 99,499 | 368,914 | 197,327 | 88,099 | 57,007 | 32,197 | 31,401 | 38,408 |
| Assessments | - | - | - | - | - | - | - | - | 1,420 | 1,992 |
| State and Federal Grants | 733,297 | 5,706,092 | 306,258 | 479,137 | 142,007 | 722,116 | 525,649 | 654,680 | 117,652 | 339,298 |
| Capital Contributions | - | - | - | - | - | - | - | 25,000 | 141,000 | - |
| Refunding Bonds Issued | - | - | - | - | - | - | 3,890,000 | - | - | - |
| Total Revenues | 25,138,154 | 28,242,313 | 20,031,167 | 19,658,588 | 19,161,541 | 18,544,122 | 21,396,394 | 17,013,847 | 16,489,108 | 16,014,054 |
| Expenditures | | | | | | | | | | |
| Current | | | | | | | | | | |
| General Government | 4,236,374 | 3,602,014 | 3,492,483 | 3,330,355 | 3,303,834 | 3,055,652 | 3,539,055 | 3,687,722 | 3,154,400 | 3,029,758 |
| Public Safety - Police | 5,048,737 | 4,814,817 | 4,085,820 | 4,147,875 | 4,221,709 | 3,979,187 | 4,129,928 | 3,708,863 | 3,833,969 | 3,663,528 |
| Public Safety - Fire | 2,619,735 | 2,506,187 | 2,113,584 | 2,062,857 | 1,988,244 | 1,993,993 | 1,916,090 | 1,810,928 | 1,791,226 | 1,653,723 |
| Public Works | 2,503,279 | 6,671,569 | 2,170,629 | 2,104,898 | 2,006,127 | 2,034,887 | 1,849,987 | 1,819,738 | 1,872,988 | 1,713,165 |
| Culture and recreation | 766,222 | 628,483 | 605,145 | 698,334 | 751,614 | 860,503 | 301,743 | 361,491 | 329,695 | 536,379 |
| Sewer Department | - | - | - | - | 44,327 | 18,785 | 17,245 | - | - | - |
| Water Department | - | - | - | - | 18,100 | - | 1,463 | - | - | - |
| Garbage Department | - | - | - | - | - | - | 178,958 | - | - | - |
| Capital Outlay | 3,825,034 | 2,840,588 | 3,703,972 | 5,015,166 | 3,911,767 | 2,967,045 | 4,323,372 | 2,486,317 | 3,829,821 | 2,206,866 |
| Capital Lease | | | | | | | | | | |
| Principal | - | 189,248 | 208,155 | 177,608 | - | - | - | - | - | - |
| Interest | - | 18,907 | - | 30,547 | - | - | - | - | - | - |
| Debt Service | | | | | | | | | | |
| Principal | 635,502 | 797,000 | 774,000 | 746,000 | 722,000 | 693,000 | 693,673 | 600,000 | 575,000 | 551,000 |
| Interest | 54,807 | 70,875 | 66,820 | 81,180 | 94,974 | 116,777 | 139,109 | 231,739 | 249,103 | 266,781 |
| Payments on Claims and Judgements | - | - | - | - | 30,000 | 30,000 | 30,000 | 30,000 | 137,410 | 137,410 |
| Payment to Escrow Account | - | - | - | - | - | - | 3,825,382 | - | - | - |
| Total Expenditures | 19,689,690 | 22,139,688 | 17,220,608 | 18,394,820 | 17,092,696 | 15,749,829 | 20,946,005 | 14,736,798 | 15,773,612 | 13,758,610 |
| Excess (Deficiency) of Revenues Over Expenditures | 5,448,464 | 6,102,625 | 2,810,559 | 1,263,768 | 2,068,845 | 2,794,293 | 450,389 | 2,277,049 | 715,496 | 2,255,444 |

CITY OF COVINGTON, LOUISIANA
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

Table 5

| | Fiscal Year | | | | | | | | | |
|---|---------------------|---------------------|--------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers In | 17,335,973 | 21,810,672 | 1,735,063 | 1,956,664 | 11,552,430 | 12,060,133 | 7,269,605 | 7,101,607 | 7,022,566 | 6,945,422 |
| Transfers Out | (19,544,631) | (21,521,903) | (3,853,573) | (3,470,514) | (13,903,266) | (13,729,153) | (8,475,084) | (8,377,091) | (8,212,019) | (7,533,904) |
| Proceeds from the Sale of Capital Assets | - | - | - | 18,156 | 52,368 | 24,620 | 14,883 | 31,529.00 | 88,430 | 27,742 |
| Lawsuit Settlement | - | - | - | - | - | - | - | 1,469,800 | - | - |
| Proceeds from Capital Lease | - | - | - | 947,194 | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | (2,208,658) | 288,769 | (2,118,510) | (548,500) | (2,298,468) | (1,644,400) | (1,190,596) | 225,845 | (1,101,023) | (560,740) |
| Net Change in Fund Balances | \$ 3,239,806 | \$ 6,391,394 | \$ 692,049 | \$ 715,268 | \$ (229,623) | \$ 1,149,893 | \$ (740,207) | \$ 2,502,894 | \$ (385,527) | \$ 1,694,704 |
| Debt Service as a Percentage of Non-Capital Expenditures | 4.40% | 6.22% | 6.18% | 6.20% | 6.33% | 5.01% | 6.79% | 6.90% | 7.08% | 7.01% |

Source: Annual Comprehensive Financial Reports

CITY OF COVINGTON, LOUISIANA
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Table 6

| Fiscal Year | Real Estate Assessed Value | | Commercial and Other Property Assessed Value | | Total Assessed Value | Total Direct Tax Rate |
|-------------|----------------------------|-------------|--|------------|----------------------|-----------------------|
| 2022 | \$ | 144,085,098 | \$ | 27,615,415 | \$ 171,700,513 | 20.01 |
| 2021 | | 141,040,183 | | 23,448,124 | 164,488,307 | 20.01 |
| 2020 | | 140,264,673 | | 23,809,294 | 164,073,967 | 20.01 |
| 2019 | | 121,388,186 | | 25,103,346 | 146,491,532 | 21.00 |
| 2018 | | 118,824,868 | | 22,972,415 | 141,797,283 | 21.00 |
| 2017 | | 114,948,380 | | 23,491,262 | 138,439,642 | 21.24 |
| 2016 | | 110,701,663 | | 23,954,850 | 134,656,513 | 21.24 |
| 2015 | | 103,511,814 | | 23,143,457 | 126,655,271 | 21.50 |
| 2014 | | 100,278,064 | | 23,606,777 | 123,884,841 | 21.80 |
| 2013 | | 95,946,008 | | 22,123,667 | 118,069,675 | 21.80 |

Source: Information obtained from St. Tammany Parish Assessor's Office.

CITY OF COVINGTON, LOUISIANA
Property Tax Rates - Direct And Overlapping Governments
Last Ten Fiscal Years
(Unaudited)

Table 7

| Fiscal Year | City of Covington | | | Overlapping Rates | | | | | | Total Direct and Overlapping Rates |
|-------------|-------------------|----------------------|--------------------|-------------------|----------------------|-------------------|----------------------|----------------------|-------------------|------------------------------------|
| | Operating Millage | Debt Service Millage | Total City Millage | Parish | | Service District | | | Special Districts | |
| | | | | Operating Millage | Total Parish Millage | Operating Millage | Debt Service Millage | Total School Millage | | |
| 2022 | 16.51 | 3.50 | 20.01 | 34.91 | 34.91 | 45.35 | 16.65 | 62.00 | 0.00 | 116.92 |
| 2021 | 16.51 | 3.50 | 20.01 | 34.80 | 34.80 | 45.35 | 16.65 | 62.00 | 0.00 | 116.81 |
| 2020 | 16.51 | 3.50 | 20.01 | 35.13 | 35.13 | 45.35 | 16.65 | 62.00 | 0.00 | 117.14 |
| 2019 | 17.50 | 3.50 | 21.00 | 37.72 | 37.72 | 45.62 | 16.79 | 62.41 | 0.00 | 121.13 |
| 2018 | 17.50 | 3.50 | 21.00 | 36.69 | 36.69 | 45.62 | 18.79 | 64.41 | 0.00 | 122.10 |
| 2017 | 17.24 | 4.00 | 21.24 | 36.67 | 36.67 | 45.62 | 19.79 | 65.41 | 1.44 | 124.76 |
| 2016 | 17.24 | 4.00 | 21.24 | 36.26 | 36.26 | 45.62 | 20.79 | 66.41 | 1.44 | 125.35 |
| 2015 | 17.50 | 4.00 | 21.50 | 37.47 | 37.47 | 47.28 | 20.9 | 68.18 | 1.50 | 128.65 |
| 2014 | 17.50 | 4.30 | 21.80 | 35.91 | 35.91 | 47.28 | 20.9 | 68.18 | 1.50 | 127.39 |
| 2013 | 17.50 | 4.30 | 21.80 | 34.87 | 34.87 | 47.28 | 20.9 | 68.18 | 1.50 | 126.35 |

Source: St. Tammany Parish Assessor's Office

CITY OF COVINGTON, LOUISIANA
Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

Table 8

| Taxpayer | Type of Business | December 31, 2022 | | | December 31, 2013 | | |
|-------------------------------|--------------------|----------------------|------|--|----------------------|------|--|
| | | Assessed Valuation | Rank | Percentage of Total Assessed Valuation | Assessed Valuation | Rank | Percentage of Total Assessed Valuation |
| Central LA Electric Co | Utility | \$ 3,281,440 | 1 | 18.30% | \$ 3,670,640 | 1 | 29.81% |
| Hancock Whitney Bank #1116 | Banking | 3,133,538 | 2 | 17.48% | 556,110 | 10 | 4.52% |
| Reagan Crossing LLC | Apartments | 2,905,029 | 3 | 16.20% | | | |
| Bell South Communications | Telecommunications | 1,591,022 | 4 | 8.87% | | | |
| Atmos Energy Corporation | Natural Gas | 1,468,359 | 5 | 8.19% | 719,127 | 7 | 5.84% |
| Capital One NA | Banking | 1,352,812 | 6 | 7.55% | 924,100 | 4 | 7.50% |
| United Rentals | Rentals | 1,347,518 | 7 | 7.52% | | | |
| Testiga Properties, LLC | Real Estate | 1,064,798 | 8 | 5.94% | 760,559 | 6 | 6.18% |
| Gulf Coast Bank and Trust Co | Banking | 1,037,013 | 9 | 5.78% | | | |
| RobCo LLC | Real Estate | 747,719 | 10 | 4.17% | | | |
| AT&T Southeast Tax Dept. | | | | | 2,660,060 | 2 | 21.60% |
| Volvo Ce Rents, Inc. | | | | | 970,890 | 3 | 7.88% |
| Delta Supply Chain Operations | | | | | 803,750 | 5 | 6.53% |
| Medstate, LLC | | | | | 691,669 | 8 | 5.62% |
| Covington Commons, LLC | | | | | 556,955 | 9 | 4.52% |
| Total | | <u>\$ 17,929,248</u> | | <u>100.00%</u> | <u>\$ 12,313,860</u> | | <u>100.00%</u> |

Source: St. Tammany Parish Assessor's Office

CITY OF COVINGTON, LOUISIANA
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Table 9

| Fiscal Year | Total Tax Levy | Current Tax Collections | Percent of Levy Collected | Collections for Prior Years | Total Collections | Ratio of Total Collections to Tax Levy (1) |
|--------------------|-----------------------|--------------------------------|----------------------------------|------------------------------------|--------------------------|---|
| 2022 | \$ 3,405,566 | \$ 3,301,974 | 97.0 | \$ 1,426 | \$ 3,303,400 | 97.0 |
| 2021 | 3,288,553 | 3,188,893 | 97.0 | 1,002 | 3,189,895 | 97.0 |
| 2020 | 3,277,430 | 3,181,380 | 97.1 | 3,247 | 3,184,627 | 97.2 |
| 2019 | 3,075,275 | 2,978,602 | 96.9 | 1,224 | 2,979,826 | 96.9 |
| 2018 | 2,977,749 | 2,863,883 | 96.2 | 2,397 | 2,866,280 | 96.3 |
| 2017 | 2,940,457 | 2,850,044 | 96.9 | 2,199 | 2,852,243 | 97.0 |
| 2016 | 2,860,103 | 2,766,649 | 96.7 | 7,651 | 2,774,300 | 97.0 |
| 2015 | 2,720,372 | 2,631,109 | 96.7 | 7,651 | 2,638,760 | 97.0 |
| 2014 | 2,700,691 | 2,612,608 | 96.7 | 7,062 | 2,619,670 | 97.0 |
| 2013 | 2,573,920 | 2,488,725 | 96.7 | 7,977 | 2,496,702 | 97.0 |

Sources: St. Tammany Parish Sheriff's Office and the City of Covington Finance Department

(1) Total collections include redemptions.

CITY OF COVINGTON, LOUISIANA
Principal Sales Tax Payers
Current Year and Nine Years Ago
(Unaudited)

Table 10

| Taxpayer | December 31, 2022 | | | December 31, 2013 | | |
|-----------------------------------|-----------------------|------|---|-----------------------|------|---|
| | Sales Tax Collections | Rank | Percentage of Total Sales Tax Collections | Sales Tax Collections | Rank | Percentage of Total Sales Tax Collections |
| Motor Vehicles | \$ 703,913 | 1 | 4.07% | \$ 422,550 | 1 | 15.71% |
| Grocery/Discount Retailer | 608,790 | 2 | 3.52% | 388,705 | 2 | 14.45% |
| Internet/Retailer | 565,552 | 3 | 3.27% | | | |
| Grocery/Discount Retailer | 549,986 | 4 | 3.18% | 349,525 | 3 | 12.99% |
| Grocery/Discount Retailer | 485,994 | 5 | 2.81% | 289,724 | 4 | 10.77% |
| Grocery/Discount Retailer | 468,699 | 6 | 2.71% | 283,538 | 5 | 10.54% |
| Grocery/Discount Retailer | 370,116 | 7 | 2.14% | 264,979 | 6 | 9.85% |
| Retail Pharmacies and Drug Stores | 340,715 | 8 | 1.97% | 208,271 | 7 | 7.74% |
| Retail Computer Software | 276,723 | 9 | 1.60% | | | |
| Grocery/Discount Retailer | 250,780 | 10 | 1.45% | 205,178 | 8 | 7.63% |
| Retail Pharmacies and Drug Stores | | | | 128,881 | 9 | 4.79% |
| Full Service Restaurants | | | | 148,471 | 10 | 5.52% |
| Retail Pharmacies and Drugstores | | | | | | |
| Total | <u>\$ 4,621,266</u> | | <u>26.72%</u> | <u>\$ 2,689,822</u> | | <u>100.00%</u> |

Source: Based on Sales Tax Collections, compiled by St. Tammany Parish Sheriff's Office

Note: The sales tax rate is calculated at 8.70%

* Information not available

CITY OF COVINGTON, LOUISIANA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Table 11

| Fiscal Year | General Obligation Bonds | Sales Tax Revenue Bonds | Community Disaster Loan | Total Primary Government Debt | (1) Percentage of Total Personal Income | (1) Total Debt Per Capita |
|--------------------|---|--|------------------------------------|--|--|--|
| 2022 | \$ 2,045,000 | \$ - | \$ - | \$ 2,045,000 | (2) | \$ 7.48 |
| 2021 | 2,425,000 | - | - | 2,425,000 | (2) | 9.06 |
| 2020 | 2,897,000 | 325,000 | - | 3,222,000 | (2) | 16.85 |
| 2019 | 3,356,000 | 640,000 | - | 3,996,000 | (2) | 15.34 |
| 2018 | 3,797,000 | 945,000 | - | 4,742,000 | (2) | 18.28 |
| 2017 | 4,229,000 | 1,235,000 | - | 5,464,000 | (2) | 21.47 |
| 2016 | 4,637,000 | 1,520,000 | - | 6,157,000 | (2) | 24.30 |
| 2015 | 4,856,000 | 1,790,000 | - | 6,646,000 | (2) | 27.04 |
| 2014 | 5,196,000 | 2,050,000 | - | 7,246,000 | (2) | 29.90 |
| 2013 | 5,521,000 | 2,278,106 | - | 7,799,106 | (2) | 32.57 |

Source: Annual Comprehensive Financial Reports

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

(1) See the Schedule of Demographic Statistics, Table 16, for personal income and population data.

CITY OF COVINGTON, LOUISIANA
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Table 12

| Fiscal Year | (2) General Obligation Bonds | (3) Resources Restricted for Repayment of Debt | Net Debt | Net Debt Per Capital | (1) Percentage of Net Debt to Estimated Actual Value |
|--------------------|---|---|-----------------|---------------------------------|---|
| 2022 | \$ 2,045,000 | \$ 751,835 | \$ 1,293,165 | \$ 109.59 | 0.75% |
| 2021 | 2,425,000 | 712,078 | 1,712,922 | 145.16 | 1.04% |
| 2020 | 2,897,000 | 714,677 | 2,182,323 | 188.72 | 1.33% |
| 2019 | 3,356,000 | 707,122 | 2,648,878 | 253.14 | 1.81% |
| 2018 | 3,797,000 | 715,560 | 3,081,440 | 292.25 | 2.17% |
| 2017 | 4,229,000 | 677,950 | 3,551,050 | 351.94 | 2.57% |
| 2016 | 4,637,000 | 637,097 | 3,999,903 | 404.15 | 2.97% |
| 2015 | 4,856,000 | 632,874 | 4,223,126 | 443.93 | 3.33% |
| 2014 | 5,196,000 | 646,607 | 4,549,393 | 511.40 | 3.67% |
| 2013 | 5,521,000 | 664,689 | 4,856,311 | 554.06 | 4.11% |

Source: Annual Comprehensive Financial Reports

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

- (1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property, Table 6, for assessed value data and actual value.
- (2) Amount does not include special assessment, sales tax, or revenue bonds.
- (3) Amount available for repayment of general obligation bonds.

CITY OF COVINGTON, LOUISIANA
Computation of Direct and Overlapping
Governmental Activities Debt
December 31, 2022
(Unaudited)

Table 13

| Governmental Unit | Gross Debt Outstanding (2) | Estimated Percentage Applicable (1) | Estimated Share of Overlapping Debt |
|--|-----------------------------------|--|--|
| Debt Repaid with Property Taxes | | | |
| St. Tammany Parish | \$ 115,334,019 | 5% | \$ 5,766,701 |
| St. Tammany Parish School Board | 300,586,658 | 5% | <u>15,029,333</u> |
| Subtotal Overlapping Debt | | | 20,796,034 |
| City of Covington Direct Debt | 2,045,000 | 100% | <u>2,045,000</u> |
| Total Direct and Overlapping Debt | | | <u><u>\$ 22,841,034</u></u> |

Source: St. Tammany Parish Annual Comprehensive Financial Report

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

- (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Parish's taxable assessed value that is within the City's boundaries and dividing it by the Parish's total taxable
- (2) Amounts available as of December 31, 2022 for St. Tammany Parish and June 30, 2022 for St. Tammany Parish School Board.

CITY OF COVINGTON, LOUISIANA
Computation of Legal Debt Margin Information
December 31, 2022
(Unaudited)

Table 14

| Fiscal Year | Assessed Value (1) | Debt Limit of Thirty-Five Percent (35%) of Assessed Value (2) | Less: Total Bonded Debt (3) | Legal Debt Margin | Legal Debt Margin as a % of the Debt Limit |
|--------------------|---------------------------|--|------------------------------------|--------------------------|---|
| 2022 | \$ 171,700,513 | \$ 60,095,180 | \$ 1,293,165 | \$ 58,802,015 | 97.85% |
| 2021 | 164,488,307 | 57,570,907 | 1,712,922 | 55,857,985 | 97.02% |
| 2020 | 164,073,967 | 57,425,888 | 2,182,323 | 55,243,565 | 96.20% |
| 2019 | 146,491,532 | 51,272,036 | 2,648,878 | 48,623,158 | 94.83% |
| 2018 | 141,797,283 | 49,629,049 | 3,081,440 | 46,547,609 | 93.79% |
| 2017 | 138,439,642 | 48,453,875 | 3,551,050 | 44,902,825 | 92.67% |
| 2016 | 134,656,513 | 47,129,780 | 3,999,903 | 43,129,877 | 91.51% |
| 2015 | 126,655,271 | 44,329,345 | 4,223,126 | 40,106,219 | 90.47% |
| 2014 | 123,884,841 | 43,359,694 | 4,549,393 | 38,810,301 | 89.51% |
| 2013 | 118,069,675 | 41,324,386 | 4,856,311 | 36,468,075 | 88.25% |

Sources:

- (1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property, Table 6, for assessed value data.
- (2) Legal debt limit of 35% is established by Louisiana Revised Statute Title 39, Section 562.
- (3) Annual Comprehensive Financial Reports

CITY OF COVINGTON, LOUISIANA
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Unaudited)

Table 15

| Fiscal Year | Sales Tax Bonds | | | | | |
|----------------|----------------------|------------|--------------|----------|-------|----------|
| | Sales Tax Revenue | | Debt Service | | Total | Coverage |
| | | | Principal | Interest | | |
| 2022 | \$ | 17,373,758 | \$ | - | \$ | - |
| 2021 | | 16,131,917 | | 325,000 | | 6,793 |
| 2020 | | 13,664,106 | | 315,000 | | 13,376 |
| 2019 | | 12,862,905 | | 305,000 | | 19,751 |
| 2018 | | 12,429,707 | | 290,000 | | 25,812 |
| 2017 | | 11,973,167 | | 285,000 | | 31,768 |
| 2016 | | 10,874,639 | | 270,000 | | 37,412 |
| 2015 | | 10,750,947 | | 260,000 | | 42,845 |
| 2014 | | 10,796,315 | | 250,000 | | 48,070 |
| 2013 | | 10,356,610 | | 245,000 | | 53,191 |

Source: Annual Comprehensive Financial Reports

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

CITY OF COVINGTON, LOUISIANA
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Table 16

| Fiscal Year | City of Covington Population (1) | St. Tammany Parish Population (1) | City of Covington Total Personal Income (1) | City of Covington per Capita Personal Income (1) | Unemployment Rate (3) | St. Tammany Parish School Enrollment (4) | Median Age (2) |
|--------------------|---|--|--|---|------------------------------|---|-----------------------|
| 2022 | \$ 11,636 | \$ 273,263 | * | * | 2.8% | \$ 37,212 | * |
| 2021 | 11,800 | 267,653 | * | * | 5.1% | 37,374 | * |
| 2020 | 11,564 | 191,268 | * | * | 5.7% | 37,213 | * |
| 2019 | 10,464 | 260,419 | * | * | 2.6% | 38,542 | * |
| 2018 | 10,544 | 259,414 | * | * | 4.9% | 38,549 | * |
| 2017 | 10,090 | 254,508 | * | * | 4.3% | 38,681 | * |
| 2016 | 9,897 | 253,364 | 516,207,511 | 52,158 | 5.1% | 38,439 | * |
| 2015 | 9,513 | 245,829 | 539,053,515 | 56,665 | 5.7% | 38,193 | * |
| 2014 | 8,896 | 242,333 | 489,120,092 | 54,982 | 5.1% | 38,044 | * |
| 2013 | 8,765 | 239,453 | 436,911,785 | 49,847 | 5.2% | 37,857 | * |

Note: The City of Covington is located within St. Tammany Parish.

* Information not available.

Sources:

- (1) St. Tammany Parish Economic Development Foundation
- (2) Estimates - Louisiana Tech University for the U.S. Bureau of Census
- (3) Louisiana Department of Labor
- (4) St. Tammany Parish School Board - October 1 enrollment

CITY OF COVINGTON, LOUISIANA
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Table 17

| Employer | Location | 2022 | | | 2013 | | |
|-------------------------------------|-------------|-----------|------|---|-----------|------|---|
| | | Employees | Rank | % of Total St. Tammany Parish Employment | Employees | Rank | % of Total St. Tammany Parish Employment |
| St. Tammany Parish School Board | Parish Wide | 5,873 | 1 | 5.23% | 5,349 | 1 | 5.19% |
| St. Tammany Health System | Covington | 3,000 | 2 | 2.67% | 1,480 | 2 | 1.43% |
| Slidell Memorial Hospital | Slidell | 903 | 3 | 0.80% | 1,180 | 3 | 1.14% |
| St. Tammany Parish Sheriff's Office | Parish Wide | 750 | 4 | 0.67% | 759 | 5 | 0.74% |
| St. Tammany Parish Government | Parish Wide | 562 | 5 | 0.50% | 697 | 6 | 0.68% |
| Marc Jones Consturction LLC | Mandeville | 276 | 6 | 0.25% | | | |
| Cross Gates Family Fitness | Slidell | 273 | 7 | 0.24% | | | |
| Christwood Retirement Community | Covington | 258 | 8 | 0.23% | | | |
| AVALA Hospital | Covington | 220 | 9 | 0.20% | | | |
| City of Slidell | Slidell | 143 | 10 | 0.13% | 384 | 10 | 0.37% |
| Ochsner Health System - Northshore | Parish Wide | | | | 912 | 4 | 0.88% |
| Textron Systems Marine & Land | Slidell | | | | 533 | 7 | 0.52% |
| Southeast Louisiana Hospital | Mandeville | | | | 592 | 8 | 0.57% |
| Lakeview Regional Medical Center | Mandeville | | | | 783 | 9 | 0.76% |
| TOTAL - 10 LARGEST EMPLOYERS | | 12,258 | | 10.91% | 12,669 | | 12.28% |
| TOTAL - ALL OTHER EMPLOYERS | | 100,064 | | 89.09% | 90,483 | | 87.72% |
| TOTAL - ALL EMPLOYERS | | 112,322 | | 100.00% | 103,152 | | 100.00% |

Note: Information listed is for St. Tammany Parish.

Sources:

2022 information: Book of Lists 2021-2022, New Orleans City Business

2013 information: Book of Lists 2012-2013, New Orleans City Business

CITY OF COVINGTON, LOUISIANA
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years
(Unaudited)

Table 18

| | December 31, | | | | | | | | | |
|---------------------------|--------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| General Government | | | | | | | | | | |
| Council | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Administrative (1) | 11 | 14 | 20 | 16 | 13 | 12 | 11 | 11 | 10 | 9 |
| Facilities | 4 | 4 | 3 | 1 | 5 | 4 | * | * | * | * |
| Permits | 3 | 2 | 2 | 1 | 2 | 2 | 2 | 2 | 2 | 2 |
| Planning | 2 | 2 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 |
| Economic Development | - | - | 0 | 0 | 0 | 0 | 7 | 9 | 8 | 7 |
| Engineer | 4 | 2 | 2 | 1 | 2 | 2 | 2 | 2 | 2 | 1 |
| Code Enforcement | 1 | 1 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Safety - Police | | | | | | | | | | |
| Police Employees | 46 | 44 | 44 | 41 | 46 | 46 | 46 | 44 | 45 | 49 |
| Public Safety - Fire | | | | | | | | | | |
| Firefighters | 22 | 29 | 21 | 28 | 16 | 16 | 16 | 16 | 16 | 16 |
| Dispatchers | - | - | 3 | 0 | 5 | 5 | 5 | 5 | 4 | 4 |
| Public Works | | | | | | | | | | |
| Public Operations (2) | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 22 | 22 | 22 |
| Public Utility (3) | 24 | 20 | 16 | 22 | 26 | 26 | 26 | 26 | 26 | 26 |
| Recreation and Culture | 5 | 4 | 5 | 4 | 4 | 4 | 1 | 1 | 2 | 4 |
| Total | 154 | 154 | 151 | 148 | 154 | 152 | 151 | 149 | 148 | 151 |

Source: Adopted 2013 - 2022 Budgets City of Covington

Note: Includes Elected, Unclassified, and Classified full-time employees.

(1) Includes Mayor, Finance Administration, Accounts Payable, Purchasing, and Payroll.

(2) Includes Streets, Bridges, Drainage, and General Maintenance.

(3) Includes Public Utility Administration, Waste-Water Treatment Plant, Waste-Water Collection, and Water Maintenance.

* Information not available.

CITY OF COVINGTON, LOUISIANA
Operating Indicators by Function
Last Ten Fiscal Years
(Unaudited)

Table 19

| Function | Fiscal Year | | | | | | | | | |
|--------------------------------------|-------------|------|------|------|------|------|------|------|------|------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| Public Safety - Police | | | | | | | | | | |
| Total Arrests | 396 | 543 | 346 | 462 | 557 | 492 | 647 | 577 | 537 | 552 |
| Parking Tickets | 70 | 13 | 39 | 77 | 102 | 91 | 83 | 108 | 194 | 218 |
| Traffic Violations | 788 | 915 | 756 | 603 | 383 | 409 | 569 | 860 | 851 | 1199 |
| Public Safety - Fire | | | | | | | | | | |
| Number of Calls | 2274 | 2250 | 1956 | 1909 | 1746 | 1758 | 1639 | 1703 | 1528 | 1355 |
| Average Response Times | 3:54 | 3:57 | 3:57 | 3:48 | 3:48 | 3:32 | 3:21 | 3:05 | 3:27 | 3:31 |
| Public Works | | | | | | | | | | |
| Potholes Repaired | 51 | 42 | 49 | 68 | 71 | 68 | 88 | 83 | 134 | 107 |
| Trees Cut | 112 | 134 | 78 | 63 | 76 | 69 | 75 | 75 | 77 | 63 |
| Public Utility | | | | | | | | | | |
| Water and Sewer | | | | | | | | | | |
| Number of Billed Accounts | 5470 | 5476 | 5407 | 5347 | 5329 | 5278 | 5175 | 5076 | 4940 | 4719 |
| New Meter Connections | 124 | 1156 | 53 | 44 | 32 | 112 | 114 | 134 | 152 | 143 |
| Building Permits | | | | | | | | | | |
| New Residential | 39 | 61 | 39 | 42 | 42 | 76 | 128 | 142 | 111 | 156 |
| Residential Additions | 18 | 19 | 18 | 12 | 23 | 31 | 31 | 11 | 6 | 11 |
| Residential Renovations | 47 | 54 | 32 | 25 | 41 | 47 | 160 | 32 | 14 | 17 |
| New Commercial | 14 | 6 | 92 | 11 | 13 | 11 | 26 | 12 | 6 | 13 |
| Commercial Additions | 1 | 5 | 7 | 2 | 5 | 2 | 4 | 2 | 4 | - |
| Commercial Renovations | 36 | 36 | 20 | 25 | 32 | 22 | 32 | 26 | 23 | 18 |
| Recreation and Culture | | | | | | | | | | |
| Number of Teams in Softball League | - | - | - | - | - | - | - | 2 | 2 | 4 |
| Number of Teams in Baseball League | 5 | 3 | 6 | 5 | 8 | 12 | 9 | 12 | 14 | 13 |
| Number of Teams in Basketball League | 4 | 1 | 4 | 5 | 8 | 12 | 15 | 16 | 14 | 20 |
| Number of Teams in Football League | 4 | - | - | 3 | 3 | 3 | 4 | 4 | 4 | 4 |

Source: Various City of Covington departments.

Note: Indicators are not available for the general government function.

CITY OF COVINGTON, LOUISIANA
Capital Assets Statistics by Function
Last Ten Fiscal Years
(Unaudited)

Table 20

| Function | Fiscal Year | | | | | | | | | |
|--|-------------|------|------|------|------|------|------|------|------|------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| General Government | | | | | | | | | | |
| Vehicles | 16 | 14 | 15 | 14 | 12 | 12 | 10 | 8 | 7 | 6 |
| Office Furniture and Equipment | 71 | 66 | 62 | 60 | 37 | 45 | 43 | 47 | 36 | 30 |
| Tools and Equipment | 26 | 26 | 25 | 23 | 20 | 19 | 18 | 16 | 18 | 18 |
| Improvements | 5 | 3 | 2 | * | * | * | * | * | * | * |
| Cemetery | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| Public Safety - Police | | | | | | | | | | |
| Vehicles | 61 | 58 | 56 | 51 | 41 | 49 | 47 | 48 | 45 | 48 |
| Office Furniture and Equipment | 45 | 43 | 40 | 39 | 26 | 26 | 26 | 27 | 30 | 28 |
| Tools and Equipment | 94 | 88 | 88 | 88 | 51 | 48 | 49 | 48 | 47 | 36 |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Safety - Fire | | | | | | | | | | |
| Vehicles | 14 | 13 | 14 | 11 | 14 | 15 | 14 | 12 | 12 | 12 |
| Office Furniture and Equipment | 7 | 5 | 5 | 5 | 2 | 2 | 2 | 2 | 1 | 1 |
| Tools and Equipment | 89 | 87 | 86 | 78 | 34 | 38 | 38 | 35 | 33 | 33 |
| Improvements | 10 | 1 | 6 | * | * | * | * | * | * | * |
| Fire Houses | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Public Works | | | | | | | | | | |
| Vehicles | 32 | 32 | 35 | 34 | 39 | 38 | 36 | 33 | 36 | 32 |
| Office Furniture and Equipment | 2 | 2 | 2 | 2 | 2 | 3 | 2 | 2 | 2 | 2 |
| Improvements | 12 | 1 | 2 | * | * | * | * | * | * | * |
| Infrastructure | 41 | 30 | 22 | * | * | * | * | * | * | * |
| Tools and Equipment | 74 | 73 | 73 | 71 | 68 | 73 | 66 | 62 | 55 | 53 |
| Public Utility | | | | | | | | | | |
| Water | | | | | | | | | | |
| Vehicles | 17 | 12 | 13 | 13 | 13 | 14 | 13 | 14 | 15 | 16 |
| Machinery, Equipment, and Improvements | 164 | 157 | 154 | 154 | 153 | 150 | 140 | 133 | 124 | 112 |
| Water Tower | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Infrastructure | 4 | 4 | 4 | * | * | * | * | * | * | * |
| Pumping Stations | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Sewer | | | | | | | | | | |
| Vehicles | 14 | 14 | 14 | 14 | 12 | 16 | 16 | 16 | 17 | 17 |
| Building | 2 | 2 | 2 | * | * | * | * | * | * | * |
| Machinery, Equipment, and Improvements | 272 | 258 | 250 | 239 | 228 | 213 | 200 | 187 | 163 | 163 |
| Recreation and Cultural Arts | | | | | | | | | | |
| Vehicles | 2 | 2 | 2 | 2 | - | - | - | 3 | 2 | 4 |
| Tools and Equipment | 30 | 28 | 28 | 28 | 25 | 19 | 16 | 21 | 19 | 21 |
| Improvements | 3 | 1 | 1 | * | * | * | * | * | * | * |
| Number of Parks | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |

Source: Various city departments

* Information not available.

SINGLE AUDIT SECTION

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

Independent Auditor's Report

To the Honorable Mark R. Johnson, Mayor
and Members of the City Council
City of Covington, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Covington, Louisiana (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 26, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script, appearing to read "LaPorte".

A Professional Accounting Corporation

Covington, LA
June 26, 2023

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Honorable Mark R. Johnson, Mayor
and Members of the City Council
City of Covington, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Covington, Louisiana's (the City), compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script, appearing to read "LaForte".

A Professional Accounting Corporation

Covington, LA
June 26, 2023

CITY OF COVINGTON, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

| Federal Grantor/Pass- Through Grantor/ Program Title | Assistance Listing Number | Pass-Through Entity's Identifying Number | Expenditures |
|---|--|---|----------------------------|
| <u>U.S. Department of Treasury</u> | | | |
| Coronavirus State and Local Fiscal Recovery Funds | 21.027 | None | \$ 534,280 |
| Total U.S. Department of Treasury | | | <u>534,280</u> |
| <u>Department of Homeland Security</u> | | | |
| Passed through State of Louisiana - Governor's Office of Homeland Security and Emergency Preparedness | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | None | <u>4,932,146</u> |
| Total Department of Homeland Security | | | <u>4,932,146</u> |
| Total Expenditures of Federal Awards | | | <u><u>\$ 5,466,426</u></u> |

CITY OF COVINGTON, LOUISIANA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Covington, Louisiana (the City), under programs of federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as current assets. Expenditure are generally recognized when the liability is incurred. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF COVINGTON, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

A. Summary of Auditor's Results

Financial Results

- | | |
|--|---------------|
| 1. Type of auditor's report | Unmodified |
| 2. Internal control over financial reporting | |
| a) Material weaknesses identified? | No |
| b) Significant deficiencies identified not considered to be material weaknesses? | None reported |
| c) Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|--|---------------|
| 3. Internal control over major programs | |
| a) Material weaknesses identified? | No |
| b) Significant deficiencies identified not considered to be material weaknesses? | None reported |
| 4. Type of auditor's report issued on compliance for each major program | Unmodified |
| 5. Audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) | None |
| 6. Identification of major programs | |
| Disaster Grants - Public Assistance | 97.036 |
| 7. Dollar threshold used to distinguish between Type A and B programs | \$750,000 |
| 8. Auditee qualified as a low-risk auditee under Section 2 CFR 200.520 | No |

B. Financial Statement Findings

None.

C. Compliance and Other Matters

None.

CITY OF COVINGTON, LOUISIANA
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2022

Findings - Compliance and Other Matters

None.

AGREED-UPON PROCEDURES REPORT

City of Covington, Louisiana

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2022 - December 31, 2022

Honorable Mark R. Johnson, Mayor,
Members of the City Council,
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the City of Covington, Louisiana's (the City), control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year January 1, 2022 through December 31, 2022. The City of Covington, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal year January 1, 2022 through December 31, 2022. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and results are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. **Disbursements**, including processing, reviewing, and approving.

LOUISIANA • TEXAS

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- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: No exceptions were found as a result of these procedures.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions were found as a result of these procedures.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were found as a result of these procedures.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were found as a result of these procedures.

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: No exceptions were found as a result of these procedures.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions were found as a result of these procedures.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were found as a result of these procedures.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were found as a result of these procedures.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe whether the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions were found as a result of these procedures.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: No exceptions were found as a result of these procedures.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: No exceptions were found as a result of these procedures.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the Legislative Auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were found as a result of these procedures.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1st, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Results: No exceptions were found as a result of these procedures.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing on those C/C areas identified in Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
June 26, 2023