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CITY OF COVINGTON, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
WITH SUPPLEMENTAL INFORMATION

December 31, 2005

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

Release Date 7-21-07

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the City of Covington, Louisiana, and the combining, individual fund and account group financial statements of the City as of and for the year ended December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the City of Covington, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Covington, Louisiana, at December 31, 2003, and the results of its operations and cash flows of its proprietary fund type for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining, individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the City of Covington, Louisiana, as of December 31, 2003, and the results of operations of such funds and the cash flows of its proprietary fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

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

In accordance with Government Auditing Standards, we have also issued our report dated May 8, 2004 on our consideration of the City of Covington's internal control over financial reporting and our tests of its compliance with certain provisions of contracts, grants, laws and regulations related to financial reporting. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with the report in considering the results of our audit.

May 8, 2004

Smith, Havel & Associates, L.L.C.

CITY OF CHICAGO - LIABILITIES

COMBINED STATEMENT OF RECEIVABLES, DEFERRED INCOME TAXES, AND CHANGES IN FUND BALANCES
- ALL GOVERNMENTAL FUNDS (INCLUDES DEFERRABLE DEBT FUND)

Period: The Quarter Ending 3/31/2019

REVENUES	Amounted Total Days		Capital		Fiduciary		Total	
	Amount	Days	Projects	Projects	Days	Days	Amount	Days
Taxes	\$ 1,286,913	\$ 19,144	\$ -	\$ -	\$ -	\$ 1,286,913	\$ 19,144	
Intergovernmental	76,007					76,007		
Enterprise	82,278					82,278		
Charges for services	25,448					25,448		
Fees and forfeits	13,446					13,446		
Interest	30,208	11,117	11,000	19		41,208	11,136	
Grants and other income	81,314					81,314		
Other	1,885,111	19,144	11,000	19		1,896,111	19,163	
Total Revenues	2,400,277	38,288	22,000	38		2,422,277	38,326	
EXPENDITURES								
General	1,541,269	13,497				1,541,269	13,497	
Public safety	2,044,470					2,044,470		
Police	1,149,000					1,149,000		
Public works - street	2,044,470					2,044,470		
Construction	1,611,314					1,611,314		
Public works - capital			1,611,314			1,611,314		
Public works - other								
Interest and bond charges	3,048,477	13,497	13,497			3,061,974	13,516	
Total expenditures	7,290,527	26,994	26,994			7,317,521	27,020	
Excess (deficiency) of revenues over expenditures	6,709,750	11,294	6,976			6,716,726	11,306	
OTHER FINANCING SOURCES (USES)								
Transfers to agencies	4,170,709		4,170,709			4,170,709		
Operating transfers to								
Operating transfers to								
Subsidiary funds								
State of Illinois								
Total other financing sources (uses)	4,170,709		4,170,709			4,170,709		
Excess (deficiency) of revenues, expenditures and other financing sources (uses)	2,539,041	11,294	11,294			2,546,035	11,312	
FUND BALANCES - BEGINNING OF YEAR	1,845,041		1,845,041			1,845,041		
FUND BALANCES - END OF YEAR	4,384,082		4,384,082			4,384,082		

The accompanying notes are an integral part of this statement.

CITY OF CHICAGO, ILLINOIS

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FINANCIAL POSITION
 - BUDGET POLAR BONDING AND ACTUAL - ANNUAL AND DIFFERENTIAL REVENUE BY FUND TYPE

For the Year Ended December 31, 2005

	Grand Total		Estimate		Actual		Budget		Actual	
	Budget	Actual	2005	2006	2005	2006	2005	2006	2005	2006
REVENUES										
Taxes	\$ 1,411,640	\$ 1,508,767	\$ 1,411,640	\$ 1,508,767	\$ 1,411,640	\$ 1,508,767	\$ 1,411,640	\$ 1,508,767	\$ 1,411,640	\$ 1,508,767
License and permits	775,000	790,397	775,000	790,397	775,000	790,397	775,000	790,397	775,000	790,397
Intergovernmental	78,000	100,000	78,000	100,000	78,000	100,000	78,000	100,000	78,000	100,000
Change in services	275,000	244,499	275,000	244,499	275,000	244,499	275,000	244,499	275,000	244,499
Fees and charges	88,000	111,000	88,000	111,000	88,000	111,000	88,000	111,000	88,000	111,000
Interest and other income	88,000	101,100	88,000	101,100	88,000	101,100	88,000	101,100	88,000	101,100
Other	88,000	89,999	88,000	89,999	88,000	89,999	88,000	89,999	88,000	89,999
Total revenues	3,066,640	3,564,761	3,066,640	3,564,761	3,066,640	3,564,761	3,066,640	3,564,761	3,066,640	3,564,761
EXPENDITURES										
Current	1,981,040	1,792,046	1,981,040	2,144,676	1,981,040	2,144,676	1,981,040	2,144,676	1,981,040	2,144,676
Capital	1,085,600	1,772,715	1,085,600	1,420,084	1,085,600	1,420,084	1,085,600	1,420,084	1,085,600	1,420,084
Total expenditures	3,066,640	3,564,761	3,066,640	3,564,761	3,066,640	3,564,761	3,066,640	3,564,761	3,066,640	3,564,761
Excess (deficiency) of revenues over expenditures	0	0	0	0	0	0	0	0	0	0
OTHER FINANCIAL OPERATIONS (USES)										
Operating transfers in	0	0	0	0	0	0	0	0	0	0
Operating transfers out	0	0	0	0	0	0	0	0	0	0
Transfer-in (outstanding warrants issued)	0	0	0	0	0	0	0	0	0	0
Excess (deficiency) of revenues over expenditures and other financing source (uses)	0	0	0	0	0	0	0	0	0	0
BUDGET-BONDING - BUDGETS OF YEAR										
BUDGET-BONDING - BUDGETS OF YEAR										

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

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

For the Year Ended December 31, 2005

	2005	2004
OPERATING REVENUES		
Water revenues	\$ 791,848	\$ 718,890
Water installations	27,454	20,789
Sewer maintenance fees	842,960	799,169
Sewer installations	41,834	14,401
Cap-on Box	23,299	23,043
Garbage collection fees	582,835	488,803
Miscellaneous	17,268	13,926
FEMA reimbursement	-	16,240
Total operating revenues	<u>2,247,508</u>	<u>2,115,261</u>
OPERATING EXPENSES		
Water Department	962,697	760,162
Sewer Department	1,170,719	1,028,060
Sanitation Department	489,331	492,888
Total operating expenses	<u>2,622,747</u>	<u>2,281,110</u>
Operating (loss)	(375,239)	(210,160)
NON-OPERATING REVENUES (EXPENSES)		
Interest income	769	1,651
Interest expense	(20,842)	(27,722)
Total non-operating revenues (expenses)	<u>(20,073)</u>	<u>(26,071)</u>
(Loss) before operating transfers	(395,312)	(240,268)
OPERATING TRANSFERS		
Transfers in	<u>675,963</u>	<u>350,000</u>
Total operating transfers	<u>675,963</u>	<u>350,000</u>
Net income	280,651	110,732
Add depreciation on fixed assets acquired with contributed capital	<u>130,850</u>	<u>179,743</u>
Net increase in retained earnings	411,501	290,475
Retained earnings - beginning	<u>2,182,853</u>	<u>2,892,188</u>
Retained earnings - ending	<u>\$2,594,354</u>	<u>\$3,182,663</u>

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

COMBINED STATEMENT OF CASH FLOWS
- PROPRIETARY FUND TYPE

For the Year Ended December 31, 2002

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating (loss)	\$ (578,249)	\$ (213,184)
Adjustments to reconcile net operating (loss) to net cash provided by operating activities:		
Depreciation	480,637	388,203
Bad debt allowance	14,738	18,188
Decrease (increase) in accounts receivable	(34,708)	31,832
Increase in other receivables	(26,382)	(12,740)
Increase in prepaid expenses	(1,282)	(1,088)
Decrease in accounts payable	(4,642)	(78,636)
Increase in payroll taxes and retirement payable	1,236	1,282
Total adjustments	<u>429,214</u>	<u>318,021</u>
Net cash provided by operating activities	<u>54,168</u>	<u>304,836</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Payments (to) other funds, net	(27,637)	(26,640)
Increase in customer deposits	3,327	4,422
Net cash used by non-capital financing activities	<u>(24,310)</u>	<u>(22,218)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributed capital	50,684	-
Payments on state contract	(14,302)	(14,302)
Transfers from other funds, net	629,862	369,080
Payments for capital acquisitions	(756,802)	(295,249)
Principal payments on bonds	(99,884)	(92,684)
Interest paid	(26,322)	(31,811)
Net cash used by capital and related financing activities	<u>(286,298)</u>	<u>(174,966)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipts of interest	788	1,601
Net cash provided by investing activities	<u>788</u>	<u>1,601</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(175,658)	8,504
Cash and cash equivalents, beginning of year	<u>689,282</u>	<u>680,778</u>
Cash and cash equivalents, end of year	<u>\$ 513,624</u>	<u>\$ 689,282</u>

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Covington, Louisiana, adopted the Home Rule Charter on November 7, 1978 under the provisions of Article VI, Section 5, of the Louisiana Constitution of 1994. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation and utilities, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the City of Covington, Louisiana conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:317. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body in establishing governmental accounting and financial reporting principles. These financial statements are prepared in accordance with the financial model prior to that described in Governmental Accounting Standard Board No. 34. The following is a summary of certain significant accounting policies:

1. REPORTING ENTITY

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

2. FUND ACCOUNTING

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operation of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into six general fund types and three broad fund categories as follows:

GOVERNMENTAL FUNDS

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

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

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

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

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. FUND ACCOUNTING - Continued

PROPRIETARY FUND

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

FINUCIARY FUNDS

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

3. FIXED ASSETS AND LONG-TERM LIABILITIES

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

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

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

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

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

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. FIXED ASSETS AND LONG-TERM LIABILITIES - Continued

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

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

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations or against contributed capital for assets acquired with contributed funds. Accumulated depreciation is reported on the proprietary fund balance sheet. Depreciation has been provided over the estimated useful lives using the straight line method. Depreciation for December 31, 2003, is \$466,637. The estimated lives are as follows:

Water and Sewerage System	18 - 20 Years
Equipment	3 - 5 Years

4. BASIS OF ACCOUNTING

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

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

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

All proprietary funds are accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. The City applies all applicable GASB pronouncements passed on or before November 30, 1999 in accounting and reporting for its proprietary fund operations unless these pronouncements conflict with or contradict GASB pronouncements.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. BUDGETS AND BUDGETARY ACCOUNTING

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

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

6. COMPENSATED ABSENCES

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

7. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. TOTAL COLUMNS ON COMBINED FINANCIAL STATEMENTS

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

9. COMPARATIVE DATA - 2002 ACTUAL

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data has not been presented in certain of the statements since their inclusion would make the statements overly complex and difficult to read. Also, minor reclassifications of amounts previously reported in the financial statements for the year ended December 31, 2002, have been made in the accompanying financial statements to facilitate comparability.

10. PROPERTY TAXES

Property taxes are due on January 1 and delinquent if not paid by February 1. Property taxes are recorded as revenues when levied. Tax bills are filed on all unpaid bills. The City bills 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, 2003, was \$1,284,154 and is recorded in the funds as follows:

General Fund	\$	952,893
Debt Service Fund		<u>331,260</u>
	\$	<u>1,284,154</u>

11. SEWER EXTENSION SPECIAL ASSESSMENTS

Special assessments have been levied to provide for the financing of public improvements deemed to benefit the properties against which the assessments are levied. The City of Covington is in no manner obligated to repay the special assessment debt, except that portion to be paid from the sewer plant construction fund; therefore, the debt is not reported in the financial statements. The City functions as an agent for the property owners by collecting assessments, forwarding collections to special assessment certificate holders and, if appropriate, beginning foreclosures. The balance of special assessment debt at December 31, 2003, was \$35,058 of which and \$35,058 will be paid from the 1990 Sewer Extension Fund.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. ACCOUNTS RECEIVABLE

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance is \$39,335 at December 31, 2005.

At December 31, 2005, the aging of utility receivables was as follows:

Current	\$ 85,798
Over 31 under 60	3,844
Over 60 under 90	3,713
Over 90	<u>96,817</u>
	190,272
Less allowance	<u>(150,937)</u>
	<u>\$ 39,335</u>

NOTE B - CASH AND INVESTMENTS

The City's deposits, including restricted cash of \$398,372, are categorized as follows at December 31, 2005:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Demand deposits	\$ 5,517,386	\$ 5,591,258
Certificates of deposit	<u>1,388,537</u>	<u>1,388,372</u>
	<u>\$ 6,905,923</u>	<u>\$ 6,979,630</u>

These deposits are stated at cost, which approximates market. Under state law, these 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 market 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.

At December 31, 2005, the City has \$6,815,613 in deposits (collected bank balances). These deposits are secured from risk by \$524,953 of federal deposit insurance and \$6,418,655 of pledged securities held by custodial bank in the name of the fiscal agent banks (GASB Category 3) and a Federal Home Loan Bank Letter of Credit.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, FUS 39-1229 imposes a statutory requirement on the custodial bank to advertise and call the pledged securities within 90 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2003

NOTE B - CASH AND INVESTMENTS (Continued)

The carrying amount does not include accrued interest of \$987 on certificates of deposit.

The City's investments consist of various governmental obligations which are stated at their fair value, determined by market prices, of \$1,506,642 at December 31, 2003. These investments are considered a category 2 investment risk, which includes investments for which the securities are held by the counterpart's trust department in the City's name.

NOTE C - CHANGES IN FIXED ASSETS

The City established a detailed fixed asset listing using historical cost and estimated historical cost. In preparing this listing, the City decided not to capitalize infrastructure assets thereby excluding these assets. Presented below is a summary of changes in general fixed assets. It is the City's policy to capitalize only those additions greater than \$1,000. Also, some expenditures made out of the 60% capital outlay fund are operational in nature and are not capitalized below. The total capital outlay reflected in the accompanying financial statements for the General Fund totaled \$1,444,696, which includes \$946,937 in infrastructure and improvements.

	Balance December 31, 2002	Additions	Retirements	Balance December 31, 2003
Land	\$ 548,097	\$ -	\$ -	\$ 548,097
Buildings	3,638,119	-	-	3,638,119
Equipment	1,767,464	162,281	-	1,929,745
Improvements	2,219,281	87,442	-	2,306,723
Transportation equipment	1,793,961	86,808	-	1,880,769
Office furniture and equipment	<u>618,126</u>	<u>43,579</u>	<u>-</u>	<u>661,705</u>
	<u>\$ 10,576,128</u>	<u>\$ 409,730</u>	<u>\$ -</u>	<u>\$ 10,985,858</u>

A summary of proprietary fixed type property, plant and equipment at December 31, 2003, follows:

Sewer equipment	\$ 11,648,298
Water equipment	6,116,817
Vehicles	173,617
Garbage equipment	<u>60,245</u>
Total	18,198,977
Less: Accumulated depreciation	<u>(4,114,585)</u>
	<u>\$ 14,084,392</u>

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2003

NOTE D - OTHER INDIVIDUAL FUND DISCLOSURES

Individual fund interfund receivable and payable balances are not eliminated in the accompanying financial statements. Such balances at December 31, 2003 were:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
General Fund	\$ 101,316	\$ -
Special Revenue Funds		
1992 Sales Tax Fund	-	99,100
Debt Service Fund		
General Obligation Bond Redemption Fund	-	5,917
1998 Sales Tax Bond Fund	99,100	1,796
Agency Funds		
Ad Valorem Tax Collection Fund	1,389	120,697
1993 Sewer Extension Fund	1,279	443
Enterprise Fund	28,583	4,418
Capital Projects Funds		
2002 Capital Projects Fund	4,418	7,100
	<u>\$ 196,075</u>	<u>\$ 192,073</u>

NOTE E - DEFERRED REVENUES

At December 31, 2003, the City has recorded deferred revenues, a liability, as follows:

	<u>General</u>	<u>1999 Sewer Extension</u>
Grants advanced	\$ 28,541	\$ -
Pending assessments to be collected	46,460	-
Sewer assessments to be collected	-	31,914
Other	3,040	-
	<u>\$ 78,041</u>	<u>\$ 31,914</u>

NOTE F - RESTRICTED ASSETS

An ordinance authorizing the issuance of a \$1,200,000 Water Revenue Bond dated November 4, 1995, an ordinance authorizing the issuance of a \$400,000 Water Revenue Bond dated July 2, 1993 and an ordinance authorizing the issuance of a \$348,000 Water Revenue Bond dated June 30, 1996, which was used to retire the outstanding balance on the 1993 bond, together provide for certain restrictions on assets of the Enterprise Fund.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2003

NOTE F - RESTRICTED ASSETS (Continued)

1. Revenue Bond Sinking Fund

The 1988 ordinance called for the establishment and maintenance of a Revenue Bond Sinking Fund sufficient in amount to pay promptly and in full the principal and interest on the bonds authorized as they become due and payable. This requirement has been met as of December 31, 2003.

2. Revenue Bond Reserve Fund

The ordinance called for the establishment of a Revenue Bond Reserve Fund by depositing with the regularly designated fiscal agent bank of the City 5% of the amount to be deposited into the Sinking Fund until such time as there has been accumulated an amount equal to the highest combined debt service payable. The 1996 refunding ordinance called for an initial deposit of \$20,976, which was paid from the 1988 reserve funds, and thereafter, monthly payments of \$180 until an amount attributable to the 1996 issue of \$34,800 is on hand in the Revenue Bond Reserve Fund. The sole purpose of this fund is to pay the principal of and the interest on the bonds payable from the Revenue Bond Sinking Fund, as to which there would otherwise be in default. This requirement has been met as of December 31, 2003.

3. Capital Additions and Contingencies Fund

The ordinance called for the establishment and maintenance of a Capital Additions and Contingencies Fund to cover the extensions, additions, improvements, renewals, and replacements necessary to properly operate the system. Monthly deposits of \$571 are to be made, provided such sum is available after certain other provisions are met. This requirement has been met as of December 31, 2003.

NOTE G - LONG-TERM DEBT

The following is a summary of bond transactions of the City for the year ended December 31, 2003.

	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>	<u>Total</u>
	<u>Sales and Lic. Tax</u>	<u>Ad Valorem Tax</u>		
Bonds payable at January 1, 2002	\$ 6,518,080	\$ 2,865,080	\$ 504,205	\$ 9,887,365
Bonds issued	-	-	-	-
Bonds retired	(418,080)	(251,000)	(79,651)	(748,731)
Bonds payable at December 31, 2003	\$ 6,100,000	\$ 2,614,080	\$ 424,554	\$ 9,138,634

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2003

NOTE H - COMBINED SCHEDULE OF BONDS PAYABLE

	<u>Payment Dates</u>	<u>Year</u>	<u>Interest Rate</u>	<u>Annual Principal Payments</u>
GENERAL OBLIGATION BONDS				
1993 General Obligation Bonds				
issued March 1, 1993 for \$680,800 secured by ad valorem taxes				
	March 1 and September 1,	2004	5.50%	\$ 40,000
		2005	5.60%	41,000
		2006	5.65%	42,000
		2007	5.70%	43,000
		2008	5.75%	44,000
		2009	5.80%	45,000
		2010	5.85%	46,000
				<u>300,000</u>
				<u>150,000</u>
1996 Sewer Refunding Bonds				
issued January 1, 1998 for \$1,510,000 secured by ad valorem taxes				
	March 1 and September 1,	2004	4.40%	115,000
		2005	4.45%	116,000
		2006	4.50%	117,000
		2007	4.55%	118,000
		2008	4.60%	119,000
				<u>595,000</u>
				<u>1,080,000</u>
1997 Sales Tax Refunding Bonds				
issued July 29, 1997 for \$1,280,000 secured by proceeds of the 1% 1992 sales and use tax				
	May 1 and November 1,	2004	4.05%	290,000
		2005	4.50%	290,000
		2006	4.50%	285,000
		2007	4.50%	280,000
		2008	4.55%	240,000
		2009	4.65%	225,000
				<u>1,380,000</u>
				<u>1,890,000</u>

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2003

NOTE B - COMBINED SCHEDULE OF BONDS PAYABLE (Continued)

	<u>Payment Dates</u>	<u>Year</u>	<u>Interest Rate</u>	<u>Annual Principal Payments</u>
GENERAL OBLIGATION BONDS - Continued				
2002 General Obligation Bonds				
issued January 14, 2002 for				
\$1,340,000 secured by ad valorem				
taxes				
	March 1 and September 1,	2004	4.80%	15,000
		2005	4.80%	40,000
		2006	4.80%	40,000
		2007	4.80%	45,000
		2008	4.80%	45,000
		2009	5.50%	90,000
		2010	5.50%	15,000
		2011	5.50%	15,000
		2012	4.80%	60,000
		2013	4.80%	65,000
		2014	4.10%	70,000
		2015	4.20%	75,000
		2016	4.30%	75,000
		2017	4.40%	80,000
		2018	4.50%	85,000
		2019	4.75%	90,000
		2020	5.00%	100,000
		2021	5.00%	<u>105,000</u>
				<u>1,170,000</u>
2002 Sales Tax Bonds				
issued January 14, 2002 for				
\$6,450,000 secured by proceeds				
of the 1% 1957 sales and use tax				
	May 1 and November 1,	2004	5.80%	145,000
		2005	5.80%	155,000
		2006	5.75%	165,000
		2007	4.90%	170,000
		2008	4.50%	180,000
		2009	4.50%	190,000
		2010	4.50%	200,000
		2011	4.90%	210,000
		2012	4.30%	220,000
		2013	4.40%	230,000
		2014	4.45%	240,000

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2003

NOTE H - COMBINED SCHEDULE OF BONDS PAYABLE (Continued)

	Payment Dates	Year	Interest Rate	Annual Principal Payments
GENERAL OBLIGATION BONDS - Continued				
2002 Sales Tax Bonds (Continued)				
issued January 14, 2002 for				
\$4,458,000 secured by proceeds				
of the 1% 2002 sales and use tax.				
	November 1, May 1, and	2015 2016 2017 2018 2019 2020 2021	4.58% 4.59% 4.68% 4.78% 4.79% 4.88% 4.89%	255,000 270,000 285,000 295,000 315,000 330,000 345,000
				<u>4,210,000</u>
				<u>\$ 4,680,000</u>
REVENUE BONDS				
1980 Water Revenue Bonds				
issued for \$1,208,000 secured				
by revenues of the water system,				
payments made annually for				
\$88,976 including interest				
and principal				
	January 14,	2004-2006	5.08%	<u>\$ 172,614</u>
1996 Water Revenue Refunding				
Bonds issued for \$366,000				
secured by revenues of the				
water system				
	January 1,	2004 2005 2006 2007 2008 2009 2010	5.79% 5.79% 5.79% 5.79% 5.79% 5.79% 5.79%	37,000 38,000 31,000 34,000 36,000 37,000 38,000
				<u>312,000</u>
				<u>\$ 484,614</u>

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2003

NOTE 1 - ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT

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

Year Ending December 31,	General Obligation Bonds	Revenue Bonds	Total
2004	\$ 1,850,799	\$ 126,540	\$ 1,977,339
2005	1,890,679	121,818	1,218,578
2006	1,102,217	52,292	1,154,509
2007	1,104,375	41,417	1,145,792
2008	1,116,135	41,405	1,157,540
Thereafter	6,298,965	80,432	6,480,397
	<u>\$ 11,263,111</u>	<u>\$ 463,812</u>	<u>\$ 12,166,113</u>

As of December 31, 2003, there is \$2,042,213 available in the Debt Service Fund to service the general obligation bonds.

General obligation bonds are secured by an annual ad valorem tax levy. In accordance with Louisiana Revised Statute 19:102, the City is legally restricted from incurring long term bonded debt in excess of 10% of the assessed value of taxable property in the district. At December 31, 2003 the District had not exceeded this statutory limit.

NOTE 2 - FBA REVOLVING LOAN FUND

In prior years, the City was awarded grant funds under the Rural Business Enterprise Grant (CFDA #00424) 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 repayments would be collected and new loans would be made. The following is a recap of the activity of the revolving loan fund which is accounted for in the City's General Fund:

Cash balance - January 1, 2003	\$ 91,777
Additions:	
Principal payments on notes	33,997
Interest payments on notes	2,706
Interest on cash account	1,234
Application fees	308
Reductions:	
Loans made in 2002	(30,800)
Bank charges	473
Cash balance - December 31, 2003	<u>\$ 81,619</u>
Notes receivable balance - December 31, 2003	<u>\$ 186,236</u>

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2003

NOTE K - PENSION PLAN

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

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

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 5937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 525-4830.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the City of Covington is required to contribute at an actuarial determined rate. The current rate is 11.0 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except in Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City of Covington are established and may be amended by state statute. As provided by Louisiana Revised Statute 12:203, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Covington required contributions to the System under Plan A for the years ending December 31, 2001, 2002, and 2003 of \$182,860, \$138,656 and \$122,871 respectively, equal to the required contributions for each year.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2003

NOTE K - PENSION PLAN (Continued)

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 30 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 1 1/3 per cent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that prove to be the highest average. Employees who terminate work at least the amount of creditable service stated, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefits accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70808-2258, or by calling (225) 828-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the City of Covington is required to contribute at an actuarially determined rate. The current rate is 15.25 percent of annual covered payroll. The contribution requirements of plan members and the City of Covington are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:303, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Covington required contributions to the System for the years ending December 31, 2000, 2001, and 2002 were \$128,141, \$98,280 and \$181,583, respectively, equal to the required contributions for each year.

NOTE L - LITIGATION

The City is involved in litigation on a variety of claims arising from its operations. The City's legal counsel has provided an opinion that the risk of unfavorable outcome is reasonably possible on two claims and it is estimated that damages could be \$58,080. No liability has been recorded at December 31, 2003. It is the opinion of the City's legal counsel that resolution of the remaining lawsuits would not create a liability to the City in excess of insurance coverage.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2003

NOTE L - PENSION PLAN (Continued)

NOTE M - INSURANCE

As of December 31, 2003, the City has the following insurance coverage:

Insurer	Policy Expiration Date	Amount of Coverage	Type of Coverage
CNA Insurance	05/04	\$ 6,384,181	Fire and Extended Coverage Buildings and Contents EOP Equipment Contractor's equipment 3-way communication system
Fidelity & Deposit Co. of Maryland	04/04	\$ 375,000 375,000	Fidelity Bond coverage Mayor Director of Administration
Fidelity & Deposit Co. of Maryland	04/04	\$ 20,000 25,000 25,000 10,000 10,000	Fidelity Bond coverage Surety bond on administrator Employee Dishonesty Each employee Excess on Mayor Theft - police building Theft - City Hall
Comply Insurance Ctg.	02/04	\$ 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000	Auto liability General liability Law enforcement officers Comprehensive liability Public officials errors and Omissions liability Employee Benefits
CNA Insurance Co.	01/04	State Statute	Workers Compensation & Employers Liability

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2003

NOTE N - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

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

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

NOTE O - PRIOR YEARS' DEBT DEFERRANCE

In prior years, the City has deferred various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. Government securities that were placed in the trust funds. The investments and fixed earnings from those investments are sufficient to fully service the deferred debt until the debt is called or matured. For financial reporting purposes, the debt has been considered deferred and therefore removed as a liability from the City's General Long Term Debt Account Group. As of December 31, 2003, the amount of the deferred debt outstanding but removed from the General Long Term Debt Account Group amounted to \$3,254,800.

NOTE P - CHANGES IN CONTRIBUTED CAPITAL

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

	Other Funds	State Grant	2002 Capital Project	Federal Grant	LTCDBG Grant	'90 State Extension	Total
Balance at January 1, 2002	\$ 4,762,110	\$ 659,647	\$ 2,479,730	\$ 687,809	\$ 1,348,610	\$ 799,468	\$ 10,737,364
Additions	80,884		1,429,446				1,510,330
Less current year depreciation on assets constructed from funds supplied by contributors in aid of construction	(112,130)	(14,752)	(46,159)	(15,794)	(20,265)	(11,662)	(221,957)
Balance at December 31, 2003	\$ 4,730,864	\$ 644,895	\$ 2,433,571	\$ 672,015	\$ 1,328,345	\$ 787,806	\$ 10,604,136

NOTE Q - POST-RETIREMENT BENEFITS

The City provides certain continuing health care benefits for retired employees. Substantially all of the City's employees become eligible for these benefits if they reach normal retirement age while working for the City. The City recognizes the cost of providing these benefits as an expenditure when the monthly premiums are due. For the year ended December 31, 2003, the City expended \$577,658 for health care and life insurance benefits. Included in this total is \$42,318 of health care benefits paid for retirees. There are 12 retirees and 133 active employees as of December 31, 2003.

CITY OF COVINGTON, LOUISIANA

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2003

NOTE R - CHANGES IN AGENCY FUND BALANCES

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

	Ad Valorem Tax	1993 Sales Extension Fund
Balance at January 1, 2003	\$ 97,953	\$ 48,970
Additions	1,240,339	118,802
Deductions	<u>1,232,666</u>	<u>(117,800)</u>
Balance at December 31, 2003	\$ 105,626	\$ 49,972

NOTE S - CONSTRUCTION COMMITMENTS

The City had entered into construction contracts totaling \$1,032,787 of which \$404,162 was remaining on the contracts as of December 31, 2003.

NOTE T - SELF INSURANCE

The City has contracted with a commercial insurance company to provide liability coverage for general suits, law enforcement, and public officials errors and omissions. The policy requires the City to pay for claims and cost up to \$25,000 with maximum aggregate payments limited to \$200,000. The City has deposited \$25,000 to the insurer to provide for claims and costs. On a monthly basis, the City replenishes any claims and costs paid out of deposit. At December 31, 2003, no significant claims were owed and no liability has been recorded.

GENERAL FUND

NARRATIVE EXPLANATION

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

CITY OF COVINGTON, LOUISIANA

GENERAL FUND

BALANCE SHEET

December 31, 2003

	<u>2003</u>	<u>2002</u>
ASSETS		
Cash	\$ 3,038,894	\$ 2,821,541
Equity in pooled cash	-	2,229
Certificates of deposits	37,994	56,936
Investments	1,566,642	1,488,748
Taxes receivable		
Ad valorem	963,686	960,271
Notes receivable	106,236	96,338
Accrued interest receivable	-	4,899
Other receivable	180,038	258,522
Grant receivable	30,746	2,737
Due from other funds	165,316	158,889
Deposit insurance	22,383	25,800
Prepaid expenses	93,882	93,315
Special assessments receivable	<u>40,687</u>	<u>38,739</u>
Total assets	<u>\$ 6,690,754</u>	<u>\$ 6,607,892</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued expenses	\$ 287,792	\$ 148,939
Payroll taxes, retirement, and accrued wages payable	187,499	158,671
Pooled cash in other funds	477,888	654,599
Deferred revenues	<u>74,329</u>	<u>58,345</u>
Total liabilities	<u>987,508</u>	<u>1,020,554</u>
FUND BALANCE		
Reserved for capital outlay	1,566,642	1,488,748
Designated for future use	37,994	56,936
Designated - prepaid expenses and deposits	81,385	78,779
Unreserved and undesignated	<u>3,417,275</u>	<u>3,180,185</u>
Total fund balance	<u>3,603,296</u>	<u>3,094,217</u>
Total liabilities and fund balance	<u>\$ 6,690,754</u>	<u>\$ 6,607,892</u>

CITY OF COVINGTON, LOUISIANA

GENERAL FUND

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

For the Year Ended December 31, 2000

REVENUES	2001		Variance- Favorable (Unfavorable)	2000 Actual
	Budget	Actual		
Taxes				
Ad valorem tax	\$ 94,640	\$ 932,883	\$ 838,243	\$ 902,666
Electric franchise	378,000	411,212	43,212	355,897
Cable television franchise	83,000	97,819	14,819	89,414
Gas franchise	44,000	47,344	3,344	39,217
Total taxes	<u>1,461,640</u>	<u>1,499,262</u>	<u>37,622</u>	<u>1,387,394</u>
Licenses and Permits				
Insurance	478,000	444,549	(33,451)	440,318
Occupational	298,000	286,417	(11,583)	264,373
Drinking	72,000	43,623	(28,377)	34,797
Liquor and beer	12,000	11,993	(707)	14,865
Chairs seat	8,000	3,813	(4,187)	6,282
Total licenses and permits	<u>878,000</u>	<u>790,392</u>	<u>(87,608)</u>	<u>760,635</u>
Intergovernmental				
District 12 Dispatch	28,000	44,230	24,230	19,300
Tourist Commission grant	-	-	-	33,466
Beer tax	38,000	37,386	(614)	36,682
Fire insurance rebate	28,000	26,987	(1,013)	18,682
911 revenues	8,000	7,721	(279)	7,712
Total inter-governmental	<u>102,000</u>	<u>186,234</u>	<u>83,664</u>	<u>115,042</u>
Charges for services				
Recreation registration	48,000	42,851	(5,149)	46,892
Greene-Covington-Center meals	140,000	141,807	1,807	112,983
Community-Center meals	2,000	2,862	862	1,815
Highway maintenance - (R2012)	5,000	8,914	3,914	8,914
Park rental	3,000	4,380	1,380	4,330
Rental income	20,000	20,520	520	20,320
Accident reports	3,000	4,834	1,834	5,219
Seating revenue	6,000	11,281	5,281	8,880
Total charges for services	<u>225,000</u>	<u>238,489</u>	<u>13,489</u>	<u>208,365</u>

CITY OF DAVENPORT, LOUISIANA

GENERAL FUND

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

For the Year Ended December 31, 2003

REVENUES (Continued)	2003		Variance- Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
Fines and forfeits				
Court fines	140,000	108,442	(31,558)	128,368
Fines - DWI	5,000	6,971	1,971	17,558
Parking fines and other	5,000	5,733	733	4,719
Drug forfeitures	-	53,864	53,864	3,632
Total fines and forfeits	<u>150,000</u>	<u>175,009</u>	<u>2,009</u>	<u>154,277</u>
Federal grants				
Police grants	40,840	25,510	(15,330)	28,267
BTEA Columbia Street	-	-	-	184,471
Estate elevation	-	-	-	197,917
FEMA reimbursement	-	-	-	92,899
Community development block grant	-	9,983	9,983	218,437
Total federal grants	<u>40,840</u>	<u>35,512</u>	<u>(5,328)</u>	<u>701,972</u>
State grants				
EURE grant	40,000	34,919	(5,081)	34,957
Other	21,418	28,278	6,860	9,882
Total state grants	<u>61,418</u>	<u>63,197</u>	<u>8,079</u>	<u>44,839</u>
Interest income	<u>51,000</u>	<u>34,299</u>	<u>(16,701)</u>	<u>42,962</u>
Other revenues				
Parking assessments	15,000	14,754	(246)	14,838
Taxes exempt	831,423	822,815	(8,608)	-
Miscellaneous revenue	1,200	29,719	28,519	298,018
Sale of surplus property	2,000	-	(2,000)	329
Cemetery plot sale	5,000	2,950	(2,050)	4,379
Ad campaign	30,000	780	(29,220)	12,415
Donations	1,200	2,865	1,665	4,733
Total charges for services	<u>861,823</u>	<u>873,871</u>	<u>12,048</u>	<u>394,031</u>
Total revenues	<u>3,086,832</u>	<u>3,008,178</u>	<u>(78,654)</u>	<u>3,798,918</u>

CITY OF COVINGTON, LOUISIANA

GENERAL FUND

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

For the Year Ended December 31, 2003

	2003		Variance- Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
EXPENDITURES				
General government	1,981,680	1,760,286	221,394	1,640,862
Public safety				
Police	1,571,200	1,208,476	362,724	1,005,571
Fire	551,480	612,809	41,329	538,479
Public works				
Streets	1,750,778	1,250,179	480,599	1,712,204
Culture and Recreation	582,288	372,181	210,107	396,238
Total expenditures	<u>8,471,181</u>	<u>7,868,851</u>	<u>1,161,528</u>	<u>8,111,432</u>
Excess (deficiency) of revenue over expenditures	(4,884,449)	(5,204,875)	1,289,574	(2,600,497)
OTHER FINANCING SOURCES (USES)				
Opening transfer in	4,191,140	4,211,796	22,656	3,895,861
Opening transfer out	(1,696,422)	(879,867)	826,555	(200,800)
Total other financing sources (uses)	<u>2,494,718</u>	<u>3,331,929</u>	<u>879,111</u>	<u>3,310,861</u>
Excess (deficiency) of revenue and other financing sources (uses) over expenditures	<u>2,119,720</u>	<u>60,999</u>	<u>2,178,680</u>	<u>71,364</u>
FUND BALANCE - BEGINNING OF YEAR		5,868,217		4,270,895
FUND BALANCE - END OF YEAR		<u>5,929,216</u>		<u>5,589,217</u>

CITY OF COVINGTON, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)

For the Year Ended December 31, 2003

	2003		Variance- Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
GENERAL GOVERNMENT				
Administration				
Salaries	\$ 479,040	494,175	\$ 23,485	\$ 458,175
Hospitalization	181,140	85,560	11,571	84,880
Retirement	51,000	39,999	11,687	39,408
Unemployment compensation	800	445	555	168
Workman's compensation	4,475	4,915	(180)	3,418
Medical expense	41,000	35,567	1,403	32,125
Payroll tax	30,000	7,737	3,780	8,120
Attorney's fees	70,000	78,888	(8,188)	42,804
Engineering fees	31,000	27,718	4,083	86,515
Audit fees	27,000	24,738	1,285	24,428
Computer programming	7,000	6,735	685	8,598
Professional fees - general	23,000	17,744	4,256	23,817
Publication and notices	20,000	15,998	4,251	23,737
Meetings & conventions - council	8,000	5,350	2,617	3,968
Meetings & conventions - mayor	8,000	2,600	1,289	4,978
Senior Society	12,000	18,448	2,580	29,488
Utilities	9,000	7,811	1,669	5,278
Telephones	20,000	17,917	1,883	23,000
Dues and subscriptions	3,000	8,310	277	18,460
Insurance	61,500	72,571	(9,571)	18,567
Office supplies	49,200	42,348	4,844	39,820
Repairs and maintenance	88,440	67,313	1,327	82,914
Training and Education	15,500	11,550	1,817	28,821
Contract services	19,800	16,932	8,158	41,887
Gasoline	5,700	2,878	821	3,288
Service charges and fees	1,800	2,119	41	158
Electric	12,000	12,805	95	-
Lease and note payments	7,700	3,378	5,325	3,221
Capital outlay	71,700	48,184	12,096	17,637
Total Administration	1,309,215	1,187,583	(111,885)	1,871,683

CITY OF COVINGTON, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS) (CONTINUED)

For the Year Ended December 31, 2003

	2003		Variance- Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
GENERAL GOVERNMENT				
Downtown Development Program				
Salary and benefits	161,370	160,603	(767)	160,609
Retirement	16,600	14,162	2,438	16,573
Unemployment compensation	480	308	172	47
Hospitalization	26,520	27,448	(928)	25,158
Workers' compensation	7,541	7,928	(387)	4,338
Contract services	84,373	83,777	596	76,215
Marketing and promotion	33,827	28,118	4,709	23,488
Grant expenditures	10,785	3,158	7,627	5,602
Parking fees	3,783	3,425	358	3,558
Utilities	11,290	11,613	(323)	10,428
Travel	1,270	1,161	109	698
Insurance	34,680	33,208	1,472	18,438
Office	14,280	14,914	(634)	18,223
Training and education	3,040	3,632	(1,592)	3,398
Telephone	6,000	4,808	1,192	5,148
Dues and subscriptions	3,280	2,128	1,152	3,094
Repairs and maintenance	41,828	38,713	3,115	36,653
Materials and supplies	10,080	18,944	(8,864)	7,953
Garbage - charges	3,560	3,144	416	3,998
Small tools and equipment	6,680	6,043	637	2,537
Rent	-	-	-	2,183
Professional services	1,270	861	409	5,153
Fuel	5,220	3,932	1,288	4,177
Lease and note payments	4,280	4,400	(120)	4,608
Capital outlay	126,132	10,558	115,574	107,232
Total Downtown Development Program	831,638	778,811	52,827	769,269
TOTAL GENERAL GOVERNMENT	1,981,682	1,782,208	199,474	1,699,092

CITY OF COVINGTON, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS) (CONTINUED)

For the Year Ended December 31, 2003

	2003		Variance, Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
PUBLIC SAFETY - POLICE				
Salaries and benefits	1,351,858	1,385,817	33,959	1,196,887
Retirement	201,000	189,177	(11,823)	195,514
Disability/leave	228,200	195,765	(32,435)	203,064
Unemployment compensation	3,600	3,847	247	494
Workman's compensation	54,179	45,893	(8,286)	48,990
Accused leave	187,000	75,212	(111,788)	-
Insurance	118,500	88,211	(30,289)	104,775
Medical	9,500	12,818	(3,298)	3,669
Telephones	27,900	35,631	7,731	24,667
Utilities	16,000	9,387	(6,613)	12,393
Office supplies	28,100	14,834	(13,266)	17,662
Contract services	3,600	5,216	1,616	3,094
Professional services	3,000	1,897	(1,103)	4,856
Repair and maintenance	60,000	29,811	(30,189)	58,208
Garbage collection	1,200	1,380	180	1,830
Supplies	26,900	27,427	(574)	22,776
Shirts	3,000	2,942	(58)	2,888
Gasoline	47,000	20,487	(26,513)	45,249
Uniforms	8,500	8,899	(399)	9,288
Training and education	21,000	22,769	(1,658)	18,881
Rent	4,100	3,423	(777)	2,297
Small tools and equipment	16,500	7,093	(9,407)	6,796
Capital outlay	(28,528)	126,889	155,417	122,832
TOTAL PUBLIC SAFETY - POLICE	2,573,220	2,208,476	(364,744)	2,688,271
PUBLIC SAFETY - FIRE				
Salaries	362,200	361,871	(329)	370,895
Retirement	27,000	25,936	(1,064)	18,267
Disability/leave	47,000	46,525	(475)	44,281
Unemployment compensation	700	415	(285)	338
Workman's compensation	18,183	14,264	(3,919)	8,127
Telephones	10,700	9,814	(886)	9,117
Utilities	14,100	13,461	(639)	13,938
Supplies	16,300	13,264	(3,036)	13,478
Insurance	43,500	49,914	(6,414)	28,182
Gasoline and diesel	9,800	8,214	(1,586)	8,473
Training and education	8,100	8,240	(140)	13,877

CITY OF COVINGTON, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS) (CONTINUED)

For the Year Ended December 31, 2003

	2003		Variance Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
PUBLIC SAFETY - POLICE				
Cooper fee	15,000	13,158	1,790	11,688
Small tools and equipment	24,500	24,158	-	21,141
Volunteers	10,000	18,000	-	10,000
Fees and subscriptions	1,800	2,824	176	1,569
Office supplies	11,640	18,754	866	10,584
Garbage	540	548	-	540
Repairs	31,470	32,068	(599)	34,593
Fare	1,000	1,000	19	890
Medical	400	647	(187)	590
Capital outlay	19,480	32,136	17,498	35,348
TOTAL PUBLIC SAFETY - FIRE	113,830	162,509	41,478	236,674
PUBLIC WORKS - STREETS				
Salaries and benefits	466,880	509,048	(38,248)	431,287
Contract services	48,000	82,440	1,539	80,488
Retirement	48,000	49,602	2,968	80,158
Hospitalization	75,000	79,000	(4,000)	69,100
Unemployment compensation	1,800	892	308	292
Workman's compensation	43,874	48,840	(1,967)	80,821
Telephone	3,500	4,198	1,262	4,058
Utilities	81,000	87,609	(4,549)	71,140
Professional services	44,800	39,067	16,811	34,400
Tire and stamp renewal	41,100	49,158	1,750	41,481
Fuel	9,100	1,608	1,700	11,470
Supplies and small tools	112,261	126,118	5,811	94,746
Repairs and maintenance	22,400	81,588	1,152	34,624
Rent - equipment	1,800	118	882	326
Insurance	65,800	52,792	10,888	66,581
Medical	1,800	482	518	788
Gasoline	44,700	41,508	3,191	37,449
Training and education	700	476	226	1,318
Office supplies	12,500	18,624	1,876	10,481
Fees & subscriptions	800	287	210	31
Capital outlay	1,547,232	1,141,881	405,618	742,851
TOTAL PUBLIC WORKS - STREET	2,735,718	3,386,178	606,899	1,712,286

CITY OF COVINGTON, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS) (CONTINUED)

For the Year ended December 31, 2003

	2003		Variance Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
CULTURE AND RECREATION				
Salaries and benefits	118,000	115,171	829	99,781
Retirement	10,000	8,084	1,916	5,646
Recapitalizations	10,300	14,822	4,522	15,170
Unemployment insurance	300	178	121	81
Workman's compensation	11,300	9,088	2,111	3,511
Telephone	8,000	7,581	(819)	3,581
Utilities	14,500	18,138	(2,638)	14,421
Supplies	48,175	48,881	1,394	47,837
Repairs and maintenance	34,315	31,992	2,313	41,856
Insurance	17,150	13,488	3,678	13,831
Medical	580	124	456	189
Gasoline	12,780	12,588	198	6,791
Training and education	900	882	18	328
Travel	-	-	-	1,876
Capital lease payments	-	-	-	1,213
Transit pass operation	12,800	12,008	-	(3,088)
Garbage	3,700	3,860	40	3,888
Contract labor	16,800	21,297	1,603	21,680
Office supplies	8,700	7,531	1,169	8,188
Franchise fees	2,480	1,178	1,302	1,306
Capital outlay	137,000	31,108	105,892	85,781
TOTAL CULTURE & RECREATION	807,300	579,183	154,817	394,224
			-	
TOTAL EXPENDITURES	\$ 8,471,384	\$ 7,586,053	\$ 8,165,328	\$ 6,311,881

SPECIAL REVENUE FUNDS
NARRATIVE EXPLANATION

SALES TAX FUND

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

The one percent 1987 sales tax is dedicated for the purpose of constructing, improving, extending and maintaining playgrounds and recreational facilities, public roads, streets, bridges and crossings, sewerage, garbage disposal, and water works, and other works of permanent public improvement in the City, title to which shall be in the public name.

The one percent 1982 sales tax is used to retire the 1991 Sales Tax Refunding Bonds. Any proceeds remaining in the Sales Tax Fund on the last day of each month after satisfying all Sinking Fund and Reserve Fund requirements are then dedicated as follows:

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

The A-3 Sales tax fund accounts for the proceeds of taxes collected in the areas surrounding the City pursuant to an inter-governmental agreement between St. Tammany Parish and the City.

CITY OF COVINGTON, LOUISIANA

SPECIAL REVENUE FUNDS

COMBINED BALANCE SHEET

December 31, 2003

	Sales Tax			Total	
	1997 Tax	1982 Tax	A-3	2001	2002
ASSETS					
Equity in pooled cash	\$ -	\$ 39,102	\$ 1,609	\$ 60,701	\$ 60,698
Receivables - other	<u>210</u>	-	-	<u>218</u>	<u>294</u>
Total assets	<u>\$ 210</u>	<u>\$ 39,102</u>	<u>\$ 1,609</u>	<u>\$ 60,919</u>	<u>\$ 60,992</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Pooled cash in other funds	\$ -	\$ -	\$ -	\$ -	\$ 18
Accounts payable	-	-	-	-	546
Due to other funds	-	99,802	-	99,802	60,698
Total liabilities	-	99,802	-	99,802	61,262
FUND BALANCES (DEFICIT)					
Unreserved and undesignated	<u>210</u>	<u>-</u>	<u>1,609</u>	<u>1,898</u>	<u>(152)</u>
Total liabilities and fund balances	<u>\$ 210</u>	<u>\$ 99,802</u>	<u>\$ 1,609</u>	<u>\$ 80,971</u>	<u>\$ 60,992</u>

CITY OF COVINGTON, LOUISIANA

SPECIAL REVENUE FUNDS

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

For the Year Ended December 31, 2003

	Sales Tax			Total	
	1997	1992	A-B	2003	1992
	Tax	Tax			
REVENUES					
Taxes-sales and use	\$ 2,478,378	\$ 2,478,378	\$ 659	\$ 4,942,411	\$ 4,975,894
Fees-fines and interest	5,952	5,989	-	11,961	18,148
Total revenues	<u>2,478,352</u>	<u>2,478,596</u>	<u>659</u>	<u>4,944,372</u>	<u>4,994,042</u>
EXPENDITURES					
General government	12,883	12,824	-	25,817	28,507
Total expenditures	<u>12,883</u>	<u>12,824</u>	<u>-</u>	<u>25,817</u>	<u>28,507</u>
Excess of revenues over expenditures	2,465,469	2,465,772	659	4,929,295	4,365,535
OTHER FINANCING SOURCES (USES)					
Operating transfers out					
Debt income	-	(713,273)	-	(713,273)	667,317
General fund	(2,462,342)	(1,730,555)	-	(4,213,797)	(2,693,681)
Total other financing sources (uses)	<u>(2,462,342)</u>	<u>(1,963,828)</u>	<u>-</u>	<u>(4,927,074)</u>	<u>(4,360,170)</u>
Excess of revenues over expenditures and other financing uses	960	-	659	2,221	2,369
FUND BALANCE - BEGINNING OF YEAR	<u>352</u>	<u>-</u>	<u>-</u>	<u>(352)</u>	<u>(2,709)</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 1,312</u>	<u>\$ -</u>	<u>\$ 659</u>	<u>\$ 1,869</u>	<u>\$ (1,330)</u>

DEBT SERVICE FUNDS
NARRATIVE EXPLANATION

GENERAL OBLIGATION BOND REDEMPTION FUND

The General Obligation Bond Redemption Fund is used to accumulate monies for the payment of the principal and interest of the 1995 General Obligation Fire Department Bonds, the 1996 Refunding Bonds which refunded the 1999 - 2004 maturities of the 1998 Sewer Bonds, and the 2002 General Obligation Bonds. Financing is to be provided by ad valorem taxes.

SALES TAX BOND FUND

The Sales Tax Bond Fund is used to accumulate monies for payment of the principal and interest of the 1997 Public Improvement Sales Tax Refunding Bonds which were issued to refund the remaining maturities of the 1990 Public Improvement Bonds and the 2002 General Obligation Bonds.

CITY OF DAVENPORT, LOUISIANA

DEBT SERVICE FUNDS

COMBINED BALANCE SHEET

December 31, 2002

	Sales Tax Bond Fund	General Obligation Bond Redemption Fund	Total	
			2002	2001
ASSETS				
Cash	\$ 150,963	\$ 287,079	\$ 397,900	\$ 390,733
Certificates of deposit	718,638	542,798	1,261,438	1,260,743
Receivables				
Taxes	-	108,607	108,607	111,025
Interest	258	728	987	958
Due from other funds	<u>89,082</u>	<u>-</u>	<u>89,082</u>	<u>89,689</u>
Total assets	<u>\$ 938,981</u>	<u>\$ 1,141,182</u>	<u>\$ 2,080,163</u>	<u>\$ 2,043,698</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ 1,786	\$ 5,313	7,210	\$ 6,971
FUND BALANCES				
Reserved for Debt Service	<u>806,762</u>	<u>1,125,648</u>	<u>1,932,410</u>	<u>1,128,623</u>
Total liabilities and fund balances	<u>\$ 808,548</u>	<u>\$ 1,130,961</u>	<u>\$ 1,930,910</u>	<u>\$ 1,135,614</u>

CITY OF COVINGTON, LOUISIANA

DEBT SERVICE FUNDS

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

For the Year Ended December 31, 2002

	Sales Tax Bond Fund	General Obligation Bond Redemption Fund	Total	
			2002	2001
REVENUES				
Taxes - ad valorem	\$ -	\$ 311,266	\$ 311,266	\$ 318,687
Interest	13,087	9,230	22,317	31,818
Total revenues	13,087	320,496	333,583	350,505
EXPENDITURES				
Debt service:				
Principal	418,008	285,860	685,868	555,000
Interest and fiscal charges	382,082	352,817	734,899	553,341
Total expenditures	799,090	638,677	1,437,767	1,108,341
Excess (deficiency) of revenues over expenditures	(785,993)	(318,181)	(1,104,174)	(757,836)
OTHER FINANCING SOURCES (USES)				
Operating transfer in	713,272	-	713,272	1,008,381
Excess of revenues and other financing sources (uses) over expenditures	(71,721)	(318,181)	(389,903)	(757,836)
FUND BALANCE - BEGINNING OF YEAR	892,458	1,242,889	2,135,347	3,398,240
FUND BALANCE - END OF YEAR	\$ 820,737	\$ 1,124,708	\$ 1,945,445	\$ 2,640,404

CAPITAL PROJECTS FUND

NARRATIVE EXPLANATION

2002 CAPITAL PROJECTS FUND

The 2002 Capital Projects Fund is used to account for the cost of improvements to the City. Financing was provided from the issuance of \$3,690,000 of general obligation and sales tax bonds.

SEWER PLANT CONSTRUCTION FUND

The Sewer Plant Construction Fund is used to account for the cost of purchasing or constructing sewers and sewerage disposal works and the necessary equipment, furnishings and sites. Financing was provided by the issuance of \$2,500,000 of General Obligation Sewer Bonds which are secured solely from a pledge of revenues to be derived from ad valorem taxes. Funds of \$2,534,843 were also received from the issuance of 1998 Public Improvement Sales Tax Bonds which are secured solely by sales tax revenues. The fund has been closed out as of December 31, 2002.

CITY OF COVINGTON, LOUISIANA

CAPITAL PROJECT FUNDS

COMBINING BALANCE SHEET

December 31, 2000

	2001	Sewer	Total	
	Capital Projects Fund	Funds Construction Fund	2001	2000
ASSETS				
Cash	\$ 1,697,100	\$ -	\$ 1,697,100	\$ 1,311,477
Certificate of deposit	-	-	-	141,835
Accounts receivable	-	-	-	1,391
Due from other funds	<u>4,412</u>	<u>-</u>	<u>4,412</u>	<u>4,430</u>
Total assets	<u>\$ 1,831,412</u>	<u>\$ -</u>	<u>\$ 1,831,412</u>	<u>\$ 1,658,633</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 158,110	\$ -	\$ 158,110	\$ 292,471
Due to other funds	<u>3,485</u>	<u>-</u>	<u>3,485</u>	<u>52,885</u>
	161,595	-	161,595	345,356
FUND BALANCE (DEFICIT)				
Designated for future expenditures	<u>1,669,817</u>	<u>-</u>	<u>1,669,817</u>	<u>1,308,831</u>
Total liabilities and fund balance	<u>\$ 1,831,412</u>	<u>\$ -</u>	<u>\$ 1,831,412</u>	<u>\$ 1,658,631</u>

CITY OF COVINGTON, LOUISIANA

CAPITAL PROJECT FUNDS

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

For the Year Ended December 31, 2003

	2003 Capital Projects Fund	Street Plan Construction Fund	Total	
			2003	2002
REVENUES				
Interest	\$ 13,909	\$ -	\$ 13,909	\$ 41,027
Total revenues	13,909	-	13,909	41,027
EXPENDITURES				
Capital projects	1,645,837	-	1,645,837	1,683,326
Total expenditures	1,645,837	-	1,645,837	1,683,326
Excess (deficiency) of revenues over expenditures	(1,631,928)	-	(1,631,928)	(1,642,299)
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	-	-	1,680,000
Costs of issuance	-	-	-	(26,999)
Operating transfer out	-	-	-	(32,684)
Transfer to Agency Fund	-	(92,633)	(92,633)	(98,000)
Total other financing sources (uses)	-	(92,633)	(92,633)	1,222,317
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	(1,631,928)	(92,633)	(1,724,561)	(1,048,312)
FUND BALANCE - BEGINNING OF YEAR	3,216,311	92,634	3,308,945	188,611
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 1,584,383	\$ -	\$ 1,584,383	\$ 1,388,503

ENTERPRISE FUND

NARRATIVE EXPLANATION

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

CITY OF COVENTON, LOUISIANA

ENTERPRISE FUND

BALANCE SHEET

December 31, 2003

ASSETS

	<u>2003</u>	<u>2002</u>
CURRENT ASSETS		
Cash	\$ 210	\$ 221
Equity in Pooled cash	159,158	250,588
Receivables:		
Accounts receivable (net/allowable of (\$29,320) for 2003 and \$24,620 for 2002)	159,937	159,947
Other receivable	98,859	65,721
Prepaid expenses	53,679	52,388
Due from other funds	<u>29,280</u>	<u>836</u>
Total current assets	<u>492,013</u>	<u>529,611</u>
RESTRICTED ASSETS		
Cash	96,985	96,875
Equity in Pooled cash	<u>247,649</u>	<u>241,897</u>
	<u>344,634</u>	<u>338,772</u>
PROPERTY, PLANT AND EQUIPMENT		
Vehicles	379,617	399,978
Street equipment	11,649,398	18,775,774
Water equipment	6,118,857	5,758,121
Garbage equipment	46,345	46,345
Total plant and equipment	18,194,217	14,980,218
Less: Accumulated depreciation	<u>(4,114,585)</u>	<u>(3,653,839)</u>
Net property, plant and equipment	<u>14,079,632</u>	<u>11,326,379</u>
OTHER ASSETS		
Construction in progress	<u>3,125,450</u>	<u>2,079,749</u>
	<u>\$ 16,092,640</u>	<u>\$ 14,392,617</u>

CITY OF EXTERMINATOR, LOUISIANA

ENTERPRISE FUNDS

BALANCE SHEET

December 31, 2005

LIABILITIES AND FUND EQUITY

	2005	2004
CURRENT LIABILITIES		
(Payable from current assets)		
Accounts payable	\$ 149,908	\$ 198,883
Payroll taxes and retirement payable	22,894	21,178
Customer deposits	158,267	155,899
Contract payable - current	-	14,300
Due to other funds	4,428	4,418
	<u>335,497</u>	<u>394,678</u>
Total current liabilities (Payable from current assets)	<u>335,497</u>	<u>394,678</u>
CURRENT LIABILITIES		
(Payable from restricted assets)		
Revenue bonds	185,543	89,411
Accrued interest	14,978	18,179
	<u>200,521</u>	<u>107,590</u>
Total current liabilities (Payable from restricted assets)	<u>200,521</u>	<u>107,590</u>
LONG-TERM LIABILITIES		
Revenue bonds	299,088	494,654
	<u>299,088</u>	<u>494,654</u>
Total liabilities	<u>835,106</u>	<u>996,922</u>
FUND EQUITY		
Contributed capital		
Other funds	4,666,406	4,778,171
State grants	644,107	659,047
Developer	94,847	3,760
Federal grant	471,713	487,508
LCRA grant	1,379,427	1,388,466
SO Sewer extension	790,081	798,428
2002 Capital project funds	1,663,043	1,678,178
Total contributed capital	<u>11,609,032</u>	<u>10,790,144</u>
Retained earnings		
Reserved for revenue bond retirement	234,879	270,283
Unreserved	3,432,132	3,963,583
Total retained earnings	<u>3,667,011</u>	<u>4,233,866</u>
Total fund equity	<u>15,276,043</u>	<u>15,024,010</u>
	<u>\$ 16,107,649</u>	<u>\$ 16,281,632</u>

CITY OF CONVICTION, LOUISIANA

UNIMPROVED FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS

For the Year Ended December 31, 2008

	2008	2007	2006	2005	
				2005	2004
OPERATING REVENUES					
Service revenues	\$ 79,400	\$ 82,760	\$ 90,000	\$1,000,000	\$ 1,000,000
Installation revenues	11,404	4,000	-	60,000	26,170
Concess fees	23,200	-	-	20,000	20,000
Miscellaneous	11,764	-	-	11,760	11,000
FEMA reimbursement	-	-	-	-	20,000
Total operating revenues	<u>125,768</u>	<u>86,760</u>	<u>90,000</u>	<u>1,091,760</u>	<u>1,077,170</u>
OPERATING EXPENSES					
Salaries	284,254	285,270	21,604	278,487	223,200
Salaries contract	-	-	60,000	60,000	60,000
Indefinite expense	14,511	-	-	14,511	14,200
Rent fees	1,000	-	-	1,000	600
Contract services	120,000	-	7,000	11,000	140,700
Insurance	140,234	210,200	-	140,607	180,000
Utilities-expense	-	800	-	800	800
Gasoline	15,007	11,007	-	25,000	21,700
Depreciation	20,000	20,000	1,000	20,000	21,000
Insurance	20,110	21,000	-	40,000	21,000
Self-insuring	-	10,000	-	10,000	10,000
Miscellaneous and repairs	20,417	110,000	-	20,770	20,000
Office supplies	20,000	1,000	-	20,000	21,000
City	20,000	4,000	-	20,000	20,000
Retirement	18,000	25,000	1,200	40,000	34,000
Wages contract	-	20,000	-	20,000	20,000
Supplies	40,470	20,000	-	20,000	21,000
Utilities	20,000	120,000	-	120,000	120,000
Warranty compensation	4,000	11,000	1,000	20,000	10,000
Total operating expenses	<u>784,200</u>	<u>710,770</u>	<u>60,804</u>	<u>1,000,717</u>	<u>1,070,200</u>
Operating income/(loss)	<u>47,568</u>	<u>156,990</u>	<u>29,196</u>	<u>91,043</u>	<u>6,970</u>
NON-OPERATING REVENUES (EXPENSES)					
Income taxes	-	-	-	700	1,000
Interest expense	-	-	-	(20,000)	(20,000)
Total non-operating revenues, net	-	-	-	<u>(19,300)</u>	<u>(19,000)</u>
Income/(loss) before transfers	-	-	-	<u>71,743</u>	<u>(12,030)</u>
OPERATING TRANSFERS					
Transfer in	-	-	-	20,000	20,000
Total operating transfers	-	-	-	<u>20,000</u>	<u>20,000</u>
NET INCOME				<u>91,743</u>	<u>10,000</u>
AM Depreciation on fixed assets acquired with contributed capital (debt-related contributed capital)	-	-	-	<u>(30,000)</u>	<u>(10,000)</u>
Net income is retained earnings	-	-	-	<u>61,743</u>	<u>0</u>
Retained earnings - beginning of year	-	-	-	<u>2,820,000</u>	<u>2,820,000</u>
Retained earnings - end of year	-	-	-	<u>2,881,743</u>	<u>2,820,000</u>

CITY OF COVINGTON, LOUISIANA

ENTERPRISE FUND

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2002

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating (loss)	\$ (375,742)	\$ (213,144)
Adjustments to reconcile net operating (loss) to net cash provided by operating activities:		
Depreciation	480,607	380,893
Bad debt allowance	24,730	16,188
Decrease (Increase) in accounts receivable	(14,788)	31,802
Increase in other receivables	(28,182)	(22,749)
Increase in prepaid expenses	(1,282)	(1,338)
Decrease in accounts payable	(4,602)	(78,830)
Increase in payroll taxes and retirement payable	3,326	1,781
Total adjustments	428,521	238,056
Net cash provided by operating activities	<u>52,779</u>	<u>124,912</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Payments for other funds, net	(21,627)	(35,640)
Increase in customer deposits	2,327	9,429
Net cash used by non-capital financing activities	<u>(19,300)</u>	<u>(26,211)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributed capital	50,584	-
Payments on state contract	(14,389)	(14,389)
Transfers from other funds, net	428,963	360,880
Payments for capital acquisitions	(796,683)	(299,240)
Principal payments on bonds	(88,884)	(93,684)
Interest paid	(28,182)	(21,812)
Net cash used by capital and related financing activities	<u>(138,291)</u>	<u>(14,845)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipts of interest	789	1,621
Net cash provided by investing activities	<u>789</u>	<u>1,621</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(17,813)	9,314
Cash and cash equivalents, beginning of year	<u>489,983</u>	<u>480,669</u>
Cash and cash equivalents, end of year	<u>\$ 472,170</u>	<u>\$ 489,983</u>

During the year ended December 31, 2002, the 2002 capital projects fund expended \$1,629,446 for utility improvements. This was recorded as an increase in contributed capital and property, plant and equipment.

FIDUCIARY FUNDS
NARRATIVE EXPLANATION

EXPENDABLE TRUST FUND

GARDEN OF PINES MAUSOLEUM PERPETUAL CARE FUND

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

AGENCY FUNDS

AD VALOREM TAX COLLECTION FUND

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

1890 SEWER EXTENSION FUND

The 1890 Sewer Extension Fund is used to account for the collection of special assessments from property owners and the payment of principal and interest to the special assessment sewer certificate holders.

CITY OF COVINGTON, LOUISIANA

FIDUCIARY FUNDS

COMBINING BALANCE SHEET

December 31, 2003

	Trust Fund Garden of Pines Miscellaneous Preposal Care Fund	Agency Funds		Totals	
		Ad Valorem Tax Collection Fund	1993 Sewer Extension Fund	2003	2002
ASSETS					
Cash	\$ 24,589	\$117,159	\$ 14,430	\$156,178	\$127,448
Certificate of deposit	24,933	-	-	24,933	24,933
Due from other funds	-	1,289	2,270	3,559	2,814
Other receivables	-	1,349	-	1,349	1,797
Due from others	-	-	31,814	31,814	38,523
Total assets	\$ 49,544	\$120,697	\$ 48,614	\$218,855	\$195,715
LIABILITIES					
Due to other funds	\$ -	\$120,697	\$ 443	\$121,140	\$ 97,933
Due to certificate holders	-	-	15,693	15,693	8,872
Deferred revenue	-	-	31,914	31,914	38,523
Due to others	-	-	575	575	575
Total liabilities	-	\$120,697	48,614	\$198,711	\$146,923
FUND BALANCES					
Reserved for Miscellaneous administration and maintenance	49,544	-	-	49,544	48,815
Total liabilities and fund balances	\$ 49,544	\$120,697	\$ 48,614	\$218,855	\$195,715

CITY OF COVINGTON, LOUISIANA

EXPENDABLE TRUST FUND

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

For the Year Ended December 31, 2003

	<u>Garden of Pines Mausoleum Perpetual Care Fund</u>	
	<u>2003</u>	<u>2002</u>
OPERATING REVENUES		
Income	\$ 728	\$ 1,358
Total operating revenues	728	1,358
EXPENDITURES		
Bank fees	-	-
Total expenditures	-	-
Net income	728	1,358
FUND BALANCE - BEGINNING OF YEAR	<u>48,813</u>	<u>47,257</u>
FUND BALANCE - END OF YEAR	<u>\$ 49,544</u>	<u>\$ 48,615</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

NARRATIVE EXPLANATION

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

CITY OF COVINGTON, LOUISIANA

STATEMENT OF GENERAL FIXED ASSETS

December 31, 2003

	<u>2003</u>	<u>2002</u>
GENERAL FIXED ASSETS		
Land	\$ 548,097	\$ 548,097
Buildings	3,638,119	3,638,119
Equipment	1,818,655	1,767,564
Transportation equipment	1,848,479	1,753,961
Office furniture and equipment	633,645	638,356
Improvement	<u>3,297,782</u>	<u>3,218,561</u>
Total general fixed assets	<u>\$ 18,898,095</u>	<u>\$ 18,579,528</u>
INVESTMENT IN GENERAL FIXED ASSETS FROM		
General fund	\$ 8,048,074	\$ 8,839,184
Capital projects	1,714,292	1,714,292
Special revenue fund	<u>312,932</u>	<u>312,932</u>
Total investment in general fixed assets	<u>\$ 10,075,298</u>	<u>\$ 10,866,408</u>

OTHER SUPPLEMENTAL INFORMATION

CITY OF COVINGTON, LOUISIANA

SCHEDULE OF COUNCIL MEMBERS

December 31, 2003

Council Members	Term of Office	Compensation
Patricia Clinton 1700 Madison St. Covington, LA 70433 (985) 892-2623	June 30, 2007	\$ 4,500
Clarence Boudry 766 Covington Point Dr. Covington, LA 70433 (985) 893-2612	June 30, 2007	4,500
Jan Robert 323 W 19th Ave Covington, LA 70433 (985) 893-3324	June 30, 2007	4,500
Matthew Faust 504 East 4th Ave Covington, LA 70433 (985) 893-7740	June 30, 2007	9,000
Lee Alcinon 408 S. New Hampshire Covington, LA 70433 (985) 892-6387	June 30, 2007	4,500
Guy Williams 1218 W 23 rd Ave Covington, LA 70433	June 30, 2007	4,500
Wilford T. Nicholls, II 1808 S. Filmore St. Covington, LA 70433 (985) 893-1748	June 30, 2007	9,000
Jerry Lee Carter 733 N. Florida St. Covington, LA 70434	June 30, 2003	4,500
Lennis Raykins 1323 N. Buchanan St. Covington, LA 70433	June 30, 2003	4,500
John M. Dean 19 Kathleen Drive Covington, LA 70433	June 30, 2003	4,500
Carolyn Pierce 1218 W. 32 nd Avenue Covington, LA 70433	June 30, 2003	4,500
Lee Roy Jenkins, Jr., President 37 Spruce St. Covington, LA 70433 (985) 892-6284	June 30, 2003	4,500

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

(A LIMITED LIABILITY COMPANY)

Chartered Public Accountants

P.O. Box 1780

Covington, Louisiana 70444-1780

Samuel E. Smith, CPA

Frank "Boss" Hurd, CPA

(504) 884-8800 - Covington

(504) 884-8800 - MOE

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

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

We have audited the general purpose financial statements of the City of Covington, Louisiana as of and for the year ended December 31, 2003 and have issued our report thereon dated May 6, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

This report is intended solely for the use of management, the Louisiana Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by any other than those specified parties.

May 6, 2004

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