



# City of Covington, Louisiana

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

December 31, 2020

Submitted by:

Department of Administration

Erin Bivona, Chief Administrative Officer

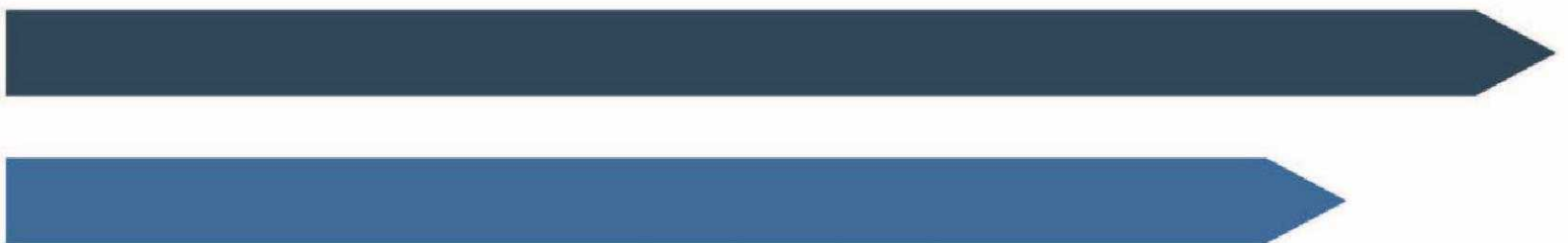
Anita Sweeney, Director of Finance



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## INTRODUCTORY SECTION





## INTRODUCTORY SECTION

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MARK R. JOHNSON  
*Mayor*

## CITY OF COVINGTON

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 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. In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the City. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Covington, Louisiana (the City) for the year ended December 31, 2020.

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.

Carr, Riggs & Ingram, LLC, 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, 2020. 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 7.98 square miles. Covington is the Parish seat and houses the 22<sup>nd</sup> 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 89-96. For the A3 Sales tax fund, this comparison is presented on page 97.

## ***Factors Affecting Financial Condition***

### ***Local Economy***

Although Covington has a residential population of approximately 11,564 people, the population swells to approximately 20,000 during the day due to the Courthouse and St. Tammany Parish Hospital. In 2020, 2019, and 2018, the City experienced a sales tax rate of 6.0%, 3.6%, and 3.7%, respectively. The City anticipates an increase in sales tax during 2021.

### ***Long-term Financial Planning***

The five (5) year Capital Improvement Plan is continuing to be monitored and updated accordingly. With the assistance of the new Geographical Information Systems (GIS) Specialist, the City Engineer is working to complete the process of developing an Infrastructure Master Plan which is intended to guide us for the next twenty (20) years.

### ***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, including Willow Drive Phase 2
- Investment in conversion to new Water Meter System

Among the Capital Infrastructure Projects funded in the **2020 Budget** which are in varying stages of design, engineering, permitting, and/or construction are the following which are scheduled for completion in 2021:

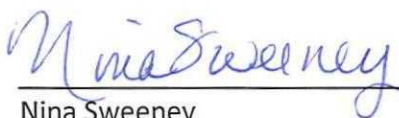
- Ox Lot Improvements
- 2019 Sidewalk Improvements
- E. Lock Wood St. Drainage Improvement
- Lurline Dr. Gravity Sewer Repairs
- 2020 Waterline Extension Down 14<sup>th</sup>
- Lake Pontchartrain Storm Filtration
- ADA Playground Improvements
- Menetre Drive Sewer Extension
- Miscellaneous Watermain Improvements
- Rutland Storm Drain Clean & Inspect CCTV



Respectfully submitted,



Erin Bivona  
Chief Administrative Officer



Nina Sweeney  
Director of Finance

**City of Covington, Louisiana**  
**Principal Elected and Appointed Officials**  
**December 31, 2020**

**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**

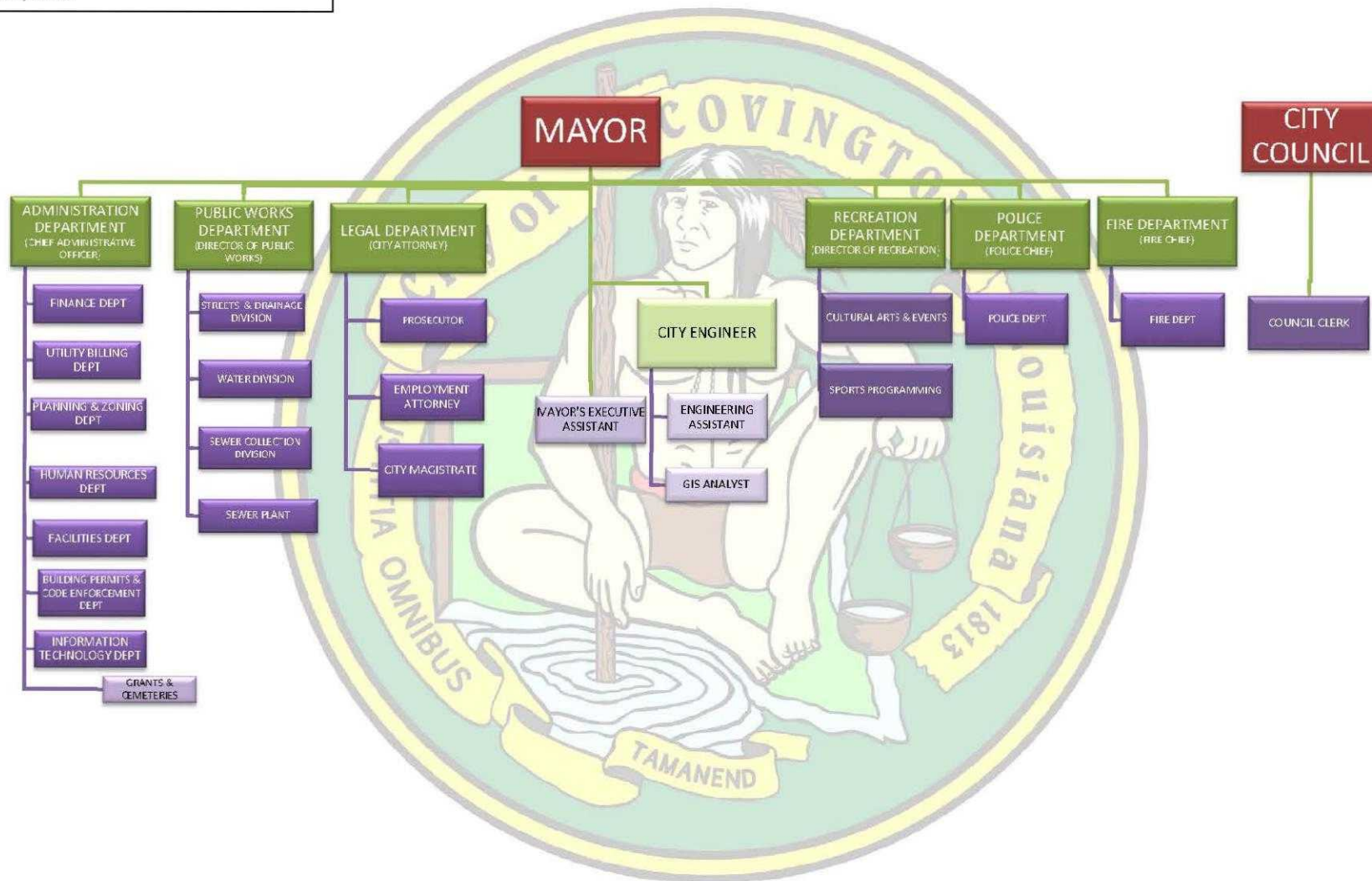
Stephen Culotta – Chief of Police

**FIRE CHIEF**

Gary S. Blocker Jr. – Fire Chief

City of Covington, Louisiana  
Organizational Chart  
December 31, 2020

December, 2020





# FINANCIAL STATEMENTS



## **INDEPENDENT AUDITORS' REPORT**

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

### ***Report on the Financial Statements***

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions 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 the standards applicable to financial audits contained in *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements 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 controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the 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, 2020, 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, pension schedules and other post-employment benefit schedules, and budgetary schedules be presented to supplement the basic financial statements. Such information, 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 the 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.

#### ***Other 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 combining and individual nonmajor fund statements, Schedule of Council Compensation, Schedule of Compensation, Benefits, and Other Payments to Agency Head, Justice System Funding Schedule – Receiving Entity, and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and Schedule of Council Compensation, and Schedule of Compensation, Benefits, Other Payments to Agency Head, and Justice System Funding Schedule – Receiving Entity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 nonmajor fund statements, Schedule of

Council Compensation, and Schedule of Compensation, Benefits, and Other Payments to Agency Head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2021 on our consideration of the City's internal control over financial reporting and 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 of 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.

*Carr, Riggs & Ingram, L.L.C.*

Metairie, Louisiana  
December 31, 2021



## REQUIRED SUPPLEMENTARY INFORMATION





## **City of Covington, Louisiana Management's Discussion and Analysis For the Year Ended December 31, 2020**

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, 2020. Please review in conjunction with the Letter of Transmittal on Page IV and the City's Basic Financial Statements, which begin on page 18.

### **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 18 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 20. 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 5. 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 them. 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, and recreation and culture departments, and

**City of Covington, Louisiana**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2020**

general administration. Sales and use taxes, property taxes, and franchise fees finance most of these activities.

- **Business-type activities**—The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer systems, are reported here.

### **Fund Financial Statements**

Our analysis of the City's major funds begins on page 20. 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. 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 page 21 and 22 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 we report 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 29.

**City of Covington, Louisiana**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2020**

**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 and A3 Sales Tax 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 97 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 98 to 102 of this report.

**Financial Highlights**

After this year's operations, the City's ending net position is as follows: the net position of governmental activities was \$29,951,287 and the net position of business-type activities was \$27,757,096.

- The current year's expense total was \$15,916,437 as compared to the \$20,310,811 generated in fees and charges, grants, general revenues, and taxes for governmental programs (before special items). In the previous year, expenditures were \$15,763,586 as compared to the \$18,663,293 generated in tax and other revenues for governmental programs (before special items).
- For business-type activities, City revenues (before special items) were \$4,839,825. Expenses were \$6,343,642.
- The annual cost of all City programs was \$22,222,746. The previous year's cost was \$20,725,702.



**City of Covington, Louisiana**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2020**

**Table 1**  
**Net Position (in thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Current and other assets	\$19,701	\$18,774	\$ 7,197	\$6,721	\$26,924	\$25,579
Capital assets, net	34,016	32,976	24,608	24,405	58,625	57,381
<b>Total Assets</b>	<b>53,717</b>	<b>51,750</b>	<b>31,805</b>	<b>31,126</b>	<b>85,549</b>	<b>82,960</b>
Deferred loss on refunding	84	100	-	-	84	100
Deferred outflows - pension	2,942	2,366	868	380	3,416	2,746
Deferred outflows - other post-employment benefit	3,312	2,047	147	147	3,797	2,194
<b>Total Deferred Outflows</b>	<b>6,158</b>	<b>4,513</b>	<b>1,016</b>	<b>527</b>	<b>7,297</b>	<b>5,040</b>
Current liabilities	3,223	2,902	739	1,254	3,989	4,156
Long-term liabilities	24,994	23,663	3,746	2,519	28,808	26,182
<b>Total Liabilities</b>	<b>28,217</b>	<b>26,525</b>	<b>4,495</b>	<b>3,773</b>	<b>32,797</b>	<b>30,338</b>
Unavailable revenues	20	-	448	448	468	448
Deferred inflows - pension	1,129	1,363	40	105	1,169	1,468
Deferred inflows - other post-employment benefit	558	660	93	43	665	703
<b>Total Deferred Inflows</b>	<b>1,707</b>	<b>2,023</b>	<b>579</b>	<b>596</b>	<b>2,302</b>	<b>2,619</b>
<b>Net Position</b>						
Net investment in capital assets	30,292	28,310	24,608	24,405	54,901	52,715
Restricted	1,652	1,450	-	-	1,652	1,450
Unrestricted	(1,993)	(2,084)	3,149	2,879	1,155	794
<b>Total Net Position</b>	<b>\$29,951</b>	<b>\$27,676</b>	<b>\$27,757</b>	<b>\$27,284</b>	<b>\$57,708</b>	<b>\$54,959</b>

**Government-Wide Financial Analysis**

The City's combined net position from the previous year was \$54,959,827 as compared to \$57,708,383 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 \$29,951,287 this year as compared to \$27,675,423 last year. Unrestricted net position for governmental activities was (\$1,993,150) this year as compared to (\$2,084,725) 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.

**City of Covington, Louisiana**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2020**

The net position of the City's business-type activities was \$27,757,096 this year as compared to \$27,284,404 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.

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 a for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City revenues (excluding special items) for the current year were \$25,008,632 as compared to \$24,855,657 in the previous year. The total yearly cost of all programs and services was \$22,222,746 as compared to \$20,725,702 in the previous year.

**City of Covington, Louisiana**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2020**

**Table 2**  
**Changes in Net Position (in thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Program Revenues</b>						
Charges for services	\$1,705	\$1,597	\$ 4,840	\$ 4,650	\$ 6,545	\$ 6,247
Restricted operating grants	175	22	-	-	175	22
Restricted capital grants	131	688	-	-	131	688
<b>General Revenues</b>						
Property taxes	3,185	2,980	-	-	3,185	2,980
Sales taxes	13,664	12,863	-	-	13,664	12,863
Other taxes	672	789	-	-	672	789
Interest and investment income	75	369	-	-	75	369
Other general revenues	704	869	(140)	28	564	897
<b>Total Revenues</b>	<b>20,311</b>	<b>20,177</b>	<b>4,700</b>	<b>4,678</b>	<b>25,011</b>	<b>24,855</b>
<b>Program Expenditures</b>						
General government	4,220	4,034	-	-	4,204	4,034
Public safety	7,060	7,142	-	-	7,044	7,142
Public works	3,810	3,619	-	-	3,810	3,619
Culture and recreation	748	845	-	-	748	845
Interest on long-term debt	78	124	-	-	78	124
Water and sewer	-	-	5,351	4,020	5,346	4,020
Other utilities	-	-	992	942	992	942
<b>Total Expenditures</b>	<b>15,916</b>	<b>15,764</b>	<b>6,343</b>	<b>4,962</b>	<b>22,222</b>	<b>20,726</b>
<b>Excess (deficit) before special items and transfers</b>	<b>4,395</b>	<b>4,413</b>	<b>(1,643)</b>	<b>(284)</b>	<b>2,752</b>	<b>4,129</b>
<b>Transfers</b>	<b>(2,119)</b>	<b>(1,350)</b>	<b>2,117</b>	<b>1,514</b>	<b>(2)</b>	<b>-</b>
<b>Change in net position</b>	<b>2,276</b>	<b>2,899</b>	<b>474</b>	<b>1,230</b>	<b>2,750</b>	<b>4,129</b>
<b>Net position - beginning of year</b>	<b>27,675</b>	<b>24,776</b>	<b>27,284</b>	<b>26,054</b>	<b>54,959</b>	<b>50,830</b>
<b>Net position - ending of year</b>	<b>\$29,951</b>	<b>\$27,675</b>	<b>\$27,757</b>	<b>\$27,284</b>	<b>\$57,708</b>	<b>\$54,959</b>

**Governmental Activities**

This year's governmental activities revenues were \$20,310,808 as compared to \$20,177,143 last year. Total revenues increased by \$133,665 or 0.6%. This is primarily due to the increase in sales tax.

This year's governmental activities cost was \$15,916,437 as compared to \$15,763,586 in the previous year. Total expenditures increased by \$152,851 or 0.9%. This is primarily due to additional capital outlay projects and a fire truck lease.



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**Business-Type Activities**

This year's business-type activities revenues were \$4,871,210 as compared to \$4,678,514 last year. Total revenues increased by \$192,969 or 4.1%. This increase is primarily due to growth of the community.

This year's expenses were \$6,343,642 as compared to \$4,962,116 in the previous year. Total expenses increased by \$1,381,526 or 27.8%. The increase is primarily due to growth of the community.

Table 3 details the cost of the City's major programs as well as each program's net cost (total cost less revenues generated by the program). The net cost indicates the financial burden that was shifted to the City's taxpayers by each of these programs:

**Table 3**  
**Governmental Activities (in thousands)**

	Total Cost of Services		Net Cost of Services	
	Current Year	Previous Year	Current Year	Previous Year
Police Department	\$ 4,535	\$ 4,774	\$ (4,268)	\$ (4,709)
Fire Department	2,525	2,368	(2,422)	(2,170)
Public Works	3,810	3,619	(3,692)	(3,495)
Culture and Recreation	748	845	(677)	(487)
All Others	4,298	4,158	(2,815)	(2,596)
Total	\$ 15,916	\$ 15,764	\$ (13,874)	\$ (13,457)

**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 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 \$17,827,186, an increase of \$692,049 in comparison with the prior year.

Approximately 34% of the ending fund balance, or \$5,969,184, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending. Approximately 27% is assigned, 30% is committed, 8% is restricted and 1% is non-spendable.

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The fund balance of the general fund increased by \$380,586 in the current year, and decreased by \$666,484 in the prior year. The increase is primarily due to the decrease in capital projects.

Total revenue in the general fund increased by \$575,922 or 3.76%.

Expenditures in the general fund decreased \$2,177,145 or -12.9% due to the completion of capital outlay projects. Expenditures in general government increased by \$162,482 or 4.9%. Public safety expenditures increased by \$39,191 or 0.3%. Public Works expenditures increased by \$73,813 or 3.5%. Culture and recreation expenditures decreased \$81,735 or -11.9%. Capital outlay expenditures decreased \$2,310,896 or -57.9% due to the completion of a large drainage project.

The A3 Sales Tax Fund accounts for the special annexation sales tax. While sales tax collected increase by \$48,944 or 15%, Interest and Penalties decrease by \$97,168 or 83%, resulting in an overall decrease of \$48,224. The decrease in interest is due to an economic reduction in bank interest.

### **Budgetary Statements**

The City Council revised the 2020 original adopted budgets for the General Fund and the A3 Sales Tax Fund numerous times throughout the year as revenues and expenditures changed. The original budgets were voted and approved on November 10, 2019 and the amended budgets were voted and approved on July 7, 2020, August 4, 2020, and September 22, 2020.

By budgetary policy, revenue estimates are prepared with a conservative bias. Overall, general fund revenue in 2020 experienced a positive variance of \$657,698 or 4.4% from the amount in the final adopted budget. A3 Sales tax fund revenue in 2020 experienced a positive variance of \$129,151 from the amount in the final adopted budget.

The final budget for general fund expenditures increased \$877,391 or 5.3% from the original budget for 2020 primarily due to additional capital outlay projects. Actual expenditures for the general fund were \$2,227,321 less than the original adopted budget and \$3,104,712 less than the final adopted budget. The final budget for A3 Sales tax fund expenditures increased \$1,829,502 from the original budget for 2020 primarily due to additional capital outlay projects. Actual expenditures for the A3 Sales tax fund were \$162,887 more than the original adopted budget and \$1,666,615 less than the final adopted budget.



**City of Covington, Louisiana**  
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**Capital Assets**

**Table 4**  
**Capital Assets, Net of Depreciation (in thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Land	\$ 807	\$ 807	\$ -	\$ -	\$ 807	\$ 807
Building and improvements	11,570	11,425	1,076	-	11,570	11,425
Equipment	3,215	2,755	4,616	4,410	7,831	7,165
Infrastructure	16,354	16,579	17,738	17,961	34,092	34,450
Construction in progress	2,070	1,410	1,062	2,034	3,132	3,444
<b>Capital Assets, net</b>	<b>\$ 34,017</b>	<b>\$32,976</b>	<b>\$ 23,416</b>	<b>\$ 24,405</b>	<b>\$ 57,433</b>	<b>\$ 57,381</b>

The current year's significant capital asset additions included:

- Governmental Activities: Fire truck purchased through capital lease, Bulkhead BF Park Shoreline Protection, Rutland Street drainage, Fire station renovations and additions, Cleveland Street Bridge, Peter Atkins restroom, Safe Routes to School, W 15<sup>th</sup> Avenue trail, W 8<sup>th</sup> Avenue safety improvements, 2017 sidewalk improvements, and freight liner and dump body cab.
- Business-Type Activities: SSES sewer repairs, Regina Coeli Watt water extension, Covington High L/S.

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 \$3,222,000 in outstanding bonds and notes as compared to \$3,996,000 in the previous year (see Table 5). This decrease in debt of \$774,000 is due to regularly scheduled principal payments.

**City of Covington, Louisiana**  
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**Table 5**  
**Outstanding Debt (in thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
General obligation bonds (backed by the City)	\$ 2,897	\$ 3,356	\$ -	\$ -	\$ 2,897	\$ 3,356
Revenue bonds and notes (backed by specific tax and fee revenues)	325	640	-	-	325	640
Capital lease	586	770	-	-	586	770
<b>Total</b>	<b>\$ 3,808</b>	<b>\$ 4,766</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,808</b>	<b>\$ 4,766</b>

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 2021 we anticipate over 67% of the City's general fund revenues will be derived from sales taxes. We budgeted \$13,103,591 in net sales tax collections for 2021, which is in line with 2020 budget.

From the general fund sales tax revenues, \$332,799 will go to the Sales Tax Bond Sinking Fund for bond payments. Another \$1,500,000 will be transferred from the A3 Sales Tax Fund 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 \$1,696,889 of revenue in the A3 Sales Tax 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 \$2,562,472 in revenue for the General Fund. This represents about an 3.7% increase over 2020 projected amounts and is based upon an assessed valuation of \$141,903,164. It should be noted that property taxes represent 13.5% of the 2021 General Fund Budget. The City of Covington currently has the following ad valorem tax assessments: 20.01 millage comprised of 3.5 millage for retiring general obligation bonds, 7.08 millage to general fund revenues, and 9.43 millage for operation and maintenance of the Fire Department. All millage rates were approved by the voters in 2019.

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

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in the 2020 budget is \$1,275,043. This includes \$1,977,399 in one-time capital expenditures. This budget, while balanced, provides for an estimated \$3,341,593 unassigned General Fund Balance at the end of 2021. An additional \$2,460,315 is in Assigned Fund Balance for the GFOA recommended 2 months of operating expenditures or revenue range to cover emergencies and unexpected expenditures.

**COVID-19**

On January 31, 2020 the U.S. Department of Health and Human Services declared a Public Health Emergency due to the COVID-19 Pandemic. On March 11, 2020 Governor John Bel Edwards of Louisiana declared the pandemic a Public Health Emergency in Louisiana.

The COVID-19 Pandemic is expected to impact the City of Covington's 2020 collection of tax revenue in terms of timing and projected tax revenue. The City anticipates overall taxes collected in fiscal year 2020 will be lower than originally forecasted due to the overall economic effects of the Pandemic.

For the fiscal year 2021 proposed budget, the City has reduced operating and capital expenditures as much as feasible in an effort to present a balanced budget. The City expects the effects of the Pandemic to last into fiscal year 2021. The City will closely monitor revenues throughout 2020 and 2021 to ensure there is adequate revenue to maintain operations and capital spending per the adopted budgets. The City will be prepared to scale down expenditures as necessary to maintain a balanced budget.

Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) act in March of 2020. The City has applied for CARES act funding to help mitigate the economic impact of the COVID-19 pandemic on the City's finances. The City expects to receive funding from the CARES act in late 2020 or early 2021.

**Contact Information**

The financial report is designed to provide our citizens, taxpayers, customers, and 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:

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Chief Administrative Officer  
317 N. Jefferson Ave.  
Covington, LA 70433  
Phone: 985-898-4714  
Fax: 985-898-4723  
ebinova@covla.com



# BASIC FINANCIAL STATEMENTS





## City of Covington, Louisiana

### Statement of Net Position

<i>December 31, 2020</i>	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 16,895,739	\$ 400	\$ 16,896,139
Investments - LAMP	4,265,062	-	4,265,062
Restricted cash and cash equivalents	248,297	-	248,297
Certificates of deposit	302,455	-	302,455
Receivables, net	4,461,791	635,994	5,097,785
Internal balances	(6,552,872)	6,552,872	-
Prepaid expense	80,260	7,745	88,005
Capital assets not being depreciated	2,877,090	1,179,014	4,056,104
Capital assets being depreciated, net of accumulated depreciation	31,139,442	23,429,534	54,568,976
Total assets	53,717,264	31,805,559	85,522,823
<b>Deferred Outflows of Resources</b>			
Deferred loss on refunding	83,934	-	83,934
Deferred outflows - pension plans	2,941,852	868,350	3,810,202
Deferred outflows - other post-employment benefits	3,132,230	147,394	3,279,624
Total deferred outflows of resources	6,158,016	1,015,744	7,173,760
<b>Liabilities</b>			
Accounts payable	1,441,233	300,236	1,741,469
Accrued payroll expenses	400,835	25,221	426,056
Customer deposits	-	413,208	413,208
Accrued interest	18,154	-	18,154
Compensated absences			
Due within one year	376,869	-	376,869
Due in more than one year	250,457	-	250,457
Revenue bonds payable			
Due within one year	325,000	-	325,000
Due in more than one year	-	-	-
Capital lease payable			
Due within one year	189,248	-	189,248
Due in more than one year	397,003	-	397,003
General obligations bond payable			
Due within one year	472,000	-	472,000
Due in more than one year	2,425,000	-	2,425,000
Net pension liability			
Due in more than one year	12,659,096	2,125,163	14,784,259
Net other post-employment benefit liability			
Due in more than one year	9,262,503	1,620,960	10,883,463
Total liabilities	28,217,398	4,484,788	32,702,186
<b>Deferred Inflows of Resources</b>			
Unavailable revenues	20,374	448,307	468,681
Deferred inflows - pension plans	1,128,592	40,324	1,168,916
Deferred inflows - other post-employment benefits	557,629	90,788	648,417
Total deferred inflows of resources	1,706,595	579,419	2,286,014
<b>Net Position</b>			
Net investment in capital assets	30,292,215	24,608,548	54,900,763
Restricted for			
Expendable			
Debt service	1,052,628	-	1,052,628
Perpetual care	3,137	-	3,137
FHA loan program	252,066	-	252,066
Fire department	24,041	-	24,041
Drug forfeiture	34,177	-	34,177
Tree mitigation	8,605	-	8,605
State and federal grants	172,353	-	172,353
Nonexpendable			
Prepaid expenditures	80,260	-	80,260
Permanent fund	24,955	-	24,955
Unrestricted	(1,993,150)	3,148,548	1,155,398
Total net position	\$ 29,951,287	\$ 27,757,096	\$ 57,708,383

*The accompanying notes are an integral part of this statement.*

## City of Covington, Louisiana

### Statement of Activities

For the year ended December 31, 2020		Program Revenues				Net (Expense) Revenue and Changes in Net Position		
		Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>								
General government	\$	4,219,873	\$ 1,467,832	\$ -	\$ -	\$ (2,752,041)	\$ -	\$ (2,752,041)
Public safety - Police		4,534,911	62,823	87,004	116,884	(4,268,200)	-	(4,268,200)
Public safety - Fire		2,525,136	-	87,004	-	(2,438,132)	-	(2,438,132)
Public works		3,810,148	104,446	-	14,000	(3,691,702)	-	(3,691,702)
Culture and recreation		747,883	69,535	1,366	-	(676,982)	-	(676,982)
Interest on long-term debt		78,486	-	-	-	(78,486)	-	(78,486)
Total governmental activities		15,916,437	1,704,636	175,374	130,884	(13,905,543)	-	(13,905,543)
<b>Business-Type Activities</b>								
Water		2,524,833	1,750,857	-	-	-	(773,976)	(773,976)
Sewer		2,826,649	2,112,508	-	-	-	(714,141)	(714,141)
Garbage		992,160	976,460	-	-	-	(15,700)	(15,700)
Total business-type activities		6,343,642	4,839,825	-	-	-	(1,503,817)	(1,503,817)
Total	\$	22,260,079	\$ 6,544,461	\$ 175,374	\$ 130,884	(13,905,543)	(1,503,817)	(15,409,360)
<b>General Revenues</b>								
Taxes								
Sales taxes						13,664,106	-	13,664,106
Property taxes						3,184,627	-	3,184,627
Franchise taxes						672,277	-	672,277
Other general revenues						399,764	-	399,764
<b>Other Revenues</b>								
Interest and penalties						74,683	-	74,683
Non-employer contribution revenue						304,460	31,385	335,845
Capital contributions						-	(171,611)	(171,611)
<b>Transfers</b>						(2,118,510)	2,116,735	(1,775)
Total general revenues, other revenues, and transfers						16,181,407	1,976,509	18,157,916
Change in net position						2,275,864	472,692	2,748,556
Net position, beginning of year						27,675,423	27,284,404	54,959,827
Net position, end of year	\$					29,951,287	\$ 27,757,096	\$ 57,708,383

*The accompanying notes are an integral part of this statement.*



## City of Covington, Louisiana

### Balance Sheet - Governmental Funds

December 31, 2020	General Fund	A3 Sales Tax Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 16,652,836	\$ -	\$ 242,903	\$ 16,895,739
Equity in pooled cash	-	4,713,952	874,871	5,588,823
Investments - LAMP	4,265,062	-	-	4,265,062
Restricted cash and cash equivalents	248,297	-	-	248,297
Certificates of deposits	-	-	302,455	302,455
Receivables				
Property tax	2,144,087	-	534,754	2,678,841
Sales tax	1,212,221	331,899	-	1,544,120
Franchise tax	172,532	-	-	172,532
Notes receivable	3,769	-	-	3,769
Grants receivable	-	-	684	684
Other	61,749	-	96	61,845
Prepaid expenditures	80,260	-	-	80,260
Due from other funds	46,362	-	27,150	73,512
<b>Total assets</b>	<b>\$ 24,887,175</b>	<b>\$ 5,045,851</b>	<b>\$ 1,982,913</b>	<b>\$ 31,915,939</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,124,320	\$ 199,349	\$ 117,564	\$ 1,441,233
Deficit in pooled cash	12,128,352	-	-	12,128,352
Accrued payroll expenditures	400,835	-	-	400,835
Due to other funds	47,784	2,652	36,419	86,855
<b>Total liabilities</b>	<b>13,701,291</b>	<b>202,001</b>	<b>153,983</b>	<b>14,057,275</b>
<b>Deferred inflows of resources</b>				
Unavailable revenues	31,177	-	300	31,477
<b>Fund balances</b>				
<b>Nonspendable</b>				
Prepaid expenditures	80,260	-	-	80,260
Permanent fund	-	-	24,955	24,955
<b>Restricted for</b>				
Perpetual care	-	-	3,137	3,137
Debt service	8,415	-	1,044,213	1,052,628
FHA loan program	252,066	-	-	252,066
Fire department (dedication)	24,041	-	-	24,041
Drug forfeiture	-	-	34,177	34,177
Tree mitigation	-	-	8,605	8,605
State and federal grants	-	-	172,353	172,353
<b>Committed</b>				
Capital outlay	-	4,843,850	541,190	5,385,040
<b>Assigned</b>				
2021 operating budget	2,299,747	-	-	2,299,747
Contingency	2,520,994	-	-	2,520,994
Unassigned	5,969,184	-	-	5,969,184
<b>Total fund balances</b>	<b>11,154,707</b>	<b>4,843,850</b>	<b>1,828,630</b>	<b>17,827,187</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 24,887,175</b>	<b>\$ 5,045,851</b>	<b>\$ 1,982,913</b>	<b>\$ 31,915,939</b>

*The accompanying notes are an integral part of this financial statement.*

# City of Covington, Louisiana

## Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

<u>December 31,</u>	<u>2020</u>
Total fund balances - governmental funds	\$ 17,827,187
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 funds.	
Governmental capital assets	56,730,180
Less accumulated depreciation	<u>(22,713,648)</u>
	34,016,532
Deferred outflow of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	2,941,852
Deferred inflow of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	(1,128,592)
Deferred outflow of resources related to OPEB earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	3,132,230
Deferred inflow of resources related to OPEB earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	(557,629)
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 outflows of resources related to debt refunding are currently expended in the governmental funds, whereas they are capitalized and amortized over the life of the respective debt in the statement of net position.	83,934
Long-term liabilities, including bonds payable, net OPEB liability, net pension liability, compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest on bonds	(18,154)
Compensated absences	(627,326)
Revenue bonds	(325,000)
Capital lease obligation	(586,251)
General obligations bonds	(2,897,000)
Net pension liability	(12,659,096)
Net other post-employment benefit liability	<u>(9,262,503)</u>
	(26,375,330)
Net position of governmental activities	<u>\$ 29,951,287</u>

*The accompanying notes are an integral part of this financial statement.*



**City of Covington, Louisiana**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**

<i>For the year ended December 31, 2020</i>	General Fund	A3 Sales Tax Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes				
Sales taxes	\$ 10,355,003	\$ 3,309,103	\$ -	\$ 13,664,106
Property taxes	2,664,617	-	520,010	3,184,627
Franchise taxes	672,277	-	-	672,277
Licenses and permits	1,450,972	-	-	1,450,972
Other revenues	212,726	-	-	212,726
Fines and forfeitures	59,354	-	3,469	62,823
Charges for services	86,395	-	104,446	190,841
Intergovernmental revenues	187,038	-	-	187,038
Interest and penalties	77,255	19,210	3,034	99,499
State and federal grants	-	-	306,258	306,258
Total revenues	15,765,637	3,328,313	937,217	20,031,167
<b>Expenditures</b>				
Current				
General government	3,492,023	-	460	3,492,483
Public safety - Police	4,082,800	-	3,020	4,085,820
Public safety - Fire	2,113,584	-	-	2,113,584
Public works	2,168,108	-	2,521	2,170,629
Culture and recreation	605,145	-	-	605,145
Capital outlay	1,680,201	1,892,887	130,884	3,703,972
Capital lease				
Principal	208,155	-	-	208,155
Interest	-	-	-	-
Debt service				
Principal	-	-	774,000	774,000
Interest	-	-	66,820	66,820
Total expenditures	14,350,016	1,892,887	977,705	17,220,608
Excess (deficiency) of revenues over (under) expenditures	1,415,621	1,435,426	(40,488)	2,810,559
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,409,268	-	325,795	1,735,063
Transfers out	(2,444,305)	(1,409,268)	-	(3,853,573)
Net other financing sources (uses)	(1,035,037)	(1,409,268)	325,795	(2,118,510)
Net change in fund balances	380,584	26,158	285,307	692,049
Fund balance, beginning of year	10,774,123	4,817,692	1,543,323	17,135,138
Fund balance, end of year	\$ 11,154,707	\$ 4,843,850	\$ 1,828,630	\$ 17,827,187

*The accompanying notes are an integral part of this financial statement.*

**City of Covington, Louisiana**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Governmental Funds to the Statement of Activities**

<i>For the year ended December 31,</i>	<i>2020</i>
Net change in fund balances - total governmental funds	\$ 692,049
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 as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.	1,040,742
Repayment of revenue bonds is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	315,000
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.	183,335
Repayment of general obligation bonds is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	459,000
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.	(98,728)
Other postemployment benefit obligation reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.	(104,233)
Cash pensions contributions reported in the funds were less than the calculated pension expense on the statement of activities and therefore decrease net position.	(199,639)
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.	4,364
Change in net position of governmental activities	\$ 2,275,864

*The accompanying notes are an integral part of this financial statement.*

**City of Covington, Louisiana**  
**Statement of Net Position - Proprietary Fund**

<i>December 31,</i>	<i>2020</i>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 400
Equity in pooled cash	6,539,529
Accounts receivable, net of uncollectible	635,994
Prepaid expenses	7,745
Due from other funds	22,000
Total current assets	7,205,668
Capital assets, net of accumulated depreciation	24,608,548
Total assets	31,814,216
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pension plans	868,350
Deferred outflows - other post-employment benefits	147,394
Total deferred outflows of resources	1,015,744
<b>Liabilities</b>	
Current liabilities	
Accounts payable	300,236
Accrued payroll expense	25,221
Customer deposits	413,208
Due to other funds	8,657
Total current liabilities	747,322
Noncurrent liabilities	
Unavailable revenues	448,307
Net pension liability	2,125,163
Net other post-employment benefit liability	1,620,960
Total noncurrent liabilities	4,194,430
Total liabilities	4,941,752
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pension plans	40,324
Deferred Inflows - other post-employment benefits	90,788
Total deferred inflows of resources	131,112
<b>Net Position</b>	
Net investment in capital assets	24,608,548
Unrestricted net position	3,148,548
Total net position	\$ 27,757,096

*The accompanying notes are an integral part of this financial statement.*



**City of Covington, Louisiana**  
**Statement of Revenues, Expenses and Changes in Net Position -**  
**Proprietary Fund**

<i>For the year ended December 31,</i>	2020
<b>Operating Revenues</b>	
Sewer maintenance fees	\$ 2,050,677
Water revenues	1,621,243
Garbage collection fees	976,460
Miscellaneous	18,788
Connection fees	42,394
Water installations	68,432
DHH fee	49,731
Non-employer contribution revenue	31,385
Sewer installations	12,100
Total operating revenues	4,871,210
<b>Operating Expenses</b>	
Sewer department expenses	1,513,255
Water department expenses	2,188,759
Garbage department expenses	992,160
Depreciation	1,649,468
Total operating expenses	6,343,642
Operating income (loss)	(1,472,432)
Capital contributions	(171,611)
Transfers in	2,116,735
Change in net position	472,692
Net position, beginning of year	27,284,404
Net position, end of year	\$ 27,757,096

*The accompanying notes are an integral part of this financial statement.*



**City of Covington, Louisiana**  
**Statement of Cash Flows - Proprietary Fund**

*For the year ended December 31,*

2020

<b>Cash Flows from Operating Activities</b>	
Receipts from customers and users	\$ 4,821,037
Other receipts	18,788
Payments to suppliers	(3,620,477)
Payments to employees	(947,615)
Net cash provided by (used in) operating activities	271,733
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchase of capital assets	(1,852,580)
Capital contributions	(171,611)
Transfer in	2,116,735
Net cash provided by (used in) capital and related financing activities	92,544
Net increase (decrease) in cash and cash equivalents	364,277
Cash and cash equivalents, beginning of year	6,175,652
Cash and cash equivalents, end of year	\$ 6,539,929
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>	
Operating income (loss)	\$ (1,472,432)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	1,649,468
Changes in assets, deferred inflows, liabilities, and deferred inflows:	
(Increase) decrease in assets and deferred outflows:	
Accounts receivable	(111,787)
Deferred outflows - other post-employment benefit	-
Deferred outflow - pension plans	(488,498)
Deferred outflows - other post-employment benefit	47,862
Increase (decrease) in liabilities and deferred inflows:	
Accounts payable	(536,581)
Customer deposits	14,409
Net other post-employment benefit liability	1,020,553
Deferred inflows - pension plans	(64,635)
Accrued payroll expenses	6,677
Net pension liability	206,697
Total adjustments	1,744,165
Net cash provided by (used in) operating activities	\$ 271,733

*The accompanying notes are an integral part of this financial statement.*

**City of Covington, Louisiana**  
**Statement of Fiduciary Net Position - Fiduciary Fund**

<i>December 31,</i>	<i>2020</i>
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 197,492
Accrued interest	5,486
Investments	891,929
<hr/>	
Total assets	\$ 1,094,907
<hr/>	
<b>Net Position</b>	
Restricted for other post-employment benefits	\$ 1,094,907
<hr/>	

*The accompanying notes are an integral part of this financial statement.*

**City of Covington, Louisiana**  
**Statement of Changes in Fiduciary Net Position - Fiduciary Fund**

<i>For the year ended December 31,</i>	<i>2020</i>
<hr/>	
<b>Revenues</b>	
Interest income	\$ 23,973
Realized gain	1,072
Unrealized gain	7,908
Total revenues	32,953
<hr/>	
<b>Expenses</b>	
Investment expense	3,543
Total expenses	3,543
<hr/>	
Change in net position	29,410
Net position, beginning of year	1,065,497
<hr/>	
Net position, end of year	\$ 1,094,907
<hr/>	

*The accompanying notes are an integral part of this financial statement.*

## City of Covington, Louisiana Notes to the 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 generally accepted accounting principles (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 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 and Fund Financial Statements (Continued)***

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary fund and fiduciary funds, 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.

## City of Covington, Louisiana Notes to the Financial Statements

### 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. Separate financial statements are provided for governmental funds, proprietary fund, and fiduciary fund, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of inter-fund 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 inter-fund 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 nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.



**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, 2020, there was a minimum fund balance of \$2,299,747 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.

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.

## City of Covington, Louisiana Notes to the Financial Statements

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

#### ***Budgetary Information***

##### ***Budgetary basis of accounting***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, A3 Sales tax fund, debt service funds, special revenue funds, and capital project 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.



**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Budgetary Information (Continued)***

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.

***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 (Pool). The Louisiana Asset Management Pool meets all of the specified criteria in *Section 150: Investments to qualify* to elect to measure their 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.

State Law 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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*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.

*Inter-fund 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 are reported in the government-wide financial statements as internal balances.

Inter-fund 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 inter-fund 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.

**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*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.

Interest incurred during the construction phase of capital assets of the enterprise fund is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. Interest attributable to capitalized assets as of December 31, 2020 was immaterial to the financial statements.

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:

<b>Asset Description</b>	<b>Asset Life in Years</b>
Building	10 to 40
Improvements	5 to 40
Vehicles	5 to 10
Tools and equipment	5 to 25
Infrastructure	10 to 40
Sewer plant and lines	5 to 40
Water wells, tanks, and lines	5 to 40



**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*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 exceed 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.

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 revenues. 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.



**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Compensated Absences (Continued)*

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 up to 500 hours. Police employees earn sick benefits on a monthly basis, while fire employees must adhere to LS 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, 2020 is \$627,326.

*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.

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 system's 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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Other Post-Employment Benefits (OPEB) Liability*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, 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.

Restricted net position – consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments or law through constitutional provisions or enabling legislation.

*Unrestricted net position* – all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

*Net position flow assumption* – 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.



**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*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 (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.

*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 Nonmajor Funds. The General Fund is the only fund which may report a positive unassigned fund balance.

**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**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)*

*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.

*Property taxes* – Property taxes are due on December 31<sup>st</sup> and become delinquent if not paid by January 1<sup>st</sup>. 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, 2020, was \$3,184,627 and is recorded in the funds as follows:

General Fund	\$ 2,664,617
General Obligation Debt Service Fund	520,010
<hr/>	
Total	\$ 3,184,627



**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Revenues and Expenditures/Expenses (Continued)***

*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 a 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 Post-Employment 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, 2020 were as follows:

	<b>Amount</b>
General Fund	\$ 1,029,115
Special Revenue Fund	
A3 Sales Tax Fund	876,227
<b>Total</b>	<b>\$ 1,905,342</b>

***Use of Estimates***

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

## City of Covington, Louisiana Notes to the Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 31, 2021. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

#### ***Recently Issued Accounting Pronouncements***

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements. The implementation of this statement will not result in any change in the City's financial statements. GASB Statement No. 88 requires that additional essential information related to debt be disclosed in the notes to the financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to the financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placement of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of 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 previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on 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. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

The City is evaluating the requirements of the above statements and the impact on reporting.

**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**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 United States.

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, 2020:

	Carrying Amount	Bank Balance
Demand deposits	\$ 17,144,436	\$ 17,118,309
Certificates of deposit	302,455	302,455
	<u>\$ 17,446,891</u>	<u>\$ 17,420,764</u>

*Custodial credit risk* – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to the City. As of December 31, 2020, the City's bank balance was not exposed to custodial credit risk. As of December 31, 2020, \$17,395,809 of deposits were secured by the pledge of securities owned by the fiscal agent bank.



**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

*Deposits and Investments (Continued)*

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, 2020.

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, 2020, 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.

*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 investments 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 investments 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).



**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

*Deposits and Investments (Continued)*

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

Level 1 (L1): 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 (L2): 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;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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, 2020:

Fiduciary Fund	Fair Value	Maturities (in years)			Level
		Less than 1	1-5	More than 5	
Money market mutual funds	\$ 197,492	\$ 197,492	\$ -	\$ -	L1
Debt securities – US government obligations	200,854	50,504	150,351	-	L2
Debt securities – Corporate bonds	440,559	35,217	405,342	-	L1
Debt securities – Corporate bonds	250,516	70,554	111,200	68,761	L2
Total investments	\$ 1,089,421	\$ 353,767	\$ 666,893	\$ 68,761	

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020.

*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.

**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

*Deposits and Investments (Continued)*

*Money market* – Money market funds classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those investments.

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.

*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, 2020 (unbilled receivable), is estimated and accrued at year end. The allowance for uncollectible accounts at December 31, 2020 was \$79,923. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

All account receivables 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, 2020. There are no other reserves for receivables recorded by the City as of December 31, 2020.

The accounts receivable and allowance for uncollectible accounts at December 31, 2020, were as follows:

Accounts Receivable	
Governmental Funds	
Property tax	\$ 2,678,841
Sales tax	1,544,119
Franchise tax	172,532
Notes receivable	3,769
Grants receivable	684
Other receivables	61,845
Total governmental funds	\$ 4,461,790

**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

*Accounts Receivable (Continued)*

Proprietary Fund	
Under 30 days	358,754
Over 31 under 60 days	31,545
Over 61 under 90 days	11,452
Over 91 days	77,705
Less Allowance	(75,240)
	404,216
Unbilled receivables	232,077
Total proprietary fund	635,994
<hr/>	
Total accounts receivable, net	\$ 5,097,784

*Investments – LAMP*

Investments – LAMP of \$4,265,062, which are stated at fair value using published market quotes for those securities at December 31, 2020, consist of shares in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool.

LAMP is 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 LA-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 a local government investment pool. The following facts are relevant for local government 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.

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

*Investments - LAMP (Continued)*

- 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 area 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 as of December 31, 2020.
- Foreign currency risk: Not applicable to local government pools.

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.

LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company. If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.



**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

*Capital Assets*

The following is a summary of the changes in capital assets for the year ended December 31, 2020:

<b>Governmental Activities</b>	<b>Balance at 12/31/19</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance at 12/31/20</b>
Capital assets not depreciated				
Land	\$ 807,452	\$ -	\$ -	\$ 807,452
Construction in progress	1,410,051	2,584,578	(1,924,991)	2,069,638
Total capital assets not depreciated	2,217,503	2,584,578	(1,924,991)	2,877,090
Capital assets being depreciated				
Building	9,105,299	533,017	-	9,638,316
Improvements	8,565,349	224,989	-	8,790,338
Vehicles	4,761,555	736,177	(144,147)	5,353,585
Tools and equipment	3,930,815	340,138	(12,432)	4,258,520
Infrastructure	24,577,743	1,234,587	-	25,812,331
Total capital assets being depreciated	50,940,761	3,068,908	(156,579)	53,853,090
Less accumulated depreciation				
Building	(3,159,713)	(211,843)	-	(3,371,556)
Improvements	(3,085,995)	(401,066)	-	(3,487,061)
Vehicles	(2,835,828)	(396,814)	144,147	(3,088,495)
Tools and equipment	(3,101,978)	(218,891)	12,432	(3,308,387)
Infrastructure	(7,998,964)	(1,459,135)	-	(9,458,099)
Total accumulated depreciation	(20,182,478)	(2,687,749)	156,579	(22,713,648)
Total capital assets being depreciated, net	30,758,283	381,159	-	31,139,442
Total capital assets	\$ 32,975,786	\$ 2,965,737	\$ (1,924,991)	\$ 34,016,532

**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

*Capital Assets (Continued)*

As of December 31, 2020, construction in progress for governmental activities consisted of the following:

	<b>Governmental Activities</b>		
Project	Expended as of 12/31/20	Amount Authorized	Committed Financing
W 11 <sup>th</sup> Ave Bridge Replacement	\$ 1,233,941	\$ 1,253,734	\$ 19,792
Blue Swamp Creek Drainage	112,581	443,180	330,599
Mile Branch Drainage	69,969	219,518	149,549
Jefferson Ave Shared Path	86,371	239,560	153,189
River Forest Drainage – Patricia Dr	87,949	687,360	599,411
Jefferson Ave Traffic Circle	115,447	157,536	42,089
Bogue Fayla Park ADA	34,713	95,000	60,287
Seeling Drive Improvements	3,950	40,000	36,050
E. Lockwood Utility Construction	38,011	379,576	341,566
ADA Playground Improvement	169,448	500,000	330,552
Evidence Room Renovation	5,570	35,580	30,010
Lurline P&D	49,846	713,709	663,863
Transportation Consulting	15,739	50,000	34,261
US 190 Bridge Utility Relocations	46,103	150,000	103,897
 Total construction in progress	 \$ 2,069,638	 \$ 4,964,753	 \$ 2,895,115

**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

*Capital Assets (Continued)*

The following is a summary of changes in capital assets for business-type activities for the fiscal year ended December 31, 2020:

<b>Business-Type Activities</b>	<b>Balance at 12/31/19</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance at 12/31/20</b>
Capital assets not depreciated				
Construction in progress	\$ 2,034,460	1,391,614	\$(2,247,060)	\$ 1,179,014
Total capital assets not depreciated	2,034,460	1,391,614	(2,247,060)	1,179,014
Capital assets being depreciated				
Buildings	-	1,075,552	-	1,075,552
Sewer plant and lines	32,648,429	1,093,113	-	33,741,542
Water wells, tanks, and lines	9,977,977	539,361	-	10,517,338
Total capital assets being depreciated	42,626,406	2,708,026	-	45,334,432
Less accumulated depreciation				
Sewer plant and lines	(14,690,518)	(1,313,394)	-	(16,003,912)
Water wells, tanks, and lines	(5,564,912)	(336,074)	-	(5,900,986)
Total accumulated depreciation	(20,255,430)	(1,649,468)	-	(21,904,898)
Total capital assets being depreciated, net	22,370,976	1,058,558	-	22,353,982
Total capital assets	\$ 24,405,436	\$2,450,172	\$(2,247,060)	\$ 24,608,548

**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

*Capital Assets (Continued)*

As of December 31, 2020, construction in progress for business-type activities consisted of the following:

<b>Business-Type Activities</b>			
Project	Expended as of 12/31/20	Amount Authorized	Committed Financing
Water Meters	\$ 670,910	\$ 670,910	\$ -
2020 Gravity Sewer Repairs	16,050	890,000	873,950
2019 SSES Program	141,940	180,000	38,060
Lurline Drive Sewer Repairs	15,300	192,350	177,050
Miscellaneous Waterline Extension	32,965	328,505	295,540
St. Paul's LS Wet Well Cleaning	40,563	45,000	4,437
US 190 LS Improvements	14,679	45,825	31,146
W 16 <sup>th</sup> Ave Water Production	78,500	105,000	- 26,500
WWTP Generator	33,250	572,012	538,762
WWTP Improvements	28,545	90,000	61,456
WWTP Phase 1	106,313	130,000	23,687
<b>Total Construction in Progress</b>	<b>\$ 1,179,014</b>	<b>\$ 3,249,602</b>	<b>\$ 2,070,587</b>

For the year ended December 31, 2020, depreciation expense was charged to functions/programs of the City as follows:

<b>Governmental Activities</b>	
General Government	\$ 385,340
Public Safety – Police	252,543
Public Safety – Fire	243,090
Public Works	1,639,519
Culture and Recreation	142,738
<b>Total depreciation expense – governmental activities</b>	<b>\$ 2,687,749</b>
<b>Business-type activities</b>	
Sewer department	\$ 1,313,394
Water department	336,074
<b>Total depreciation expense – business-type activities</b>	<b>\$ 1,649,468</b>



**City of Covington, Louisiana**  
**Notes to the 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:

<b>Governmental Activities</b>	<b>Date of Issuance</b>	<b>Authorized and Issued</b>	<b>Interest Rate %</b>	<b>Maturity Date</b>	<b>Principal Outstanding</b>
General obligation bonds					
Series 2011 – Refunding	9/20/2011	\$ 777,000	2.09	9/1/2021	\$ 102,000
Series 2016 – Refunding	8/2/2016	3,890,000	1.69	3/1/2027	2,795,000
Sales tax revenue bond					
Series 2011 – Sales Tax Refunding	11/2/2011	2,775,000	2.09	11/1/2021	325,000
<b>Total bonds</b>					<b>\$ 3,222,000</b>

Total future principal payments are as follows:

<b>Maturity</b>	<b>General Obligation Bonds</b>	<b>Sales Tax Revenue Bond</b>	<b>Total</b>
2021	\$ 472,000	\$ 325,000	\$ 797,000
2022	380,000	-	380,000
2023	385,000	-	385,000
2024	400,000	-	400,000
2025	410,000	-	410,000
Thereafter	850,000	-	850,000
<b>Total principal</b>	<b>\$ 2,897,000</b>	<b>\$ 325,000</b>	<b>\$ 3,222,000</b>

Plus amounts representing interest:

<b>Maturity</b>	<b>General Obligation Bonds</b>	<b>Sales Tax Revenue Bond</b>	<b>Total</b>
2021	\$ 45,175	\$ 6,793	\$ 66,820
2022	37,772	-	37,772
2023	31,307	-	31,307
2024	24,674	-	24,674
2025	17,830	-	17,830
Thereafter	14,450	-	14,450
<b>Total interest</b>	<b>171,207</b>	<b>6,793</b>	<b>177,999</b>
<b>Total payments</b>	<b>\$ 3,068,207</b>	<b>\$ 331,793</b>	<b>\$ 3,399,999</b>

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

*Long-Term Debt and Liabilities (Continued)*

As of December 31, 2020, there is \$1,044,213 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 Louisiana Revised Statute 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, 2020, the City had not exceeded this statutory limit.

At December 31, 2020, the outstanding balances of \$102,000 and \$2,795,000 of the General Obligation Refunding Bonds, Series 2011 and the General Obligation Refunding Bonds, Series 2016, respectively, are recorded on the statement of net position.

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.

**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.

**Capital 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 capital lease and has been recorded at the present value of the future minimum lease payments as of the date of inception.

**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

*Long-Term Debt and Liabilities (Continued)*

**Capital Leases (Continued)**

The following is an analysis of the fire truck under capital lease as of December 31, 2020:

Vehicles	\$ 947,195
Less accumulated depreciation	(68,408)
Net capital assets under capital lease	<u>\$ 878,787</u>

For the year ended December 31, 2020, amortization expense related to the leased fire truck totaled \$5,262.

The following is a schedule of future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at December 31, 2020:

2021	\$ 208,155
2022	208,155
2023	208,155
Total minimum lease payments	624,465
Less amount representing interest	(38,214)
Present value of future minimum lease payments	<u>\$ 586,251</u>



**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

*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, 2020:

<b>Governmental Activities</b>	Balance at 12/31/19	Additions	Balance at Retirements	Balance at 12/31/20	Due Within One Year
General obligation bonds	\$ 3,356,000	\$ -	\$ (459,000)	\$ 2,897,000	\$ 472,000
Sales tax revenue bonds	640,000	-	(315,000)	325,000	325,000
Capital lease	769,586	-	(183,336)	586,251	189,248
Compensated absences	528,598	416,452	(317,724)	627,326	376,869
Total governmental	5,294,184	416,452	(1,275,060)	4,435,577	1,363,117
Total long-term liabilities	\$ 5,294,184	\$ 416,452	\$ (1,275,060)	\$ 4,435,577	\$ 1,363,117

*Net Investment in Capital Assets*

The elements of net investment in capital assets are as follows:

	Governmental Activities	Business-Type Activities	Total
Capital assets, net	\$ 34,016,532	\$ 24,608,548	\$ 58,625,080
Outstanding debt related to capital assets	(3,724,317)	-	(3,724,317)
Net investment in capital assets	\$ 30,292,215	\$ 24,608,548	\$ 54,900,763

**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.

**Note 3: RETIREMENT PLANS (Continued)**

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 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, 3) at any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

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 meets the statutory criteria. Benefits provisions are authorized within Act 189 of 1973 and amended by LRS 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, or 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



**Note 3: RETIREMENT PLANS (Continued)**

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  $3\frac{1}{3}$  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 3.0 percent for the Hazardous Duty sub plan and  $2\frac{1}{2}$  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.

*The Firefighters' System*

The Firefighters' System is the administrator of a cost-sharing multiple-employer plan. Membership in the system is a condition of employment for any full-time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' System. The system provides retirement benefits for their members. The projections of benefit payments in the calculation of the total pension liability includes 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 LRS 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 fifty 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 fifty. No person who has not attained the age of eighteen years shall become a member of the system.



**Note 3: RETIREMENT PLANS (Continued)**

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, 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.

**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.

**Note 3: RETIREMENT PLANS (Continued)**

*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) & (C).

**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 deferred retirement option plan (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 deferred retirement option plan (DROP) for up to 36 months.



**Note 3: RETIREMENT PLANS (Continued)**

Upon commencement of participation in the deferred retirement option plan (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 initial benefit option (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)**

*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 year 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 9.50% for Plan A and 5.0% for Plan B for wages for the year ended June 30, 2020. 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, 2020 and 2019, the actuarially determined contribution rates were 29.28% and 27.53%, of member's compensation for Plan A. However, for the year ended June 30, 2020, employer contributions were 27.75% for Plan A of covered payroll. The actual rates differ from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective. Contributions to the pension plan from the City were \$899,612 for the year ended December 31, 2020.

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 are recognized by the system and are excluded from pension expense for the year ended December 31, 2020.

*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, 2020. The contributions are deducted from the member's salary and remitted by the City.

**Note 3: RETIREMENT PLANS (Continued)**

According to state statute, employer contributions are actuarially determined each year. For the years ended June 30, 2020 and 2019, the actuarially determined contribution rates were 33.69% and 32.55% of member's compensation. However, for the year ended June 30, 2020, the total actual employer and employee contribution rate was 42.25%. For employees hired prior to January 1, 2013 and for Hazardous Duty members hired after January 1, 2013, the rates were 30.75% for the employer and 10.00% for the employee. For all Non-Hazardous Duty members hired subsequent to January 1, 2013, the rates were 32.25% for the employer and 8.0% for the employee. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 34.25% and 7.5% for the year ended June 30, 2020. The actual rates differ from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective. Contributions to the pension plan from the City were \$502,108 for the year ended December 31, 2020.

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 are recognized as revenue during the year ended December 31, 2020, and were excluded from pension expense.

*The Firefighters' System*

Contributions for all members are established by statute at 10.0% for wages above poverty and 8.0% for wages below poverty for the years ended June 30, 2020. 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 year ended June 30, 2020 and 2019 the actuarially determined contribution rates were 31.78% and 28.32%, respectively or member's compensation. However, for the year ended June 30, 2020 and 2019, employer contributions were 27.75% and 28.5, respectively, of covered payroll above poverty and 29.75% and 26.50%, respectively of covered payroll below poverty, respectively. The actual rates differ from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective. Contributions to the pension plan from the City were \$295,717 for the year ended December 31, 2020.

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 are recognized as revenue during the year ended December 31, 2020, and were excluded from pension expense.



**City of Covington, Louisiana**  
**Notes to the 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, 2020, the City reported a combined liability of \$14,784,259 for its proportionate share of the Net Pension Liabilities (NPL) of the Municipal System, the Police System, and the Firefighters' System. The amount for each plan was \$7,349,817, \$4,750,900 and \$2,683,542, respectively. The NPL for each system was measured as of June 30, 2020, 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, 2020, the most recent measurement date, the City's proportionate share for each system was:

	<b>The Municipal System</b>	<b>The Police System</b>	<b>The Firefighters' System</b>
City's proportionate share	1.700005%	0.514037%	0.387149%
Increase (decrease) from prior year	0.122882%	0.006808%	0.008472%

For the year ended December 31, 2020, the City recognized a total pension expense of \$596,146. These amounts are made up of the following:

<b>Components of Pension Expense</b>	<b>The Municipal System</b>	<b>The Police System</b>	<b>The Firefighters' System</b>
City's pension expenses per the pension plan	\$ 1,193,460	\$ 671,977	\$ 419,599
City's amortization of actual contributions over its proportionate share of contributions.	(904,498)	(516,604)	(267,788)
<b>Total pension expense recognized</b>	<b>\$ 288,962</b>	<b>\$ 155,373</b>	<b>\$ 151,811</b>



**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 3: RETIREMENT PLANS (Continued)**

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>The Municipal System</b>		
Differences between expected and actual experience	\$ 3,408	\$ 41,665
Net difference between projected and actual earnings on pension plan investments	733,433	-
Changes in assumptions	123,647	-
Differences between the City's contributions and its proportionate share of contributions	314,250	82,024
The City's contributions subsequent to the measurement date	459,181	-
Total	\$ 1,633,919	\$ 123,689
<b>The Police System</b>		
Differences between expected and actual experience	\$ -	\$ 187,134
Net difference between projected and actual earnings on pension plan investments	569,965	-
Changes in assumptions	112,892	117,245
Differences between the City's contributions and its proportionate share of contributions	42,089	281,067
The City's contributions subsequent to the measurement date	258,817	-
Total	\$ 983,763	\$ 585,446
<b>The Firefighters' System</b>		
Differences between expected and actual experience	\$ -	\$ 171,693
Net difference between projected and actual earnings on pension plan investments	295,528	-
Changes in assumptions	259,414	-
Differences between the City's contributions and its proportionate share of contributions	78,733	288,088
The City's contributions subsequent to the measurement date	164,889	-
Total	\$ 798,564	\$ 459,781
Total for all retirement systems	\$ 3,416,246	\$ 1,168,916

**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 3: RETIREMENT PLANS (Continued)**

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date (June 30, 2020) totaled \$882,887 (\$459,181 for the Municipal System, \$258,817 for the Police System, and \$164,889 for the Firefighters' System). These amounts will be recognized as a reduction of the NPL in the year ending December 31, 2020.

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

Fiscal Years Ending December 31,	Amount of Amortization		
	The Municipal System	The Police System	The Firefighters' System
2021	\$ 391,138	\$ (108,114)	\$ (18,478)
2022	385,754	19,421	70,975
2023	166,652	119,951	82,661
2024	107,505	108,242	44,102
2025	-	-	(18,869)
2026	-	-	13,503
Total	\$ 1,051,049	\$ 139,500	\$ 173,894

**Actuarial Assumptions**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

**The Municipal System**

Valuation date	June 30, 2020
Actuarial cost method	Entry age normal cost
Expected remaining service lives	3 years
Investment rate of return	6.95% net of investment expense
Inflation rate	2.5% per annum
Salary increases	1 to 4 years of service – 7.4% Plan A More than 4 years of service – 4.9% Plan A
Cost of Living adjustments	Only those previously granted

**Note 3: RETIREMENT PLANS (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, 2009 through June 30, 2014.

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 2.7% an adjustment for the effect of rebalancing/diversification. The resulting expected long term rate of return was 7.0% as of June 30, 2020.



**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 3: RETIREMENT PLANS (Continued)**

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, 2020 are summarized in the following table:

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
Public equity	53%	2.33%
Public fixed income	38%	1.67%
Alternatives	9%	0.40%
Totals	100%	4.40%
Inflation		2.60%
Expected Arithmetic Nominal Return		7.00%

The Police System

Valuation date	June 30, 2020
Actuarial cost method	Entry age normal cost
Expected remaining service lives	4 years
Investment rate of return	6.950% net of investment expense
Inflation rate	2.50% per annum
Salary increases	Vary from 12.3% in the first two years of service, to 4.70% for years 3-23, to 4.25% after 23 years
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, 2009 through June 30, 2014 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.

**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 3: RETIREMENT PLANS (Continued)**

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 7.89% as of June 30, 2020.

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, 2020 are summarized in the following table:

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
Equity	48.50%	3.08%
Fixed income	33.50%	0.54%
Alternatives	18.00%	1.02%
Other	0.00%	0.00%
Totals	100%	4.64%
Inflation		2.55%
Expected Arithmetic Nominal Return		7.19%

The Firefighter's System

Valuation date	June 30, 2020
Actuarial cost method	Entry age normal cost
Expected remaining service lives	7 years
Investment rate of return	7.00% net of investment expense
Inflation rate	2.50% per annum
Salary increases	Vary from 14.10% in the first two years of service to 4.50% after 25 years
Cost of Living adjustments	Only those previously granted

**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 3: RETIREMENT PLANS (Continued)**

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. 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 7.94% as of June 30, 2020.

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, 2020 are summarized in the following table:

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
Fixed income	31%	2.27%
Equity	49%	0.25%
Alternatives	10%	1.66%
Other	10%	1.02%
Totals	100%	5.19%
Inflation		2.75%
Expected Arithmetic Nominal Return		7.94%

**Discount Rate**

The discount rate used to measure the total pension liability for the Municipal System was 6.95%, the Police System was 6.95%, and Firefighters' System was 7.00%. 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 the 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:

	<b>1.0% Decrease</b>	<b>Current Discount Rate</b>	<b>1.0% Increase</b>
<u>The Municipal System</u>			
Discount rate	5.95%	6.95%	7.95%
City's proportionate share of the net pension liability	\$ 9,561,306	\$ 7,349,817	\$ 5,479,909
<u>The Police System</u>			
Discount rate	5.95%	6.95%	7.95%
City's proportionate share of the net pension liability	\$ 6,674,508	\$ 4,750,900	\$ 3,142,843
<u>The Firefighters' System</u>			
Discount rate	6.00%	7.00%	8.00%
City's proportionate share of the net pension liability	\$ 3,876,350	\$ 2,683,542	\$ 1,687,900

**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, 2020, the City recognized revenue as a result of support received from non-employer contributing entities of \$335,845. The Municipal System, Police System, and Firefighters' System received \$115,329, \$112,046, and \$108,470, 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.la.gov](http://www.la.gov) and searching under the Reports section.

## City of Covington, Louisiana Notes to the Financial Statements

### Note 3: RETIREMENT PLANS (Continued)

The Police System's report may also be found at [www.lampers.org](http://www.lampers.org). The Municipal System's report may also be found at [www.mersla.com](http://www.mersla.com).

#### Payables to the Pension Plan

At December 31, 2020, the City had payables of \$218,024 to the pension plans.

### Note 4: POST EMPLOYMENT 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, 2020, the Plan's membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	23
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	131
	<hr/>
	154

*Benefits Provided* – The employees are covered by one of three retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; second, the Municipal Police Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) 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 (D.R.O.P. entry) 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.

**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

*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 post-employment benefits costs.

**Investments**

*Investment policy* – The OPEB Trust was funded on December 7, 2020. As of December 31, 2020 the funds were invested as seen below. The board has selected Reliant Trust as an OEPB investment advisor. An investment policy has been established, however, the asset allocation policy will be determined once the investment advisor has been selected:

<b>Asset Class</b>	<b>Target Allocation</b>
Equity	55%
Bonds	45%

*Concentrations* – The Trust has over 5% invested in the following funds; FHLMC, 9.28%, and FNMA, 9.15%.

<b>Asset Class</b>	<b>Actual Asset Allocation</b>
Agency Bonds	18.4%
Corporate Bonds	63.5%
Stock Funds	0.0%
Cash/Reserves	18.0%

*Rate of Return* – For the year ended December 31, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 2.79%. 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, 2020, were as follows:

Total OPEB liability	\$ 11,978,370
Plan fiduciary net position	1,094,907
<b>City of Covington's net OPEB liability</b>	<b>\$ 10,951,471</b>

Plan fiduciary net position as a percentage of the total OPEB liability	9.14%
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**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

*Actuarial Assumptions* – The total OPEB liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, including inflation
Discount rate	2.12% annually
Healthcare cost trend rates	Flat 5.5% annually

The RP-2000 Table without projection with 50%/50% 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, 2020 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2006 to December 31, 2020 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, 2020 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	1.0%
Cash	0.0%

*Discount Rate*

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, 2020. However, a trust was established during 2018 and an initial contribution was made during that year funding and investment policies have not yet been fully implemented. Therefore, the discount rate was 2.12%, which is the value of the Bond Buyers' 20 year General obligation municipal bond index as of December 31, 2020, the measurement date at the end of the applicable measurement period.

**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**Changes in the Net OPEB Liability**

	Increases (Decreases)		
	Total OPEB, Liability (a)	Plan Fiduciary Net Pension (b)	Net OPEB Liability (a)-(b)
Balances at December 31, 2019	\$ 9,643,356	\$ 1,064,446	\$ 10,883,463
Service cost	360,161	-	360,161
Interest cost at 3.44%	261,077	-	261,077
Difference between expected and actual experience	605,657	-	605,657
Employer contributions trust	-	-	-
Net investment income	-	34,004	34,004
Changes of assumptions	1,330,103	-	1,330,103
Benefit payments			
(a) From trust	-	-	-
(b) Direct	(213,984)	-	(213,984)
Administrative expense			
(a) From trust	-	(3,543)	3,543
(b) Direct	-	-	-
Net change	2,343,014	30,461	2,380,561
Balances at December 31, 2020	\$ 11,978,370	\$ 1,094,907	\$ 10,883,463

*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 1-percentage-point lower (1.12%) or 1-percentage-point higher (3.12%) than the current discount rate:

	1.0% Decrease (1.74%)	Current Discount Rate (2.74%)	1.0% Increase (3.74%)
Net OPEB liability	\$ 10,759,660	\$ 10,883,463	\$ 7,495,003

*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 healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	Ultimate Trend (5.5%)	1.0% Increase (6.5%)
Net OPEB liability	\$ 7,460,071	\$ 10,883,463	\$ 10,792,353

**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$627,307. At December 31, 2020, 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	\$ 762,904	\$ 11,290
Net difference between projected and actual earnings on OPEB plan investments	20,463	-
Changes in assumptions/inputs	2,897,011	643,925
<b>Total</b>	<b>\$ 3,680,378</b>	<b>\$ 655,215</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan for the year ended December 31, 2020 will be recognized in the expense as follows:

2021	\$ 397,012
2022	397,012
2023	393,400
2024	387,683
2025	388,660
Thereafter	1,061,398
<b>Total</b>	<b>\$ 3,025,165</b>

**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, 2020, 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, 2020:

- A manufacturing company, through an agreement negotiated with the Industrial Tax Exemption (ITE) program, has property assessed at \$687,672 with exempt taxes of \$6,672. 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 services company, through a Restoration Tax Abatement program, has property assessed at \$47,682 with exempt taxes of \$2,256. 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 hotel, through a Restoration Tax Abatement program, has property assessed at \$646,194 with exempt taxes of \$52,500. 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 Industrial Tax Exemption (ITE) program, has property assessed at \$1,225,000 with exempt taxes of \$18,064. 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 the Financial Statements**

**Note 8: RESTRICTED ASSETS**

General Obligation Bond Restricted Assets (Debt Service)

An ordinance authorizing the issuance of a \$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: UNAVAILABLE REVENUES**

At December 31, 2020, the City has unavailable revenues as follows:

**Governmental Activities**

Federal grant	\$ 31,477
Disaster Grant recognized as revenue on the government-wide in 2021	(11,103)
Total	\$ 20,374

**Business-Type Activities**

Grant	448,307
Total	\$ 448,307

**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 10: 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
<b>Governmental Activities</b>		
General Fund	\$ 1,409,268	\$ 2,444,305
Special Revenue Funds		
A3 Sales Tax Fund	-	1,409,268
State and Federal Grants Fund	1,775	-
Debt Service Funds		
Sales Tax Bond Debt Service Fund	325,795	-
	1,736,838	3,853,573
<b>Business-Type Activities</b>		
Utility Fund	2,116,735	-
<b>Total</b>	<b>\$ 3,853,573</b>	<b>\$ 3,853,573</b>

**Note 11: 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, 2020 is as follows:

<b>Governmental Activities</b>	
General Fund	\$ (12,128,352)
Special Revenue Funds	
A3 Sales Tax	4,713,952
State and Federal Grants	290,899
Drug Forfeiture	34,177
Tree Mitigation Fund	8,605
Capital Projects	
Water Capacity	97,183
Waste Water Capacity	444,007
	(6,539,529)
<b>Business-Type Activities</b>	
Utility Fund	6,539,529
<b>Total</b>	<b>\$ -</b>



**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 12: DUE TO/FROM OTHER FUNDS**

The primary purpose of inter-fund 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 from/to other funds at December 31, 2020, are as follows:

	Inter-fund Receivables	Inter-fund Payables
<b>Governmental Activities</b>		
General Fund	\$ 46,362	\$ 47,784
Special Revenue Fund		
A3 Sales Tax Fund	-	2,652
State and Federal Grants	-	1,366
Debt Service Fund		
General Obligation Debt Service Fund	-	2,600
Sales Tax Bond Debt Service Fund	27,150	50
Permanent Fund		
Garden of Pines Permanent	-	32,403
	73,512	86,855
<b>Business-Type Activities</b>		
Utility Fund	22,000	8,657
<b>Total</b>	<b>\$ 95,512</b>	<b>\$ 95,512</b>

**Note 13: INTERNAL BALANCES**

In the Government-wide statement of net position, the balances of the due to/from other funds (Note 12) and the equity in pooled cash (Note 11) 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 balance at December 31, 2020:

<b>Governmental Activities</b>	
Due from other funds	\$ 73,512
Due to other funds	(86,855)
Deficit in pooled cash	(6,539,529)
	(6,552,872)
<b>Business-Type Activities</b>	
Due from other funds	22,000
Due to other funds	(8,657)
Equity in pooled cash	6,539,529
	6,552,872
<b>Total</b>	<b>\$ -</b>

**City of Covington, Louisiana**  
**Notes to the Financial Statements**

**Note 14: 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, 2019	\$ 239,835
Deletions	
New loans issued	-
Additions	
Principal payments on notes	7,959
Interest payments on notes	381
Interest on cash account	122
Restricted cash and cash equivalents – December 31, 2020	<u>\$ 248,297</u>
Notes receivable – December 31, 2020	<u>\$ 3,769</u>

**Note 15: OPERATING LEASES**

The City leases copiers, equipment, and storage space from multiple parties. Future minimum lease payments due under these leases are as follows:

Year ending December 31,	Amount
2020	\$ 231,567
2021	101,041
2022	18,352
Total	<u>\$ 350,960</u>

The City also leases parking lots for public use on a month-to-month and yearly basis. Therefore, there are no future minimum payments noted.

**Note 16: UNCERTAINTIES**

*Pandemic*

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant impact on the operating activities and results of the City, such as sales tax revenue, recreation fees, license and permit fees, and other revenue sources. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.





# **REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS**



**City of Covington, Louisiana**

**Required Other Postemployment Benefits Supplementary Information**

**Schedule of Investment Returns**  
**Last Three Fiscal Years**

<i>For the year ended December 31,</i>	2020	2019	2018
Annual money weighted rate of return, net of investment expense	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.*

**City of Covington, Louisiana**

**Required Other Postemployment Benefits Supplementary Information**

**Schedule of Employer Contributions**  
**Last Three Fiscal Years**

<i>For the year ended December 31,</i>	2020	2019	2018
<b>Actuarially determined contribution</b>	\$ 782,875	\$ 561,104	\$ 641,772
<b>Contributions in relation to the actuarially determined contribution</b>			
Employer contributions to trust	-	-	1,050,000
Employer-paid retiree premiums	213,894	210,381	116,941
<b>Total contributions</b>	<b>213,894</b>	<b>210,381</b>	<b>1,166,941</b>
<b>Contribution deficiency (excess)</b>	<b>\$ 568,981</b>	<b>\$ 350,723</b>	<b>\$ (525,169)</b>
Covered-employee payroll	\$ 5,468,435	\$ 5,258,110	\$ 5,376,452
Contributions as a percentage of covered employee payroll	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.*



## City of Covington, Louisiana

### Schedules of Defined Benefit Pension Plans

#### Schedule of Employer Contributions to Pensions Funds Last Seven Fiscal Years

<i>For the years ended December 31,</i>	2020	2019	2018	2017	2016	2015	2014
<b>The Municipal System</b>							
Contractually required contribution	\$ 899,612	\$ 835,171	\$ 771,786	\$ 717,787	\$ 625,486	\$ 557,105	\$ 539,797
Contributions in relation to the contractually required contribution	899,612	835,171	771,786	717,787	625,486	557,105	539,797
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 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	28.62%	27.75%	25.40%	23.73%	21.27%	19.75%	19.25%
<b>The Police System</b>							
Contractually required contribution	\$ 502,108	\$ 501,345	\$ 552,967	\$ 526,234	\$ 540,210	\$ 490,167	\$ 445,036
Contributions in relation to the contractually required contribution	502,108	501,345	552,967	526,234	540,210	490,167	445,036
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 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	33.13%	32.39%	31.50%	31.29%	34.59%	34.53%	34.90%
<b>The Firefighters' System</b>							
Contractually required contribution	\$ 295,717	\$ 250,782	\$ 262,537	\$ 251,289	\$ 258,903	\$ 272,059	\$ 280,598
Contributions in relation to the contractually required contribution	295,717	250,782	262,537	251,289	258,903	272,059	280,598
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 982,734	\$ 923,122	\$ 990,706	\$ 1,042,519	\$ 986,254	\$ 963,150	\$ 975,685
Contributions as a percentage of covered payroll	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.*

# City of Covington, Louisiana

## Schedules of Defined Benefit Pension Plans

**Schedule of Proportionate Share of Net Position Liability**  
**Last Seven Fiscal Years**

<i>For the years ended December 31,</i>	2020	2019	2018	2017	2016	2015	2014
<b>The Municipal System</b>							
City of Covington's proportion of the net pension liability (%)	1.700005%	1.577123%	1.638340%	1.685030%	1.602460%	1.643521%	1.668320%
City of Covington's proportion of the net pension liability (\$)	\$ 7,349,817	\$ 6,590,263	\$ 6,783,826	\$ 7,049,195	\$ 6,568,003	\$ 5,870,914	\$ 4,281,651
City of Covington's covered payroll (\$)	\$ 3,245,402	\$ 2,913,696	\$ 2,961,267	\$ 3,030,352	\$ 2,862,540	\$ 2,805,094	\$ 2,689,407
City of Covington's proportionate share of the net pension liability as a percentage of its covered payroll	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	64.52%	64.68%	63.90%	62.50%	62.11%	66.18%	76.94%
<b>The Police System</b>							
City of Covington's proportion of the net pension liability (%)	0.514037%	0.507229%	0.577690%	0.578550%	0.560620%	0.568431%	0.536795%
City of Covington's proportion of the net pension liability (\$)	\$ 4,750,900	\$ 4,606,489	\$ 4,883,784	\$ 5,050,978	\$ 5,254,579	\$ 4,453,063	\$ 3,358,234
City of Covington's covered payroll (\$)	\$ 1,588,391	\$ 1,584,018	\$ 1,704,795	\$ 1,626,838	\$ 1,503,506	\$ 1,347,463	\$ 1,292,945
City of Covington's proportionate share of the net pension liability as a percentage of its covered payroll	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	70.94%	71.00%	70.10%	70.10%	66.04%	70.73%	75.10%
<b>The Firefighters' System</b>							
City of Covington's proportion of the net pension liability (%)	38.714900%	0.378677%	0.434260%	0.426240%	0.433230%	0.459625%	0.484880%
City of Covington's proportion of the net pension liability (\$)	\$ 2,683,542	\$ 2,371,241	\$ 2,497,915	\$ 2,443,120	\$ 2,833,709	\$ 2,480,648	\$ 2,157,674
City of Covington's covered payroll (\$)	\$ 963,848	\$ 913,291	\$ 1,048,998	\$ 995,201	\$ 976,837	\$ 976,788	\$ 947,814
City of Covington's proportionate share of the net pension liability as a percentage of its covered payroll	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	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.*

**City of Covington, Louisiana**

**Required Other Postemployment Benefits Supplementary Information**

**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**Last Three Fiscal Years**

<i>For the years ended December 31,</i>	2020	2019	2018
<b>Total OPEB Liability</b>			
Service cost	\$ 360,161	\$ 211,866	\$ 239,287
Interest	261,077	283,358	254,560
Differences between expected and actual experience	605,657	284,397	(14,113)
Changes of assumptions	1,330,103	2,049,743	(804,905)
Benefit payments	(213,984)	(210,381)	(116,941)
Net change in total OPEB liability	2,343,014	2,618,983	(442,112)
Total OPEB liability, beginning	9,635,356	7,016,373	7,458,485
Total OPEB liability, ending (a)	11,978,370	9,635,356	7,016,373
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	-	-	1,050,000
Net investment income	34,004	14,467	-
Administrative expense	(3,543)	(21)	-
Net change in plan fiduciary net position	30,461	14,446	1,050,000
Plan fiduciary net position - beginning	1,064,446	1,050,000	-
Plan fiduciary net position - ending (b)	1,094,907	1,064,446	1,050,000
Total OPEB liability - ending (a) - (b)	\$ 10,883,463	\$ 8,570,910	\$ 5,966,373
Plan fiduciary net position as a percentage of the total OPEB liability	9.14%	11.05%	14.96%
Covered-employee payroll	\$ 5,468,435	\$ 5,258,110	\$ 5,376,452
Total OPEB liability as a percentage of covered-employee payroll	199.02%	163.00%	110.97%

**Notes to Schedule:**

*Benefit Changes.* There were no changes of benefit terms for the years ended December 31, 2020, 2019 and 2018.

*Changes of 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%

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



**City of Covington, Louisiana**  
**Budgetary Comparison Schedule - General Fund (Continued)**

				Variance with Final Budget
<i>For the year ended December 31, 2020</i>	Original Budget	Final Budget	Actual Amounts	Positive (Negative)
<b>Revenues</b>				
Taxes				
Sales taxes	\$ 9,695,544	\$ 9,695,544	\$ 10,355,003	\$ 659,459
Property taxes	2,488,595	2,488,595	2,664,617	176,022
Franchise taxes	790,000	790,000	672,277	(117,723)
Total taxes	12,974,139	12,974,139	13,691,897	717,758
Licenses and permits				
Insurance	680,000	680,000	673,703	(6,297)
Occupational	430,000	430,000	416,926	(13,074)
Building	230,000	230,000	341,213	111,213
Liquor and beer	20,000	20,000	19,130	(870)
Filming	2,500	2,500	-	(2,500)
Total licenses and permits	1,362,500	1,362,500	1,450,972	88,472
Other revenues				
Other revenues	10,000	10,000	33,991	23,991
Insurance claim revenue	-	-	-	-
LWCC	76,000	76,000	128,329	52,329
Donations	16,000	16,000	8,000	(8,000)
Accident reports	8,000	8,000	9,654	1,654
Rent income	19,400	19,400	8,227	(11,173)
Cemetery plot sale	1,500	1,500	1,250	(250)
Event Ticket Sales	20,000	20,000	20,625	625
Code Enforcement Liens	5,000	5,000	2,650	(2,350)
Total other revenues	155,900	155,900	212,726	56,826
Fines and forfeitures				
Court fines	1,000	1,000	1,248	248
DWI fines	50,500	50,500	45,337	(5,163)
City court fee	12,000	12,000	12,769	769
Total fines and forfeitures	63,500	63,500	59,354	(4,146)
Charges for services				
Greater Covington center rentals	80,000	80,000	43,720	(36,280)
Greater Covington center leases	4,800	4,800	4,700	(100)
Basketball registration	2,000	2,000	-	(2,000)
Baseball registration	3,000	3,000	2,065	(935)
Football registration	2,000	2,000	-	(2,000)
Zoning revenue	15,000	15,000	16,860	1,860
Park rental	11,000	11,000	6,850	(4,150)
Old firehouse rent	15,000	15,000	12,200	(2,800)
Total charges for services	132,800	132,800	86,395	(46,405)

(Continued)

**City of Covington, Louisiana**  
**Budgetary Comparison Schedule - General Fund (Continued)**

	Original	Final	Actual	Variance with Final Budget
<i>For the year ended December 31, 2020</i>	Budget	Budget	Amounts	Positive (Negative)
Intergovernmental revenues				
Fire insurance premium tax	40,000	40,000	38,769	(1,231)
School resource officer	91,100	91,100	81,976	(9,124)
District court witness fees	3,000	3,000	400	(2,600)
Beer tax	50,000	50,000	58,871	8,871
Crossing guard	18,000	18,000	7,022	(10,978)
Total intergovernmental revenues	202,100	202,100	187,038	(15,062)
Interest and penalties				
Interest on CDs	102,000	102,000	33,360	(68,640)
Interest on LAMP	105,000	105,000	27,478	(77,522)
Penalties	10,000	10,000	16,417	6,417
Total interest and penalties	217,000	217,000	77,255	(139,745)
Total revenues	15,107,939	15,107,939	15,765,637	657,698
<b>Expenditures</b>				
General government administration - Council				
Salaries	135,200	135,200	131,744	3,456
Payroll related benefits and taxes	66,840	66,840	61,871	4,969
Advertising	8,000	8,000	11,127	(3,127)
Contract services	12,000	12,000	6,717	5,283
Dues and subscription	500	500	415	85
Meetings, trainings and conventions	13,000	4,969	1,932	3,037
Office supplies general and uniforms	4,300	4,332	1,602	2,730
Small office furnishings and equipment	500	500	-	500
Repairs and maintenance	2,000	2,000	263	1,737
Operating lease	2,300	2,300	1,821	479
Service charge and fees	500	500	5	495
Small computer equipment	2,500	10,900	10,799	101
Total administration council	247,640	248,041	228,296	19,745
General government administration - Mayor				
Salaries	91,669	90,669	92,405	(1,736)
Payroll related benefits and taxes	41,440	41,440	40,873	567
Meetings and conventions	8,000	9,000	3,545	5,455
Vehicle allowance	9,000	9,000	9,000	-
Small office furnishings and equipment	500	500	-	500
Office supplies	3,500	3,500	-	3,500
Cell phone	1,100	1,100	1,120	(20)
Total administration mayor	155,209	155,209	146,943	8,266

(Continued)

**City of Covington, Louisiana**  
**Budgetary Comparison Schedule - General Fund (Continued)**

	Original	Final	Actual	Variance with Final Budget
<i>For the year ended December 31, 2020</i>	Budget	Budget	Amounts	Positive (Negative)
General government administration - Legal				
Professional services	117,000	145,300	94,160	51,140
General government - Administration				
Salaries	664,300	664,300	674,223	(9,923)
Payroll related benefits and taxes	320,960	320,960	268,629	52,331
Professional services	179,000	201,000	186,143	14,857
Repairs and maintenance	62,900	73,338	60,158	13,180
Insurance	70,900	70,900	63,487	7,413
Office supplies	65,500	36,288	26,059	10,229
Contract services	64,600	60,600	46,043	14,557
Service charges and fees	68,000	68,000	61,327	6,673
Advertising	6,000	10,000	10,512	(512)
Dues and subscriptions	6,200	6,200	4,454	1,746
Small office furnishings and equipment	4,600	4,900	5,372	(472)
Computer equipment	23,000	23,000	-	23,000
Election expense	15,000	15,000	55,004	(40,004)
Gasoline	300	300	168	132
Rent	9,000	9,000	8,925	75
Operating leases	16,000	16,000	17,408	(1,408)
Small computer equipment	29,950	61,716	61,413	303
Meetings and conventions	20,000	21,920	3,243	18,677
Telephone	17,800	17,800	17,185	615
Bank charges	-	-	46	(46)
Total administration	1,644,010	1,681,222	1,569,799	111,423
General government - Engineering				
Salary	154,600	154,600	123,269	31,331
Payroll related benefits and taxes	57,630	57,630	50,988	6,642
Professional services	6,200	8,200	8,268	(68)
Office supplies	11,425	6,225	656	5,569
Meetings, trainings, and conventions	2,000	2,000	-	2,000
Dues and subscriptions	650	650	-	650
Insurance	1,600	1,600	2,092	(492)
Repairs and maintenance	4,700	4,700	1,184	3,516
Small computer equipment	-	3,200	3,153	47
Gasoline	2,000	2,000	53	1,947
Total engineering	240,805	240,805	189,663	51,142

(Continued)



**City of Covington, Louisiana**  
**Budgetary Comparison Schedule - General Fund (Continued)**

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<i>For the year ended December 31, 2020</i>	Budget	Budget	Amounts	
General government - Planning and zoning				
Salaries	116,900	116,900	118,370	(1,470)
Payroll related benefits and taxes	57,470	57,470	55,303	2,167
Professional services	8,500	8,500	5,881	2,619
Office supplies	7,500	7,500	1,938	5,562
Contract services	12,000	137,096	119,552	17,544
Service charges and fees	2,000	2,000	1,567	433
Advertising	10,000	10,000	8,799	1,201
Training and education	5,000	5,000	193	4,807
Repairs and maintenance	2,000	2,000	331	1,669
Operating lease	2,700	2,700	2,313	387
Small office furnishings and equipment	1,350	1,350	828	522
Small computer equipment	2,500	2,500	-	2,500
Telephone	1,000	1,000	1,221	(221)
Dues and subscriptions	2,000	2,000	1,161	839
Total planning and zoning	230,920	356,016	317,457	38,559
General government - Code enforcement				
Salaries	91,420	91,420	51,130	40,290
Payroll related benefits and taxes	33,000	33,000	25,645	7,355
Professional services	1,400	1,400	1,500	(100)
Meetings, trainings and conventions	750	750	-	750
Contract services	20,000	17,555	22,858	(5,303)
Gasoline	700	700	521	179
Service charges and fees	1,500	1,500	-	1,500
Insurance	800	800	1,046	(246)
Telephone	840	840	1,090	(250)
Office supplies	500	582	412	170
Repairs and maintenance	1,000	1,500	285	1,215
Small computer and equipment	1,750	1,750	203	1,547
Materials and supplies	300	300	35	265
Total code enforcement	153,960	152,097	104,725	47,372
General government - Building permits				
Salaries	104,800	104,800	103,923	877
Payroll related benefits and taxes	60,260	60,260	57,108	3,152
Professional services	66,500	76,308	44,345	31,963
Repairs and maintenance	3,250	3,250	1,528	1,722
Insurance	800	800	1,046	(246)
Office supplies	8,000	8,000	4,193	3,807

(Continued)

**City of Covington, Louisiana**  
**Budgetary Comparison Schedule - General Fund (Continued)**

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<i>For the year ended December 31, 2020</i>	Budget	Budget	Amounts	
General government - Building permits (Continued)				
Operating leases	2,700	2,700	2,367	333
Telephone	900	1,900	2,030	(130)
Small office furnishings and equipment	1,150	1,150	495	655
Small computer equipment	1,000	-	-	-
Meetings, trainings, and conventions	2,000	2,000	634	1,366
Dues and subscriptions	1,000	1,000	930	70
Gasoline	1,200	1,200	359	841
Total building permits	253,560	263,368	218,958	44,410
General government - Trailhead				
Salaries	56,940	56,940	52,816	4,124
Payroll related benefits and taxes	30,610	30,610	27,303	3,307
Contract services	1,500	2,350	1,379	971
Gasoline	200	200	91	109
Insurance	11,200	11,200	9,699	1,501
Office supplies	4,000	2,000	2,173	(173)
Repairs and maintenance	9,000	14,083	11,186	2,897
Utilities	9,000	9,000	7,010	1,990
Small office furnishings and equipment	1,800	1,283	1,283	-
Small tools and equipment	2,000	2,084	2,084	-
Total Trailhead	126,250	129,750	115,024	14,726
General government - Bogue Falaya Park				
Salaries	33,700	33,700	33,926	(226)
Payroll related benefits and taxes	22,100	22,100	21,305	795
Gasoline	1,000	1,000	135	865
Insurance	4,000	4,000	3,207	793
Office supplies	2,500	3,000	3,174	(174)
Utilities	3,400	3,400	2,450	950
Repairs and maintenance	12,000	21,000	20,483	517
Telephone	1,200	1,200	1,125	75
Small tools and equipment	4,000	2,000	1,738	262
Garbage collection	-	-	-	-
Materials and supplies	7,000	5,000	4,880	120
Contract services	1,200	700	528	172
Total Bogue Falaya Park	92,100	97,100	92,951	4,149
General government - Firehouse event center				
Insurance	8,500	8,500	6,638	1,862
Office supplies	2,000	-	35	(35)

(Continued)

**City of Covington, Louisiana**

**Budgetary Comparison Schedule - General Fund (Continued)**

	Original	Final	Actual	Variance with Final Budget
<i>For the year ended December 31, 2020</i>	Budget	Budget	Amounts	Positive (Negative)
<b>General government - Firehouse event center (Continued)</b>				
Utilities	2,500	2,500	1,201	1,299
Repairs and maintenance	2,000	6,500	5,862	638
Small office furnishings and equipment	5,000	2,500	2,436	64
Contract services	5,500	5,500	5,181	319
Materials and supplies	1,000	2,000	1,646	354
Total Firehouse event center	26,500	27,500	22,999	4,501
<b>General Government - Greater Covington Center</b>				
Salaries	138,475	138,475	126,987	11,488
Payroll related benefits and taxes	73,770	73,770	62,892	10,878
Contract labor	32,000	18,050	16,334	1,716
Contract services	8,000	7,000	6,538	462
Insurance	46,820	46,820	36,808	10,012
Office supplies	15,000	16,100	15,663	437
Office furnishings and equipment	-	-	-	-
Gasoline	600	600	327	273
Advertising	-	-	-	-
Repairs and maintenance	82,500	71,950	70,893	1,057
Small tools and equipment	4,000	8,000	7,749	251
Telephone	1,400	1,400	2,030	(630)
Small computer equipment	-	-	-	-
Small office furnishings and equipment	3,300	4,800	4,752	48
Meetings, trainings and conventions	-	-	-	-
Utilities	55,900	55,900	40,075	15,825
Dues and subscriptions	250	250	-	250
Total Greater Covington Center	462,015	443,115	391,048	52,067
Total General Government	3,749,969	3,939,523	3,492,023	447,500
<b>Public safety - Police</b>				
Salaries	1,953,960	2,012,460	1,812,229	200,231
Payroll related taxes and benefits	1,444,705	1,471,205	1,187,887	283,318
Materials and supplies	21,000	21,583	6,167	15,416
Gasoline	65,000	65,000	48,552	16,448
Insurance	152,000	152,000	194,489	(42,489)
Repairs and maintenance	94,000	99,717	54,033	45,684
Utilities	31,800	31,800	24,411	7,389
Office supplies	62,600	68,486	47,750	20,736
Meetings, trainings and conventions	90,000	63,150	36,062	27,088
Small office furnishings and equipment	9,050	9,050	6,681	2,369
Small computer equipment	31,000	39,550	39,452	98

(Continued)



**City of Covington, Louisiana**  
**Budgetary Comparison Schedule - General Fund (Continued)**

	Original	Final	Actual	Variance with Final Budget
<i>For the year ended December 31, 2020</i>	Budget	Budget	Amounts	Positive (Negative)
Public safety - Police (Continued)				
Professional services	102,366	103,666	104,730	(1,064)
Small tools and equipment	149,050	177,222	174,404	2,818
Garbage collection	-	-	-	-
Rent	25,200	25,200	25,200	-
Contract services	260,758	258,308	255,017	3,291
Dues and subscriptions	3,000	5,450	4,765	685
Advertising	1,000	1,000	-	1,000
Computer equipment	10,315	21,915	-	21,915
Operating leases	6,300	6,300	6,299	1
Vehicle allowance	7,200	7,200	7,200	-
Telephone	45,000	45,000	47,472	(2,472)
Vehicles	234,380	234,380	-	234,380
Total public safety - police	4,799,684	4,919,642	4,082,800	836,842
Public safety - Fire				
Salaries	1,059,300	1,059,300	1,000,780	58,520
Payroll related taxes and benefits	729,600	729,600	695,673	33,927
Utilities	18,800	18,800	12,709	6,091
Small tools and equipment	21,300	32,952	33,265	(313)
Small computer equipment	7,400	3,200	3,499	(299)
Small office furnishings and equipment	11,150	9,467	9,426	41
Insurance	63,000	63,000	65,520	(2,520)
Repairs and maintenance	78,280	92,187	84,984	7,203
Gasoline	20,000	20,000	13,090	6,910
Office supplies	18,500	19,530	19,110	420
Operating leases	1,500	1,500	1,523	(23)
Materials and supplies	8,000	8,000	7,880	120
Garbage collection	500	-	-	-
Vehicles	421,000	514,328	-	514,328
Telephone	12,100	12,100	11,659	441
Contract services	82,204	82,204	82,268	(64)
Meetings, trainings and conventions	33,500	25,500	25,065	435
Radios and pagers	1,200	1,675	1,712	(37)
Computer equipment	28,700	-	-	-
Dues and subscriptions	3,250	3,250	3,025	225
Vehicle Allowance	7,200	7,200	7,200	-
Professional services	40,100	40,100	35,196	4,904
Total public safety - fire	2,666,584	2,743,893	2,113,584	630,309

(Continued)

**City of Covington, Louisiana**  
**Budgetary Comparison Schedule - General Fund (Continued)**

				Variance with Final Budget
<i>For the year ended December 31, 2020</i>	Original Budget	Final Budget	Actual Amounts	Positive (Negative)
Public works				
Salaries	950,200	950,200	833,539	116,661
Payroll related taxes and benefits	630,850	630,850	536,095	94,755
Professional services	84,500	246,000	185,524	60,476
Telephone	20,500	20,500	21,356	(856)
Utilities	260,500	260,500	220,491	40,009
Repairs and maintenance	111,000	111,000	81,852	29,148
Materials and supplies	150,000	116,500	82,487	34,013
Rent	1,500	1,500	-	1,500
Gasoline	70,000	70,000	35,740	34,260
Small office furnishings and equipment	4,600	7,900	7,603	297
Small computer equipment	-	-	-	-
Insurance	43,300	43,300	69,019	(25,719)
Office supplies	52,700	52,748	31,455	21,293
Contract services	10,000	10,000	14,137	(4,137)
Small tools and equipment	11,500	10,200	2,954	7,246
Contract labor	52,800	52,800	40,000	12,800
Garbage collection	-	-	-	-
Dues and subscriptions	1,200	1,200	563	637
Meetings, trainings and conventions	10,000	10,000	280	9,720
Operating leases	5,000	5,000	5,013	(13)
Computer equipment	8,700	8,700	-	8,700
Total public works	2,478,850	2,608,898	2,168,108	440,790
Culture and recreation				
Salaries	334,750	334,750	238,980	95,770
Payroll related taxes and benefits	124,230	124,230	100,826	23,404
Materials and supplies	62,000	65,844	26,635	39,209
Utilities	34,600	34,600	23,412	11,188
Contract labor	26,000	26,000	14,983	11,017
Professional services	8,615	6,525	4,899	1,626
Repairs and maintenance	32,500	34,816	21,048	13,768
Insurance	14,450	14,450	13,260	1,190
Office supplies	18,250	17,380	6,557	10,823
Contract services	134,700	105,850	81,601	24,249
Service charges and fees	3,000	3,000	-	3,000
Pool operations	8,500	8,500	5,524	2,976
Small tools and equipment	8,300	20,770	18,672	2,098
Small computer equipment	2,000	11,100	2,388	8,712
Telephone	5,020	5,020	5,754	(734)
Meetings, trainings and conventions	8,000	8,000	2,321	5,679

(Continued)

**City of Covington, Louisiana**  
**Budgetary Comparison Schedule - General Fund (Continued)**

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<i>For the year ended December 31, 2020</i>	Budget	Budget	Amounts	
Culture and recreation (Continued)				
Advertising	31,550	32,748	16,951	15,797
Dues and subscriptions	2,320	2,320	1,153	1,167
Small office furnishings and equipment	3,510	3,510	298	3,212
Gasoline	1,850	1,850	1,927	(77)
Operating leases	5,900	5,900	4,946	954
Farmer's market	10,000	12,500	12,500	-
Rent	1,500	1,500	510	990
Total culture and recreation	881,545	881,163	605,145	276,018
Capital outlay				
Capital outlay	1,792,550	2,153,454	1,680,201	473,253
Capital lease				
Payment	208,155	208,155	208,155	-
Interest	-	-	-	-
Total capital lease	208,155	208,155	208,155	-
Total expenditures	16,577,337	17,454,728	14,350,016	3,104,712
Excess (deficiency) of revenues over (under) expenditures	(1,469,398)	(2,346,789)	1,415,621	(2,447,014)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of equipment	30,000	30,000	-	(30,000)
Transfers in	10,955,747	10,955,747	1,409,268	(9,546,479)
Transfers out	(4,797,891)	(4,800,254)	(2,444,305)	2,355,949
Net other financing sources (uses)	6,187,856	6,185,493	(1,035,037)	(7,220,530)
Net change in fund balances	4,718,458	3,838,704	380,584	(9,667,544)
Fund balance, beginning of year	10,774,123	10,774,123	10,774,123	-
Fund balance, end of year	\$ 15,492,581	\$ 14,612,827	\$ 11,154,707	(9,667,544)



**City of Covington, Louisiana**

**Budgetary Comparison Schedule - Annexation Area (A3) Sales Tax Fund**

<i>For the year ended December 31, 2020</i>	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes				
Sales taxes	\$ 3,103,162	\$ 3,103,162	\$ 3,309,103	\$ 205,941
Interest and penalties	96,000	96,000	19,210	(76,790)
Total revenues	3,199,162	3,199,162	3,328,313	129,151
<b>Expenditures</b>				
Capital outlay	1,730,000	3,559,502	1,892,887	1,666,615
Excess (deficiency) of revenues over expenditures	1,469,162	(360,340)	1,435,426	(1,537,464)
<b>Other Financing Sources (Uses)</b>				
Transfers out	(1,605,598)	(1,605,598)	(1,409,268)	(196,330)
Net changes in fund balances	(136,436)	(1,965,938)	26,158	(1,733,794)
Fund balance, beginning of year	4,817,692	4,817,692	4,817,692	-
Fund balance, end of year	\$ 4,681,256	\$ 2,851,754	\$ 4,843,850	\$ (1,733,794)

*See independent auditors' report and notes to Required Supplementary Information.*

**City of Covington, Louisiana**  
**Notes to Required Supplementary Information**  
**December 31, 2020**

**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 GAAP except for transfers and debt service.
- g) The budgetary comparison schedule shown in the accompanying required supplementary information presents comparisons of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

**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.

**City of Covington, Louisiana**  
**Notes to Required Supplementary Information**  
**December 31, 2020**

**Note 2: PENSION SCHEDULES (Continued)**

***Changes of Assumptions***

For Municipal Employees' Retirement System for the valuation year ended June 30, 2020, the investment rate of return decreased from 7% to 6.95%. For Municipal Employees' Retirement System 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 Municipal Police Employees' Retirement System for the valuation year ended June 30, 2020, the investment rate of return decreased from 7.125% to 6.95%. For Municipal Police Employees' Retirement System 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 Firefighters' Retirement System for the valuation year ended June 30, 2020, the investment rate of return decreased from 7.15% to 7.00%. For Firefighters' Retirement System 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**  
**Nonmajor Governmental Funds**

	Debt Service		Permanent	Special Revenue Funds			Capital Project Funds		Total Non-Major Governmental
	General Obligation Debt Service Fund	Sales Tax Bond Debt Service Fund	Garden of Pines Permanent Fund	State and Federal Grants Fund	Drug Forfeiture Fund	Tree Mitigation Fund	Water Capacity Treatment Fund	Waste- Water Capacity Treatment Fund	
<i>December 31, 2020</i>									
<b>Assets</b>									
Cash and cash equivalents	\$ 179,923	\$ 27,440	\$ 35,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 242,903
Equity in pooled cash	-	-	-	290,899	34,177	8,605	97,183	444,007	874,871
Certificates of deposits	-	277,500	24,955	-	-	-	-	-	302,455
Receivables									
Property taxes	534,754	-	-	-	-	-	-	-	534,754
Grants	-	-	-	684	-	-	-	-	684
Other		96							96
Due from other funds	-	27,150							27,150
<b>Total assets</b>	<b>\$ 714,677</b>	<b>\$ 332,186</b>	<b>\$ 60,495</b>	<b>\$ 291,583</b>	<b>\$ 34,177</b>	<b>\$ 8,605</b>	<b>\$ 97,183</b>	<b>\$ 444,007</b>	<b>\$ 1,982,913</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>									
<b>Liabilities</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ 117,564	\$ -	\$ -	\$ -	\$ -	\$ 117,564
Due to other funds	2,600	50	32,403	1,366	-	-	-	-	36,419
<b>Total liabilities</b>	<b>2,600</b>	<b>50</b>	<b>32,403</b>	<b>118,930</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153,983</b>
<b>Deferred inflows of resources</b>									
Unavailable revenues	-	-	-	300	-	-	-	-	300
<b>Fund balances</b>									
<b>Nonspendable</b>									
Permanent fund	-	-	24,955	-	-	-	-	-	24,955
<b>Restricted</b>									
Perpetual care	-	-	3,137	-	-	-	-	-	3,137
Debt services	712,077	332,136	-	-	-	-	-	-	1,044,213
Drug forfeiture	-	-	-	-	34,177	-	-	-	34,177
Tree mitigation	-	-	-	-	-	8,605	-	-	8,605
State and federal grants	-	-	-	172,353	-	-	-	-	172,353
<b>Committed</b>									
Capital outlay	-	-	-	-	-	-	97,183	444,007	541,190
Unassigned	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>712,077</b>	<b>332,136</b>	<b>28,092</b>	<b>172,353</b>	<b>34,177</b>	<b>8,605</b>	<b>97,183</b>	<b>444,007</b>	<b>1,828,630</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 714,677</b>	<b>\$ 332,186</b>	<b>\$ 60,495</b>	<b>\$ 291,583</b>	<b>\$ 34,177</b>	<b>\$ 8,605</b>	<b>\$ 97,183</b>	<b>\$ 444,007</b>	<b>\$ 1,982,913</b>

**City of Covington, Louisiana**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**

**Nonmajor Governmental Funds**

	Debt Service		Permanent	Special Revenue Funds			Capital Project Funds		Total Non-Major
	General Obligation Debt Service Fund	Sales Tax Bond Debt Service Fund	Garden of Pines Permanent Fund	State and Federal Grants Fund	Drug Forfeiture Fund	Tree Mitigation Fund	Water Capacity Treatment Fund	Waste- Water Capacity Treatment Fund	Governmental
<i>For the year ended December 31, 2020</i>									
<b>Revenues</b>									
Property taxes	\$ 520,010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 520,010
State and federal grants	-	-	-	306,258	-	-	-	-	306,258
Charges for services	-	-	-	-	-	-	17,685	86,761	104,446
Fines and forfeitures	-	-	-	-	2,051	1,418	-	-	3,469
Interest and penalties	28	1,144	106	-	116	26	295	1,319	3,034
Total revenues	520,038	1,144	106	306,258	2,167	1,444	17,980	88,080	937,217
<b>Expenditures</b>									
Current									
General government	440	20	-	-	-	-	-	-	460
Public safety - Police	-	-	-	3,020	-	-	-	-	3,020
Public safety - Fire	-	-	-	-	-	-	-	-	-
Public works	-	-	2,521	-	-	-	-	-	2,521
Culture and recreation	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	130,884	-	-	-	-	130,884
Debt service									
Principal	459,000	315,000	-	-	-	-	-	-	774,000
Interest	53,444	13,376	-	-	-	-	-	-	66,820
Total expenditures	512,884	328,396	2,521	133,904	-	-	-	-	977,705
Excess (deficiency) of revenues over (under) expenditures	7,154	(327,252)	(2,415)	172,354	2,167	1,444	17,980	88,080	(40,488)
<b>Other Financing Sources (Uses)</b>									
Transfers in	-	325,795	-	-	-	-	-	-	325,795
Transfers out	-	-	-	-	-	-	-	-	-
Net other financing sources (uses)	-	325,795	-	-	-	-	-	-	325,795
Net changes in fund balances	7,154	(1,457)	(2,415)	172,354	2,167	1,444	17,980	88,080	285,307
Fund balance, beginning of year	704,923	333,593	30,507	(1)	32,010	7,161	79,203	355,927	1,543,323
Fund balance, end of year	\$ 712,077	\$ 332,136	\$ 28,092	\$ 172,353	\$ 34,177	\$ 8,605	\$ 97,183	\$ 444,007	\$ 1,828,630

*See independent auditors' report.*



**City of Covington, Louisiana**  
**Notes to Nonmajor Governmental Funds**  
**December 31, 2020**

**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**

*State and Federal Grants Fund* – This fund was created in 2012 to account for all resources and expenditures in connection with the State and Federal funding.

*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.

*Wastewater Capacity Treatment Fund* – This fund was created in 2016 to account for all resources and expenditures in connection with the City's wastewater system improvements.

**City of Covington, Louisiana**

**Budgetary Comparison Schedule - General Obligation Debt Service Fund**

<i>For the year ended December 31, 2020</i>	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes				
Property taxes	\$ 494,519	\$ 494,519	\$ 520,010	\$ (25,491)
Interest and Penalties			28	(28)
Total revenues	494,519	494,519	520,038	(25,519)
<b>Expenditures</b>				
Current				
General government	400	400	440	(40)
Debt service				
Principal	459,000	459,000	459,000	-
Interest	53,444	53,444	53,444	-
Total expenditures	512,844	512,844	512,884	(40)
Excess (deficiency) of revenues over expenditures	(18,325)	(18,325)	7,154	(25,479)
Net changes in fund balances	(18,325)	(18,325)	7,154	(25,479)
Fund balance, beginning of year	704,923	704,923	704,923	-
Fund balance, end of year	\$ 686,598	\$ 686,598	\$ 712,077	\$ (25,479)

**City of Covington, Louisiana**

**Budgetary Comparison Schedule - Sales Tax Bond Debt Service Fund**

<i>For the year ended December 31, 2020</i>	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes				
Interest and penalties	\$ 3,150	\$ 3,150	\$ 1,144	\$ 2,006
Total revenues	3,150	3,150	1,144	2,006
<b>Expenditures</b>				
Current				
General government	-	-	20	(20)
Debt service				
Principal	315,000	315,000	315,000	-
Interest	13,376	13,376	13,376	-
Total Expenditures	328,376	328,376	328,396	(20)
Excess (deficiency) of revenues over expenditures	(325,226)	(325,226)	(327,252)	2,026
<b>Other Financing Sources (Uses)</b>				
Transfers in	325,795	325,795	325,795	-
Net changes in fund balances	569	569	(1,457)	2,026
Fund balance, beginning of year	333,593	333,593	333,593	-
Fund balance, end of year	\$ 334,162	\$ 334,162	\$ 332,136	\$ 2,026



**City of Covington, Louisiana**

**Budgetary Comparison Schedule - Garden of Pines Permanent Fund**

<i>For the year ended December 31, 2020</i>	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes				
Interest and penalties	\$ -	\$ -	\$ 106	\$ (106)
Total revenues	-	-	106	(106)
<b>Expenditures</b>				
Current				
Public works	-	4,118	2,521	1,597
Total expenditures	-	4,118	2,521	1,597
Excess (deficiency) of revenues over expenditures	-	(4,118)	(2,415)	(1,703)
Net changes in fund balances	-	(4,118)	(2,415)	(1,703)
Fund balance, beginning of year	30,507	30,507	30,507	-
Fund balance, end of year	\$ 30,507	\$ 26,389	\$ 28,092	\$ (1,703)

**City of Covington, Louisiana**

**Budgetary Comparison Schedule - State and Federal Grants Fund**

<i>For the year ended December 31, 2020</i>	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes				
State and federal grants	\$ 431,837	\$ 431,837	\$ 306,258	\$ 125,579
Total revenues	431,837	431,837	306,258	125,579
<b>Expenditures</b>				
Current				
Public Safety - Police	-	2,343	3,020	(677)
Capital outlay	-	195,709	130,884	64,825
Total expenditures	-	198,052	133,904	64,148
Excess (deficiency) of revenues over expenditures	431,837	233,785	172,354	61,431
Net changes in fund balances	431,837	233,785	172,354	61,431
Fund balance, beginning of year	(1)	(1)	(1)	-
Fund balance, end of year	\$ 431,836	\$ 233,784	\$ 172,353	\$ 61,431

**City of Covington, Louisiana**  
**Budgetary Comparison Schedule - Drug Forfeiture Fund**

<i>For the year ended December 31, 2020</i>	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes				
Fines and forfeitures	\$ 5,000	\$ 5,000	\$ 2,051	\$ 2,949
Interest and penalties	1,000	1,000	116	884
Total revenues	6,000	6,000	2,167	3,833
Excess (deficiency) of revenues over expenditures	6,000	6,000	2,167	3,833
Net changes in fund balances	6,000	6,000	2,167	3,833
Fund balance, beginning of year	32,010	32,010	32,010	-
Fund balance, end of year	\$ 38,010	\$ 38,010	\$ 34,177	\$ 3,833



**City of Covington, Louisiana**  
**Budgetary Comparison Schedule - Tree Mitigation Fund**

<i>For the year ended December 31, 2020</i>	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes				
Fines and forfeitures	\$ -	\$ -	\$ 1,418	\$ (1,418)
Interest and penalties	300	300	26	274
Total revenues	300	300	1,444	(1,144)
Excess (deficiency) of revenues over expenditures	300	300	1,444	(1,144)
Net changes in fund balances	300	300	1,444	(1,144)
Fund balance, beginning of year	7,161	7,161	7,161	-
Fund balance, end of year	\$ 7,461	\$ 7,461	\$ 8,605	\$ (1,144)

**City of Covington, Louisiana**

**Budgetary Comparison Schedule - Water Capacity Treatment Fund**

<i>For the year ended December 31, 2020</i>	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 20,000	\$ 20,000	\$ 17,685	\$ 2,315
Interest and penalties	2,000	2,000	295	1,705
Total revenues	22,000	22,000	17,980	4,020
Excess (deficiency) of revenues over expenditures	22,000	22,000	17,980	4,020
Net changes in fund balances	22,000	22,000	17,980	4,020
Fund balance, beginning of year	79,203	79,203	79,203	-
Fund balance, end of year	\$ 101,203	\$ 101,203	\$ 97,183	\$ 4,020

**City of Covington, Louisiana**

**Budgetary Comparison Schedule - Waste-Water Capacity Treatment Fund**

		Original		Final	Actual	Variance with Final Budget Positive (Negative)
<i>For the year ended December 31, 2020</i>		Budget		Budget	Amounts	
<b>Revenues</b>						
Charges for services	\$	80,000	\$	80,000	\$ 86,761	\$ (6,761)
Interest and penalties		7,200		7,200	1,319	5,881
Total revenues		87,200		87,200	88,080	(880)
Excess (deficiency) of revenues over expenditures		87,200		87,200	88,080	(880)
Net changes in fund balances		87,200		87,200	88,080	(880)
Fund balance, beginning of year		355,927		355,927	355,927	-
Fund balance, end of year	\$	443,127	\$	443,127	\$ 444,007	\$ (880)

**City of Covington, Louisiana**  
**Schedule of Council Compensation**  
**For the Year Ended December 31, 2020**

<b>Council Members</b>	<b>Term of Office</b>	<b>Compensation</b>	
Joey Roberts	May 2018 - current	\$	9,900
Larry Rolling	July 2015 - current		9,900
Cody Ludwig	July 2019 - current		5,400
Peter Lewis	July 2019 - current		4,500
Mark Verret	July 2019 - current		5,400
John Botsford	July 2019 - current		5,400
Rick Smith	July 2015 - current		4,500
<b>Total Council compensation</b>		<b>\$</b>	<b>45,000</b>



**City of Covington, Louisiana**  
**Schedule of Compensation, Benefits and Other Payments to Agency Head**  
**For the Year Ended December 31, 2020**

**Agency Head Name:** Mark R. Johson, Mayor

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<b>Purpose</b>	<b>Amount</b>
Salary	\$ 91,700
Benefits - health insurance	9,915
Benefits - retirement	26,249
Benefits - workers compensation	229
Benefits - life insurance	246
Benefits - long term disability	2,758
Benefits - FICA and medicare	1,446
Car allowance	9,000
Cell phone	600
Meetings and conventions	-
Other	-
<hr/>	
Total payments	\$ 142,142

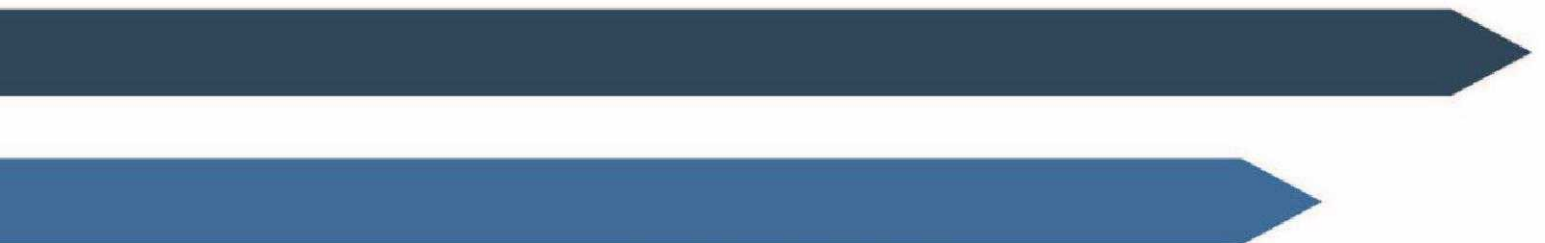
Justice System Funding Schedule - Collecting/Disbursing Entity

As Required by Act 87 of the 2020 Regular Legislative Session

Identifying Information		
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)	Thursday, December 31, 2020	
	First Six Month Period Ended 06/30/2020	Second Six Month Period Ended 12/31/2020
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	-	-
Add: Collections		
Traffic Ticket Fees	40,017	58,964
Subtotal Collections	40,017	58,964
Less: Disbursements To Governments & Nonprofits: (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. )		
LA Commission on Law Enforcement - Court Fees	391	542
Indigent Defender Board - Court Fees	8,280	12,015
Florida Parishes Juvenile Justice Commission - Court Fees	920	1,335
Trial Court Case Management Information System - Court Fees	552	801
Louisiana Traumatic Head and Sprinal Cord Injury Trust Fund - Court Fees	355	435
State Treasurer - Disability Affairs Trust Fund - Court Fees	-	-
Crimestoppers, Inc - Court Fees	368	534
St. Tammany Sherrif - Court Fees	1,810	2,650
Louisiana Supreme Court - Court Fees	85	124
Less: Amounts Retained by Collecting Agency		
Court Fines	17,411	27,402
Police Report Fees	4,803	4,851
City Court Fee	5,043	8,251
NSF Fee	-	25
Subtotal Disbursements/Retainage	40,017	58,964
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	-	-
Ending Balance of "Partial Payments" Collected but not Disbursed (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 above.	-	-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance )	-	-
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service )	-	-



## STASTICIAL 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.

**Contents**

**Tables**

**Financial Trends**

1 - 5

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

**Revenue Capacity**

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These schedules contain information to help the reader assess the City's property tax.

**Debt Capacity**

11 - 15

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.

**Demographic and Economic Information**

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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

**Operating Information**

18 - 20

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.

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										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
<b>Governmental Activities</b>											
Net investment in capital assets	\$ 8,540,837	\$ 10,963,044	\$ 14,051,675	\$ 17,029,735	\$ 18,519,019	\$ 21,362,467	\$ 23,051,733	\$ 25,477,548	\$ 28,310,163	\$ 30,292,215	
Restricted	6,335,844	5,878,390	5,492,166	5,121,612	5,218,131	1,266,366	1,595,170	1,804,406	1,449,985	1,692,222	
Unrestricted	1,088,416	2,955,180	4,984,304	4,953,099	(1,132,977)	385,497	62,767	(2,506,238)	(2,084,725)	(1,993,150)	
<b>Total Governmental Activities Net Position</b>	<b>\$ 15,965,097</b>	<b>\$ 19,796,614</b>	<b>\$ 24,528,145</b>	<b>\$ 27,104,446</b>	<b>\$ 22,604,173</b>	<b>\$ 23,014,330</b>	<b>\$ 24,709,670</b>	<b>\$ 24,775,716</b>	<b>\$ 27,675,423</b>	<b>\$ 29,991,287</b>	
<b>Business-Type Activities</b>											
Net investment in capital assets	\$ 23,281,856	\$ 22,599,871	\$ 22,033,851	\$ 22,109,454	\$ 22,311,124	\$ 22,870,664	\$ 22,689,820	\$ 22,917,753	\$ 24,405,436	\$ 24,608,548	
Restricted	-	-	-	-	-	-	-	-	-	-	
Unrestricted	824,855	1,189,702	1,793,519	2,429,351	1,980,260	2,083,644	3,253,676	3,136,403	2,878,968	3,148,548	
<b>Total Business Type Activities Net Position</b>	<b>\$ 24,106,711</b>	<b>\$ 23,789,573</b>	<b>\$ 23,827,370</b>	<b>\$ 24,538,805</b>	<b>\$ 24,291,384</b>	<b>\$ 24,954,308</b>	<b>\$ 25,943,496</b>	<b>\$ 26,054,156</b>	<b>\$ 27,284,404</b>	<b>\$ 27,757,096</b>	
<b>Primary Government</b>											
Net investment in capital assets	\$ 31,822,693	\$ 33,562,915	\$ 36,085,526	\$ 39,139,189	\$ 40,830,143	\$ 44,233,131	\$ 45,741,553	\$ 48,395,301	\$ 52,715,599	\$ 54,900,763	
Restricted	6,335,844	5,878,390	5,492,166	5,121,612	5,218,131	1,266,366	1,595,170	1,804,406	1,449,985	1,692,222	
Unrestricted	1,913,271	4,144,882	6,777,823	7,382,450	847,283	2,469,141	3,316,443	630,165	794,243	1,155,398	
<b>Total Primary Government Net Position</b>	<b>\$ 40,071,808</b>	<b>\$ 43,586,187</b>	<b>\$ 48,355,515</b>	<b>\$ 51,643,251</b>	<b>\$ 46,895,557</b>	<b>\$ 47,968,638</b>	<b>\$ 50,653,166</b>	<b>\$ 50,829,872</b>	<b>\$ 54,959,827</b>	<b>\$ 57,748,383</b>	

**City of Covington, Louisiana**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

**Table 2**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental Activities										
General government	\$ 4,108,782	\$ 4,000,021	\$ 3,794,356	\$ 3,486,965	\$ 4,668,943	\$ 4,769,296	\$ 4,038,234	\$ 3,352,924	\$ 4,034,415	\$ 4,219,873
Public safety - Police	4,101,809	3,946,313	3,886,455	4,040,778	3,882,644	5,006,714	4,563,093	4,663,107	4,773,793	4,534,911
Public safety - Fire	1,742,454	1,770,518	1,747,521	1,889,585	1,879,036	2,526,229	2,305,524	2,147,667	2,367,913	2,525,136
Public works	1,869,449	2,180,001	2,312,901	2,512,339	2,539,709	3,082,316	3,295,665	3,468,910	3,619,009	3,810,148
Culture and recreation	902,326	803,635	757,640	547,055	458,504	541,513	1,095,418	900,389	844,901	747,883
Interest on long-term debt	475,019	319,774	442,827	246,632	229,043	117,453	123,302	106,937	123,555	78,486
Total Governmental Activities Expenses	13,199,839	13,020,262	12,941,700	12,723,354	13,657,879	16,043,521	15,421,236	14,639,934	15,763,586	15,916,437
Business-Type Activities										
Water	1,776,889	1,823,929	1,857,583	1,921,567	1,932,925	1,486,619	1,612,340	1,741,357	1,560,160	2,524,833
Sewer	1,803,094	1,719,964	1,690,685	1,582,093	1,565,892	2,280,164	2,399,537	2,396,349	2,459,697	2,826,649
Garbage	718,460	727,783	659,800	649,894	684,886	767,388	790,005	822,539	942,259	992,160
Total Business-Type Activities Expenses	4,298,443	4,271,676	4,208,068	4,153,554	4,183,703	4,534,171	4,801,882	4,960,245	4,962,116	6,343,642
Total Primary Government Expenses	\$ 17,498,282	\$ 17,291,938	\$ 17,149,768	\$ 16,876,908	\$ 17,841,582	\$ 20,577,692	\$ 20,223,118	\$ 19,600,179	\$ 20,725,702	\$ 22,260,079
<b>Program Revenues</b>										
Governmental Activities										
Charges for Services										
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,501,344	\$ 1,320,913	\$ 1,658,114	\$ 1,331,387	\$ 1,467,832
Public safety - Police	-	-	-	-	-	103,222	78,493	61,740	60,838	62,823
Public works	19,785	172,124	17,402	27,349	26,468	19,329	21,907	-	101,817	104,446
Culture and recreation	151,813	-	86,529	104,647	105,114	85,431	229,464	272,055	103,255	69,535
Operating Grants and Contribution										
General government	210,263	204,253	2,293,734	-	13,724	21,128	4,711	51,414	33	-
Public safety - Police	96,332	168,375	146,840	46,059	28,221	44,875	25,135	24,263	4,003	87,004
Public safety - Fire	40,965	63,850	51,854	4,324	-	10,424	-	5,262	-	87,004
Public works	-	-	-	-	-	173,124	18,410	56,451	13,455	-
Culture and recreation	25,000	2,753	-	-	-	-	5,750	1,000	5,000	1,366
Capital Grants and Contributions:										
General government	139,152	20,048	1,364	142,207	25,000	75,005	-	-	230,992	-
Public safety - Police	17,761	1,070	29,877	-	-	44,795	-	-	-	116,884
Public safety - Fire	-	285,532	-	-	-	71,979	2,130	-	198,096	-
Public works	436,947	7,795	239,070	50,853	472,944	81,883	590,078	3,097	8,541	14,000
Culture and recreation	-	-	-	15,209	139,791	2,436	-	-	250,000	-
Total Governmental Activities Program Revenues	1,138,018	925,800	2,866,670	390,648	811,262	2,234,975	2,296,991	2,133,396	2,307,417	2,010,894
Business-Type Activities										
Charges for Services										
Water	1,287,180	1,262,419	1,328,553	1,329,090	1,406,118	1,438,457	1,462,483	1,568,834	1,751,694	1,750,857
Sewer	1,281,408	1,375,189	1,591,966	1,611,462	1,706,001	1,725,651	1,793,771	1,902,523	1,945,078	2,112,508
Garbage	729,122	683,106	736,864	734,984	774,651	799,028	836,508	884,599	953,630	976,460
Total Business-Type Activities Program Revenues	3,297,710	3,320,714	3,657,383	3,675,536	3,886,770	3,963,136	4,092,762	4,355,956	4,650,402	4,839,825
Total Primary Government Program Revenues	\$ 4,435,728	\$ 4,246,514	\$ 6,524,053	\$ 4,066,184	\$ 4,698,032	\$ 6,198,111	\$ 6,389,753	\$ 6,489,352	\$ 6,957,819	\$ 6,850,719



**City of Covington, Louisiana**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

**Table 2**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense)/Revenue										
Governmental activities	\$ (12,061,821)	\$ (12,094,462)	\$ (10,075,030)	\$ (12,332,706)	\$ (12,846,617)	\$ (13,808,546)	\$ (13,124,245)	\$ (12,506,538)	\$ (13,456,169)	\$ (13,905,543)
Business-type activities	(1,000,733)	(950,962)	(550,685)	(478,018)	(296,933)	(571,035)	(709,120)	(604,289)	(311,714)	(1,503,817)
Total Primary Government Net Expense	\$ (13,062,554)	\$ (13,045,424)	\$ (10,625,715)	\$ (12,810,724)	\$ (13,143,550)	\$ (14,379,581)	\$ (13,833,365)	\$ (13,110,827)	\$ (13,767,883)	\$ (15,409,360)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities										
Taxes										
Sales taxes	\$ 8,896,937	\$ 10,277,805	\$ 10,356,610	\$ 10,796,315	\$ 10,750,947	\$ 10,874,639	\$ 11,973,167	\$ 12,429,707	\$ 12,862,905	\$ 13,664,106
Property taxes	2,320,671	2,433,574	2,496,702	2,619,670	2,638,760	2,774,300	2,852,243	2,866,280	2,979,826	3,184,627
Franchise taxes	690,328	655,994	748,346	775,089	786,218	774,406	763,357	825,019	788,684	672,277
Licenses and permits	1,265,372	1,248,790	1,451,406	1,311,592	1,433,599	-	-	-	-	-
Fines and forfeitures	141,773	105,856	90,881	481,808	86,020	-	-	-	-	-
Interest	43,704	44,530	38,408	82,585	32,197	57,007	88,099	197,327	368,914	74,683
Other general revenues	156,450	269,047	212,690	31,401	475,066	805,950	518,983	761,177	581,834	399,764
Special item - loss/gain on disposed assets	-	24,207	-	-	-	(142,591)	-	48,042	8,531	-
Special item - lawsuit settlement	-	-	-	-	1,469,800	-	-	-	-	-
Non-employer contribution revenue	-	-	-	-	278,908	280,471	292,756	299,191	279,032	304,460
Benefit payments	-	-	-	-	-	-	-	100,135	-	-
Transfers	-	(633,824)	(588,482)	(1,189,453)	(1,275,484)	(1,205,479)	(1,669,020)	(2,350,837)	(1,513,850)	(2,118,510)
Capital contributions	(1,523,217)	1,500,000	-	-	-	-	-	-	-	-
Total Governmental Activities	11,992,018	15,925,979	14,806,561	14,909,007	16,676,031	14,218,703	14,819,585	15,176,041	16,355,876	16,181,407
Business-Type Activities										
Other general revenues	32,415	-	-	-	-	-	-	-	-	-
Transfers	-	633,824	588,482	1,189,453	1,275,484	1,205,479	1,669,020	-	-	2,116,735
Non-employer contribution revenue	-	-	-	-	29,276	28,480	29,288	29,711	28,112	31,385
Benefit payments	-	-	-	-	-	-	-	16,807	-	-
Capital contributions	1,523,217	-	-	-	-	-	-	1,300,837	1,513,850	(171,611)
Total Business-Type Activities	1,555,632	633,824	588,482	1,189,453	1,304,760	1,233,959	1,698,308	1,347,355	1,541,962	1,976,509
Total Primary Government	\$ 13,547,650	\$ 16,559,803	\$ 15,395,043	\$ 16,098,460	\$ 17,980,791	\$ 15,452,662	\$ 16,517,893	\$ 16,523,396	\$ 17,897,838	\$ 18,157,916
<b>Changes in Net Position</b>										
Governmental activities	\$ (69,803)	\$ 3,831,517	\$ 4,731,531	\$ 2,576,301	\$ 3,829,414	\$ 410,157	\$ 1,695,340	\$ 2,669,503	\$ 2,899,707	\$ 2,275,864
Business-type activities	554,899	(317,138)	37,797	711,435	1,007,827	662,924	989,188	743,066	1,230,248	472,692
Total Primary Government	\$ 485,096	\$ 3,514,379	\$ 4,769,328	\$ 3,287,736	\$ 4,837,241	\$ 1,073,081	\$ 2,684,528	\$ 3,412,569	\$ 4,129,955	\$ 2,748,556

**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
2011	\$ 8,896,937	\$ 2,320,671	\$ 11,217,608
2012	10,277,805	2,433,574	12,711,379
2013	10,356,610	2,496,702	12,853,312
2014	10,796,315	2,619,670	13,415,985
2015	10,750,947	2,638,760	13,389,707
2016	10,874,639	2,774,300	13,648,939
2017	11,973,167	2,852,243	14,825,410
2018	12,429,707	2,866,280	15,295,987
2019	12,862,905	2,979,826	15,842,731
<b>2020</b>	<b>13,664,106</b>	<b>3,184,627</b>	<b>16,848,733</b>



**City of Covington, Louisiana**  
**Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(Unaudited)**

**Table 4**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Nonspendable	\$ -	\$ 365	\$ -	\$ -	\$ -	\$ -	\$ 79,509	\$ 102,447	\$ 87,549	\$ 80,260
Restricted	246,776	250,540	253,219	521,987	287,655	253,853	255,515	253,254	254,243	284,522
Committed	1,712,823	2,004,594	440,795	176,089	1,209,809	-	-	-	-	-
Assigned	-	2,090,993	1,972,837	2,036,859	2,102,610	5,594,298	6,347,449	3,590,934	4,649,413	4,820,741
Unassigned	979,860	1,125,879	3,695,549	4,379,657	5,351,571	3,319,642	4,841,225	7,874,558	5,782,918	5,969,184
<b>Total general fund</b>	<b>\$ 2,939,459</b>	<b>\$ 5,472,371</b>	<b>\$ 6,362,400</b>	<b>\$ 7,114,592</b>	<b>\$ 8,951,645</b>	<b>\$ 9,167,793</b>	<b>\$ 11,523,698</b>	<b>\$ 11,821,193</b>	<b>\$ 10,774,123</b>	<b>\$ 11,154,707</b>
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	6,089,068	5,627,850	5,238,947	4,845,653	4,930,476	1,012,513	1,235,191	1,423,750	1,083,238	1,262,485
Committed	1,255,102	1,302,560	2,496,138	1,751,713	2,332,731	1,536,553	2,619,805	3,149,972	5,252,822	5,385,040
Unreserved, reported in:										
Special Revenue	-	-	-	-	-	3,757,786	-	-	-	-
Other	-	-	-	-	-	-	1,245,844	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 7,369,125</b>	<b>\$ 6,955,365</b>	<b>\$ 7,760,040</b>	<b>\$ 6,622,321</b>	<b>\$ 7,288,162</b>	<b>\$ 6,331,807</b>	<b>\$ 5,125,795</b>	<b>\$ 4,598,677</b>	<b>\$ 6,361,015</b>	<b>\$ 6,672,480</b>

**City of Covington, Louisiana**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

**Table 5**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Sales tax	\$ 8,896,937	\$ 9,211,667	\$ 10,356,610	\$ 10,796,315	\$ 10,750,947	\$ 10,874,639	\$ 11,973,167	\$ 12,429,707	\$ 12,862,905	\$ 13,664,106
Property taxes	2,320,671	2,433,574	2,496,702	2,619,670	2,638,760	2,774,300	2,852,243	2,866,280	2,979,826	3,184,627
Franchise tax	690,328	655,994	748,346	775,089	786,218	774,406	763,357	825,019	788,684	672,277
Licenses and permits	1,265,372	1,248,790	1,451,406	1,311,592	1,433,599	1,501,344	1,320,913	1,658,114	1,315,026	1,450,972
Other revenues	139,638	260,018	210,698	288,327	258,747	544,009	251,211	459,132	398,369	212,726
Fines and forfeitures	141,773	105,856	90,881	82,585	86,020	103,222	78,493	61,740	60,838	62,823
Charges for service	171,598	172,124	103,931	131,996	131,582	104,760	251,371	272,055	221,433	190,841
Intergovernmental revenue	177,735	184,718	175,782	192,061	216,097	247,058	243,152	250,160	183,456	187,038
Interest and penalties	43,704	44,530	38,408	31,401	32,197	57,007	88,099	197,327	368,914	99,499
Assessments	16,812	10,099	1,992	1,420	-	-	-	-	-	-
State and federal grants	788,685	480,663	339,298	117,652	654,680	525,649	722,116	142,007	479,137	306,258
Capital contributions	-	1,500,000	-	141,000	25,000	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	3,890,000	-	-	-	-
<b>Total revenues</b>	<b>14,653,253</b>	<b>16,308,033</b>	<b>16,014,054</b>	<b>16,489,108</b>	<b>17,013,847</b>	<b>21,396,394</b>	<b>18,544,122</b>	<b>19,161,541</b>	<b>19,658,588</b>	<b>20,031,167</b>
<b>Expenditures</b>										
<b>Current</b>										
General government	3,332,248	2,864,072	3,029,758	3,154,400	3,687,722	3,539,055	3,055,652	3,303,834	3,330,355	3,492,483
Public safety - Police	3,811,893	3,691,879	3,663,528	3,833,969	3,708,863	4,129,928	3,979,187	4,221,709	4,147,875	4,085,820
Public safety - Fire	1,642,082	1,675,284	1,653,723	1,791,226	1,810,928	1,916,090	1,993,993	1,988,244	2,062,857	2,113,584
Public works	1,511,567	1,756,179	1,713,165	1,872,988	1,819,738	1,849,987	2,034,887	2,006,127	2,104,898	2,170,629
Culture and recreation	686,338	583,569	536,379	329,695	361,491	301,743	860,503	751,614	698,334	605,145
Sewer department	-	-	-	-	-	17,245	18,785	44,327	-	-
Water department	-	-	-	-	-	1,463	-	18,100	-	-
Garbage department	-	-	-	-	-	178,958	-	-	-	-
Capital outlay	2,093,742	3,129,789	2,206,866	3,829,821	2,486,317	4,323,372	2,967,045	3,911,767	5,015,166	3,703,972
Capital outlay - utility	1,523,217	-	-	-	-	-	-	-	-	-
Capital lease										
Principal	-	-	-	-	-	-	-	-	177,608	208,155
Interest	-	-	-	-	-	-	-	-	30,547	-
<b>Debt service</b>										
Principal	500,000	525,000	551,000	575,000	600,000	693,673	693,000	722,000	746,000	774,000
Interest	397,210	282,220	266,781	249,103	231,739	139,109	116,777	94,974	81,180	66,820
Refunding bond issuance costs	69,755	-	-	-	-	-	-	-	-	-
Payments on claims and judgements	230,000	137,410	137,410	137,410	30,000	30,000	30,000	30,000	-	-
Payment to escrow account	-	-	-	-	-	3,825,382	-	-	-	-
<b>Total expenditures</b>	<b>15,798,052</b>	<b>14,645,402</b>	<b>13,758,610</b>	<b>15,773,612</b>	<b>14,736,798</b>	<b>20,946,005</b>	<b>15,749,829</b>	<b>17,092,696</b>	<b>18,394,820</b>	<b>17,220,608</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (1,144,799)</b>	<b>\$ 1,662,631</b>	<b>\$ 2,255,444</b>	<b>\$ 715,496</b>	<b>\$ 2,277,049</b>	<b>\$ 450,389</b>	<b>\$ 2,794,293</b>	<b>\$ 2,068,845</b>	<b>\$ 1,263,768</b>	<b>\$ 2,810,559</b>

**City of Covington, Louisiana**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

**Table 5**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Other Financing Sources (Uses)</b>										
Transfers in	\$ 8,689,874	\$ 9,068,749	\$ 6,945,422	\$ 7,022,566	\$ 7,101,607	\$ 7,269,605	\$ 12,060,133	\$ 11,552,430	\$ 1,956,664	\$ 1,735,063
Transfers out	(8,689,874)	(9,702,573)	(7,533,904)	(8,212,019)	(8,377,091)	(8,475,084)	(13,729,153)	(13,903,266)	(3,470,514)	(3,853,573)
Proceeds from the sale of capital assets	-	24,207	27,742	88,430	31,529	14,883	24,620	52,368	18,156	-
Proceeds on debt issuance	3,552,000	-	-	-	-	-	-	-	-	-
Debt service - principal	(2,775,000)	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	(761,807)	-	-	-	-	-	-	-	-	-
Lawsuit Settlement	-	-	-	-	1,469,800	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	-	-	-	-	947,194	-
<b>Total other financing sources (uses)</b>	<b>15,193</b>	<b>(609,617)</b>	<b>(560,740)</b>	<b>(1,101,023)</b>	<b>225,845</b>	<b>(1,190,596)</b>	<b>(1,644,400)</b>	<b>(2,298,468)</b>	<b>(548,500)</b>	<b>(2,118,510)</b>
<b>Net change in fund balances</b>	<b>\$ (1,129,606)</b>	<b>\$ 1,053,014</b>	<b>\$ 1,694,704</b>	<b>\$ (385,527)</b>	<b>\$ 2,502,894</b>	<b>\$ (740,207)</b>	<b>\$ 1,149,893</b>	<b>\$ (229,623)</b>	<b>\$ 715,268</b>	<b>\$ 692,049</b>
Debt service as a percentage of noncapital expenditures*	7.37%	7.01%	7.08%	6.90%	6.79%	5.01%	6.33%	6.20%	6.18%	6.22%

\* Ratio excludes capital outlay expenditures.



**City of Covington, Louisiana**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(Unaudited)**

**Table 6**

Fiscal Year	Real Property Assessed Value	Other Property Assessed Value	Total Taxable Assessed Value	Total Direct Tax Rate
2011	\$ 88,352,206	\$ 19,206,944	\$ 107,559,150	22.04
2012	93,846,399	20,591,617	114,438,016	22.00
2013	95,946,008	22,123,667	118,069,675	21.80
2014	100,278,064	23,606,777	123,884,841	21.80
2015	103,511,814	23,143,457	126,655,271	21.50
2016	110,701,663	23,954,850	134,656,513	21.24
2017	114,948,380	23,491,262	138,439,642	21.24
2018	118,824,868	22,972,415	141,797,283	21.00
2019	121,388,186	25,103,346	146,491,532	21.00
2020	140,264,673	23,809,294	164,073,967	20.01

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 & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Parish		School District			Special Districts	
				Operating Millage	Total Parish Millage	Operating Millage	Debt Service Millage	Total School Millage		
2011	17.54	4.50	22.04	34.00	34.00	47.55	20.90	68.45	1.51	126.00
2012	17.50	4.50	22.00	34.87	34.87	47.28	20.90	68.18	1.50	126.55
2013	17.50	4.30	21.80	34.87	34.87	47.28	20.90	68.18	1.50	126.35
2014	17.50	4.30	21.80	35.91	35.91	47.28	20.90	68.18	1.50	127.39
2015	17.50	4.00	21.50	37.47	37.47	47.28	20.90	68.18	1.50	128.65
2016	17.24	4.00	21.24	36.26	36.26	45.62	20.79	66.41	1.44	125.35
2017	17.24	4.00	21.24	36.67	36.67	45.62	19.79	65.41	1.44	124.76
2018	17.50	3.50	21.00	36.69	36.69	45.62	18.79	64.41	0.00	122.10
2019	17.50	3.50	21.00	37.72	37.72	45.62	16.79	62.41	0.00	121.13
2020	16.51	3.50	20.01	35.13	35.13	45.35	16.65	62.00	0.00	117.14

Source: Information obtained from St. Tammany Parish Council.

**City of Covington, Louisiana**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**  
**(Unaudited)**

**Table 8**

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Central LA Electric Co	\$ 3,261,880	1	21.41%	\$ 2,803,600.00	2	24.19%
Reagan Crossing LLC	2,775,000	2	18.21%			
Bell South Communications	1,744,528	3	11.45%			
Atmos Energy Corporation	1,366,745	4	8.97%	655,555	6	5.66%
Hancock Whitney Bank #1116	1,151,290	5	7.56%	867,310	3	7.48%
Congrey Southern Hotel, LLC	1,092,397	6	7.17%			
Testiga Properties, LLC	1,082,471	7	7.10%	580,597	9	5.01%
Capital One N.A.	1,019,490	8	6.69%	829,430	5	7.16%
United Rentals	993,850	9	6.52%			
RobCo LLC	747,719	10	4.91%			
AT&T Southeast Tax Dept.				3,223,204	1	27.82%
Delta Supply Chain Operations				853,660	4	7.37%
Resource Bank				626,640	7	5.41%
Forest Manor Corp				593,170	8	5.12%
Rouses Land Co				554,605	10	4.79%
<b>Total</b>	<b>\$ 15,235,370</b>		<b>100.00%</b>	<b>\$ 11,587,771</b>		<b>100.00%</b>

Source: Information obtained from 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 for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections for Previous Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy (1)
2011	\$ 2,397,632	\$ 2,313,421	96%	\$ 7,250	\$ 2,320,671	97%
2012	2,508,839	2,428,858	97%	4,716	2,433,574	97%
2013	2,573,920	2,488,725	97%	7,977	2,496,702	97%
2014	2,700,691	2,612,608	97%	7,062	2,619,670	97%
2015	2,720,372	2,631,109	97%	7,651	2,638,760	97%
2016	2,860,103	2,766,649	97%	7,651	2,774,300	97%
2017	2,940,457	2,850,044	97%	2,199	2,852,243	97%
2018	2,977,749	2,863,883	96%	2,397	2,866,280	96%
2019	3,075,275	2,978,602	97%	1,224	2,979,826	97%
<b>2020</b>	<b>3,277,430</b>	<b>3,181,380</b>	<b>97%</b>	<b>3,247</b>	<b>3,184,627</b>	<b>97%</b>

(1) Total collections include redemptions.

**City of Covington, Louisiana**  
**Principal Sales Tax Payers**  
**Current Year and Nine Years Ago**  
**(Unaudited)**

**Table 10**

Taxpayer	2020			2011		
	Sales Tax Collections	Rank	Percentage of Total Sales Tax Collections	Sales Tax Collections	Rank	Percentage of Total Sales Tax Collections
Motor Vehicles	\$ 574,243		4.25%	\$ 345,201		3.88%
Grocery/Discount Retailer	\$ 602,617		4.46%	\$ 413,708		4.65%
Grocery/Discount Retailer	\$ 518,845		3.84%	\$ 321,179		3.61%
Grocery/Discount Retailer	\$ 468,852		3.47%	\$ 311,393		3.50%
Grocery/Discount Retailer	\$ 422,913		3.13%	\$ 191,284		2.15%
Grocery/Discount Retailer	\$ 347,248		2.57%	*		*
Retail Pharmacies and Drug Stores	*		*	\$ 225,982		2.54%
Retail Pharmacies and Drug Stores	\$ 335,088		2.48%	\$ 147,689		1.66%
Healthcare	\$ 348,599		2.58%	*		*
Retail/Electronic	*		*	\$ 112,991		1.27%
Grocery/Discount Retailer	\$ 224,293		1.66%	\$ 106,763		1.20%
Retail Pharmacies and Drug Stores	\$ 190,514		1.41%	\$ 145,910		1.64%
Total	<u>\$ 4,033,212</u>		<u>29.85%</u>	<u>\$ 2,322,100</u>		<u>26.10%</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	Governmental Activities				Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Sales Tax Revenue Bonds	Community Disaster Loan	Total Primary Government		
2011	\$ 6,111,898	\$ 2,716,510	\$ 1,800,900	\$ 10,629,308	0.10%	44.89
2012	5,817,925	2,492,458	1,800,900	10,111,283	0.09%	42.40
2013	5,521,000	2,278,106	-	7,799,106	*	32.57
2014	5,196,000	2,050,000	-	7,246,000	*	29.90
2015	4,856,000	1,790,000	-	6,646,000	*	27.04
2016	4,637,000	1,520,000	-	6,157,000	*	24.30
2017	4,229,000	1,235,000	-	5,464,000	*	21.47
2018	3,797,000	945,000	-	4,742,000	*	18.28
2019	3,356,000	640,000	-	3,996,000	*	15.34
<b>2020</b>	<b>2,897,000</b>	<b>325,000</b>	-	<b>3,222,000</b>	<b>*</b>	<b>16.85</b>

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

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

\*Information not available.

**City of Covington, Louisiana**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**(Unaudited)**

**Table 12**

Fiscal Year	General Obligation Bonds (2)	Less: Amounts Available in Debt Service Fund (3)	Total	Percentage of Estimated Actual Taxable (1) Value of Property	Per Capita
2011	\$ 6,111,898	\$ 758,401	\$ 5,353,497	4.98%	\$ 613.02
2012	5,817,925	698,510	5,119,415	4.47%	619.33
2013	5,521,000	664,689	4,856,311	4.11%	554.06
2014	5,196,000	646,607	4,549,393	3.67%	511.40
2015	4,856,000	632,874	4,223,126	3.33%	443.93
2016	4,637,000	637,097	3,999,903	2.97%	404.15
2017	4,229,000	677,950	3,551,050	2.57%	351.94
2018	3,797,000	715,560	3,081,440	2.17%	292.25
2019	3,356,000	707,122	2,648,878	1.81%	253.14
<b>2020</b>	<b>2,897,000</b>	<b>714,677</b>	<b>2,182,323</b>	<b>1.33%</b>	<b>188.72</b>

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property, Table 6, for property value data.

(2) Amount does not include special assessment, sales tax or revenue bonds.

(3) Amount available for repayment of general obligation bonds.

\*Information not available.

**City of Covington, Louisiana**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2018 and June 30, 2019**  
**(Unaudited)**

**Table 13**

Governmental Unit	Debt Outstanding (2)	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
St. Tammany Parish	\$ 6,215,000	5%	\$ 310,750
St. Tammany Parish School Board	274,505,159	5%	13,725,258
Subtotal, overlapping debt			14,036,008
City of Covington direct debt		100%	3,222,000
Total direct and overlapping debt			<u>\$ 17,258,008</u>

Source: St. Tammany Parish School Board officials and 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, is 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 assessed value.

(2) Amounts available as of December 31, 2019 for St. Tammany Parish and June 30, 2020 for St. Tammany Parish School Board.

**City of Covington, Louisiana**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(Unaudited)**

**Table 14**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 37,645,703	\$ 40,053,306	\$ 41,324,386	\$ 43,359,694	\$ 44,329,345	\$ 47,129,780	\$ 48,453,875	\$ 49,629,049	\$ 51,272,036	\$ 57,425,888
Total net debt applicable to limit	(5,353,497)	(5,119,415)	(4,856,311)	(4,549,393)	(4,223,126)	(3,999,903)	(3,551,050)	(3,081,440)	(2,648,878)	(2,182,323)
Legal debt margin	\$ 32,292,206	\$ 34,933,891	\$ 36,468,075	\$ 38,810,301	\$ 40,106,219	\$ 43,129,877	\$ 44,902,825	\$ 46,547,609	\$ 48,623,158	\$ 55,243,565
Total net debt applicable to the limit as a percentage of debt limit	14.22%	12.78%	11.75%	10.49%	9.53%	8.49%	7.33%	6.21%	5.17%	3.80%

Legal Debt Margin Calculation	
Assessed value	\$ 146,491,532
Debt Limit (1) = 35% of \$146,491,532	\$ 51,272,036
Debt applicable to the limit:	
General obligation bonds	\$ 2,897,000
Less: Amount set aside for repayment of general obligation debt	(714,677)
Total net debt applicable to limit	2,182,323
Legal debt margin	\$ 49,089,713

(1) State law allows a maximum of 35% of assessed valuation for total bonded general obligation debt.



**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			
2011	\$ 8,896,937	\$ 210,000	\$ 138,423	\$ 348,423	25.53	
2012	10,277,805	230,000	57,836	287,836	35.71	
2013	10,356,610	245,000	53,191	298,191	34.73	
2014	10,796,315	250,000	48,070	298,070	36.22	
2015	10,750,947	260,000	42,845	302,845	35.50	
2016	10,874,639	270,000	37,412	307,412	35.37	
2017	11,973,167	285,000	31,768	316,768	37.80	
2018	12,429,707	290,000	25,812	315,812	39.36	
2019	12,862,905	305,000	19,751	324,751	39.61	
2020	13,664,106	315,000	13,376	328,376	41.61	

Note: Details regarding the City's outstanding debt can be found in the notes to the 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)
2011	8,733	236,785	\$ 394,206,154	\$ 45,140	5.8%	37,112	37
2012	8,266	238,478	389,878,608	47,167	5.2%	37,508	*
2013	8,765	239,453	436,911,785	49,847	5.2%	37,857	*
2014	8,896	242,333	489,120,092	54,982	5.1%	38,044	*
2015	9,513	245,829	539,053,515	56,665	5.7%	38,193	*
2016	9,897	253,364	516,207,511	52,158	5.1%	38,439	*
2017	10,090	254,508	*	*	4.3%	38,681	*
2018	10,544	259,414	*	*	4.9%	38,549	*
2019	10,464	260,419	608716	58178	2.6%	38,542	*
<b>2020</b>	<b>11,564</b>	<b>191,268</b>	<b>*</b>	<b>*</b>	<b>5.7%</b>	<b>37,213</b>	<b>*</b>

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	2020			2011		
		Employees	Rank	% of Total St. Tammany Parish Employment	Employees	Rank	% of Total St. Tammany Parish Employment
St. Tammany Parish Public Schools	Parish Wide	5,546	1	4.85%	5,687	1	5.58%
St. Tammany Parish Hospital	Covington	2,338	2	2.04%	1,679	2	1.65%
Slidell Memorial Hospital	Slidell	1,523	3	1.33%	1,100	4	1.08%
Ochsner Medical Center Northshore	Parish Wide	970	7	0.85%	622	10	0.61%
Lakeview Regional Medical Center	Mandeville	900	4	0.79%	788	6	0.77%
St Tammany Parish Sheriff's Office	Parish Wide	734	5	0.64%	755	7	0.74%
St Tammany Parish Government	Parish Wide	689	6	0.60%	691	8	0.68%
Pool Corp	Parish Wide	400	8	0.35%			
City of Slidell	Slidell	377	9	0.33%			
STARC of Louisiana, Inc.	Slidell	352	10	0.31%			
Wal-Mart	Parish Wide				1,125	3	1.10%
Hornbeck Offshore Services, Inc	Covington				1,025	5	1.01%
Southeast Louisiana Hospital	Covington				667	9	0.65%
Total		<u>13,829</u>		<u>12.09%</u>	<u>14,139</u>		<u>13.87%</u>

Source: 2019-2020 North Shore Book of Lists; 2019 Bureau of Labor Statistics; St. Tammany Parish Sheriff's Office; St. Tammany Parish Government and St. Tammany Parish School Board

Note: Information is only available for St. Tammany Parish, in which the City of Covington is located.

**City of Covington, Louisiana**  
**Full - Time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**  
**(Unaudited)**

**Table 18**

Function	December 31,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Council	8	8	8	8	8	8	8	8	8	<b>8</b>
Administrative (1)	11	9	9	10	11	11	12	13	16	<b>20</b>
Facilities	*	*	*	*	*	*	4	5	1	<b>3</b>
Permits	2	2	2	2	2	2	2	2	1	<b>2</b>
Planning	2	2	2	2	2	2	2	2	1	<b>1</b>
Economic Development	8	7	7	8	9	7	0	0	0	<b>0</b>
Engineer	*	1	1	2	2	2	2	2	1	<b>2</b>
Code Enforcement	*	1	1	1	1	1	1	1	1	<b>2</b>
Public Safety - Police										
Police Employees	53	49	49	45	44	46	46	46	41	<b>44</b>
Public Safety - Fire										
Firefighters	16	16	16	16	16	16	16	16	28	<b>21</b>
Dispatchers	4	4	4	4	5	5	5	5	0	<b>3</b>
Public Works										
Public Operations (2)	17	20	22	22	22	24	24	24	24	<b>24</b>
Public Utility (3)	26	27	26	26	26	26	26	26	22	<b>16</b>
Recreation and Culture	7	4	4	2	1	1	4	4	4	<b>5</b>
Total	154	150	151	148	149	151	152	154	148	<b>151</b>

Source: Adopted 2011 - 2020 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, General Maintenance.

(3) Includes Public Utility Administration, Wastewater Treatment Plant, Wastewater 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety - Police										
Total arrests	612	682	552	537	577	647	492	557	462	<b>346</b>
Parking tickets	803	103	218	194	108	83	91	102	77	<b>39</b>
Traffic violations (1)	58	797	1,199	851	860	569	409	383	603	<b>756</b>
Public Safety - Fire										
Number of calls	1,534	1,444	1,355	1,528	1,703	1,639	1,758	1,746	1,909	<b>1,956</b>
Average Response times	3:18	3:36	3:31	3:27	3:05	3:21	3:32	3:48	3:48	<b>3:57</b>
Public Works										
Potholes repaired	409	300	107	134	83	88	68	71	68	<b>49</b>
Trees cut	141	125	63	77	75	75	69	76	63	<b>78</b>
Public Utility										
Water & Sewer										
Number of billed accounts	4,572	4,648	4,719	4,940	5,076	5,175	5,278	5,329	5,347	<b>5,407</b>
New meter connections	97	111	143	152	134	114	112	32	44	<b>53</b>
Building Permits										
New residential	80	122	156	111	142	128	76	42	42	<b>39</b>
Residential additions	13	7	11	6	11	31	31	23	12	<b>18</b>
Residential renovations	21	21	17	14	32	160	47	41	25	<b>32</b>
New commercial	11	7	13	6	12	26	11	13	11	<b>92</b>
Commercial additions	2	1	-	4	2	4	2	5	2	<b>7</b>
Commercial renovations	10	18	18	23	26	32	22	32	25	<b>20</b>
Recreation and Culture										
Number of teams in softball league	7	5	4	2	2	-	-	-	-	-
Number of teams in baseball league	14	13	13	14	12	9	12	8	5	<b>6</b>
Number of teams in basketball league	29	14	20	14	16	15	12	8	5	<b>4</b>
Number of teams in football league	7	5	4	4	4	4	3	3	3	-

Source: Various City of Covington departments.

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

**City of Covington, Louisiana**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**  
**(Unaudited)**

**Table 20**

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Vehicles	6	6	6	7	8	10	12	12	14	<b>15</b>
Office Furniture & Equipment	28	30	30	36	47	43	45	37	60	<b>62</b>
Tools & Equipment	9	14	18	18	16	18	19	20	23	<b>25</b>
Improvements	*	*	*	*	*	*	*	*	*	<b>2</b>
Cemetery	1	1	1	1	2	2	2	2	2	<b>2</b>
Public Safety - Police										
Vehicles	56	51	48	45	48	47	49	41	51	<b>56</b>
Office Furniture & Equipment	24	25	28	30	27	26	26	26	39	<b>40</b>
Tools & Equipment	33	35	36	47	48	49	48	51	88	<b>88</b>
Stations	1	1	1	1	1	1	1	1	1	<b>1</b>
Public Safety - Fire										
Vehicles	12	12	12	12	12	14	15	14	11	<b>14</b>
Office Furniture & Equipment	1	1	1	1	2	2	2	2	5	<b>5</b>
Tools & Equipment	25	30	33	33	35	38	38	34	78	<b>86</b>
Improvements	*	*	*	*	*	*	*	*	*	<b>6</b>
Fire houses	2	2	2	2	2	2	2	2	2	<b>2</b>
Public Works										
Vehicles	30	30	32	36	33	36	38	39	34	<b>35</b>
Office Furniture & Equipment	2	2	2	2	2	2	3	2	2	<b>2</b>
Improvements	*	*	*	*	*	*	*	*	*	<b>2</b>
Infrastructure	*	*	*	*	*	*	*	*	*	<b>22</b>
Tools & Equipment	51	52	53	55	62	66	73	68	71	<b>73</b>
Public Utility										
Water										
Vehicles	7	13	16	15	14	13	14	13	13	<b>13</b>
Machinery, Equipment & Improvements	81	96	112	124	133	140	150	153	154	<b>154</b>
Water tower	1	1	1	1	1	1	1	1	1	<b>1</b>
Infrastructure	*	*	*	*	*	*	*	*	*	<b>4</b>
Pumping stations	10	10	10	10	10	10	10	10	10	<b>10</b>
Sewer										
Vehicles	9	7	17	17	16	16	16	12	14	<b>14</b>
Building	*	*	*	*	*	*	*	*	*	<b>2</b>
Machinery, Equipment & Improvements	131	152	163	163	187	200	213	228	239	<b>250</b>
Recreation and Cultural Arts										
Vehicles	4	4	4	2	3	-	-	-	2	<b>2</b>
Office Furniture & Equipment	2	-	-	-	-	-	-	-	-	<b>-</b>
Tools & Equipment	25	21	21	19	21	16	19	25	28	<b>28</b>
Improvements	*	*	*	*	*	*	*	*	*	<b>1</b>
Number of parks	10	10	10	10	10	10	10	10	10	<b>10</b>

Source: Various city departments.



# **REPORTS REQUIRED BY GOV'T AUDITING STANDARDS**



**INDEPENDENT AUDITORS' 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**

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

We have audited, in accordance with the 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, 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2021.

**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) to determine the 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 City'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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 City'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.

*Carr, Riggs & Ingram, L.L.C.*

Metairie, Louisiana  
December 31, 2021

**City of Covington, Louisiana**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2020**

**Section I: SUMMARY OF AUDIT RESULTS**

*Financial Statements*

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

**Section II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

There were no findings related to the financial statements for the year ended December 31, 2020.

**Section III: FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS**

Not Applicable.

**Section IV: OTHER MATTERS**

Although, there were no findings related to compliance and other matters for the year ended December 31, 2020, CRI will issue a management letter.

**City of Covington, Louisiana**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 2020**

**SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

**2019-01 – Material Weakness – Financial Close and Reporting Process**

**Finding:** The City had a high turnover of management personnel at the end of the fiscal year, including the Director of Finance and Chief Administrative Officer. Internal controls have not been designed and implemented to ensure proper classification, recording, and review of all financial statement activity.

**Management response:** The City will design and implement internal controls necessary to ensure proper classification, recording, and review of all financial statement activity.

**Status:** Resolved.

**SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS**

Not Applicable.

**SECTION IV – OTHER MATTERS**

A management letter was issued for the year ended December 31, 2019. The issue was not resolved during the year ended December 31, 2020.

December 31, 2021

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

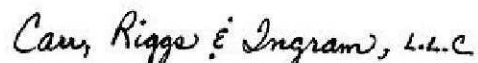
In planning and performing our audit of the financial statements of the City of Covington (the City) as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we considered the City's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated December 31, 2021, on the financial statements of the City of Covington.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the City Council, and others within the City, and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely,



Metairie, Louisiana



**CURRENT YEAR COMMENTS**

**2020-01 – Investment Allocation Policy (originated in 2019)**

**Criteria:** During July 2019, a policy was established by the Board of Trustees of the OPEB Trust that allocated the OPEB Trust investments to a ratio of 55% equity investments and 45% bond investments.

**Condition:** At year-end, the allocations of the OPEB trust investments were 18% money market and 82% bond investments.

**Effect:** The assets were not timely allocated after the policy was established.

**Cause:** The allocation policy was not followed by the investment company.

**Auditors' recommendation:** We recommend that the City review the allocations on a monthly basis to ensure compliance with the policy.

**Management response:** See corrective action plan on page 3.

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MARK R. JOHNSON  
*Mayor*

## CITY OF COVINGTON

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 W. VERRET | *Councilman, District E*

Corrective Action Plan  
December 31, 2021

City of Covington respectfully submits the following corrective action plan for the year ended December 31, 2020.

Name and address of independent public accounting firm:  
Carr, Riggs & Ingram, LLC  
111 Veterans Blvd  
Suite 350  
Metairie, LA 70005

Audit Period:  
Fiscal Year January 1, 2020 through December 31, 2020

The findings from the December 31, 2021 Management Letter are discussed below. The findings are numbered consistently with the number assigned in the Management Letter.

### 2020-01 – Investment Allocation Policy

**Auditors' recommendation:** We recommend that the City review the allocations on a monthly basis to ensure compliance with the policy.

**Management response:** The City will review the allocations on a monthly basis to ensure compliance with the policy

**Responsible Party:** Nina Sweeney, Director of Finance

**Estimated Completion Date:** June 30, 2022

Sincerely,

Erin Bivona  
Chief Administrative Office