CITY OF COVINGTON,
LOUISIANA

Annual Comprehensive Financial Report

December 31, 2025

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INTRODUCTORY SECTION

MARK R. JOHNSON
Mayor

CITY OF COVINGTON
MARK W. VERRET- *Councilman-at-Large*
JOHN BOTSFORD - *Councilman-at-Large*
PETER LEWIS SR. - *Councilman, District A*
BLAKE BUSHNELL-*Councilman, District B*
JOEY ROBERTS - *Councilman, District C*
JIMMY INMAN - *Councilman, District D*
TODD BURRALL - *Councilman, District E*

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

State law requires that all general-purpose local governments publish, within six (6) months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the City of Covington, Louisiana (the City) for the year ended December 31, 2025.

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.

Mauldin & Jenkins, 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, 2025. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

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

317 North Jefferson Avenue | Post Office Box 778 | Covington, Louisiana 70434
phone 985.892.1811 | fax 985.898.4723 | www.covla.com

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

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

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

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

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

Factors Affecting Financial Condition

Local Economy

Although Covington has a residential population of approximately 11,718 people, the population swells to approximately 20,000 during the day due to the Courthouse and St. Tammany Parish Hospital. In 2025 and 2024 the City experienced sales tax growth rate of 4.9% and 1.4%, respectively. In 2026 the City anticipates sales tax to remain close to 2025’s activity

Long-Term Financial Planning

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

Major Initiatives

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

- Roundabout Construction
- Columbia Bridge Replacement
- Wastewater Collection System Repair Program
- Subdivision Ponds Maintenance Program
- Roadway Overlay and Improvement Program
- Sidewalk Construction and Repair Program

Among the Capital Infrastructure Projects funded, which are in varying stages of design, engineering, permitting, and/or construction, are the following which are scheduled for completion in 2026:

- Sewer Manhole Coatings
- Taylor & Ozone Repaving
- 2025 Sidewalk Rehabilitation
- 2025 Striping
- Waterline Replacement from Rosemary & Coleen to W 15th

Respectfully submitted,

Erin Stair
Chief Administrative Officer

Nina Sweeney

Nina Sweeney
Director of Finance

MAYOR

Mark Johnson - Mayor

COUNCIL MEMBERS

Peter Lewis Sr. - Councilman District A

Blake Bushnell - Councilman District B

Joey Roberts - Councilman District C

James Inman - Councilman District D

Todd Burrall - Councilman District E

Mark Verret - Councilman at Large

John Botsford - Councilman at Large

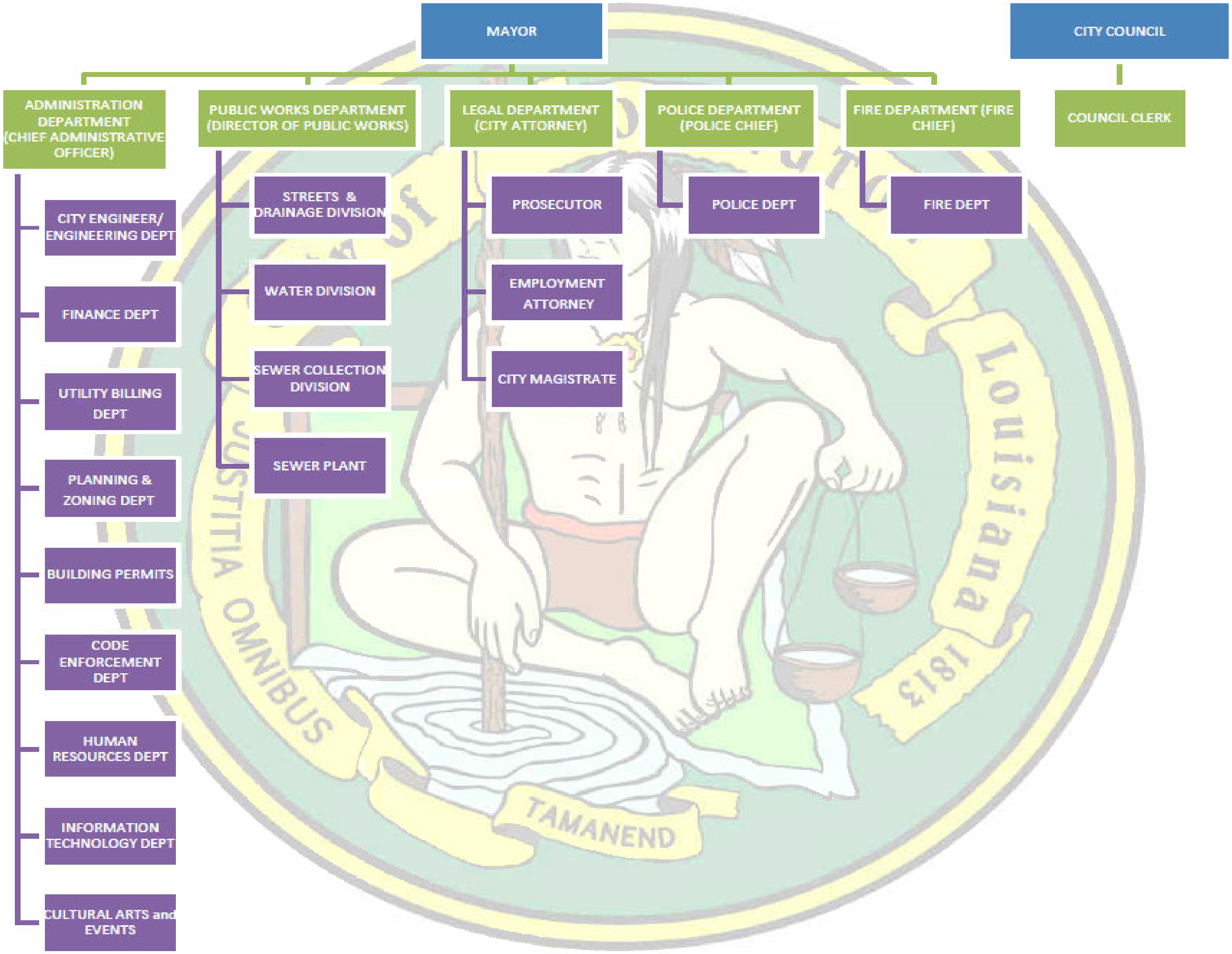
CHIEF OF POLICE

Michael Ferrell - Chief of Police

FIRE CHIEF

Steven Michell - Fire Chief

CITY OF COVINGTON, LOUISIANA
Organization Chart
December 31, 2025



FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Covington, Louisiana (the City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2025, 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 (U.S. GAAP).

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Covington, LA
June 21, 2026

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

Our discussion and analysis of the City of Covington's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2025. Please review in conjunction with the Letter of Transmittal on Page i and the City's Basic Financial Statements, which begin on page 17.

Reviewing the Annual Report

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

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

The Statement of Net Position and the Statement of Activities

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

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

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

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

Fund Financial Statements

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

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

- Proprietary Funds - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information such as cash flows for the proprietary funds.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning budgetary basis reporting for the General Fund, A3 Sales Tax Fund, and State and Federal Grants Fund, as well as other information detailed in the table of contents surrounding OPEB and pension liabilities. Required supplementary information can be found on pages 83 to 92 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 94 and 95 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 $56,005,366 and the net position of business-type activities was $37,002,786.

- The current year's expense total was $23,826,497 as compared to the $35,026,278 generated in fees and charges, grants, general revenues, and taxes for governmental programs (before transfers). In the previous year, expenditures were $23,164,002 as compared to the $27,461,121 generated in tax and other revenues for governmental programs (before transfers).
- For business-type activities, city revenues (before transfers) were $6,947,746. Expenses were $7,535,962.
- The annual cost of all city programs was $31,362,459. The previous year's cost was $30,065,931.

Government-Wide Financial Analysis

The City's combined net position from the previous year was $82,396,587, compared to $93,008,152 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 $56,005.366 this year as compared to $47,840,795 last year. Unrestricted net position for governmental activities was $16,203,203 this year as compared to $13,086,184 last year. Unrestricted net position are those funds that can be used to finance everyday operations without restrictions set by legislation, debt covenants, or other legal regulations.

The net position of the City's business-type activities was $37,002,786 this year as compared to the balance of $34,555,792 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 for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Table 1
Net Position (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	**2025**	2024	**2025**	2024
Assets						
Current and Other Assets	**$ 40,314**	$ 38,073	**$ 8,745**	$ 8,260	**$ 49,059**	$ 46,333
Capital Assets, Net	**44,824**	40,247	**31,966**	30,415	**76,790**	70,662
Total Assets	**85,138**	78,320	**40,711**	38,675	**125,849**	116,995
Deferred Outflows of Resources						
Deferred Loss on Refunding	**68**	68	**-**	-	**68**	68
Deferred Outflows - Pension	**2,854**	3,748	**292**	296	**3,146**	4,044
Deferred Outflows - Other Postemployment Benefits	**1,995**	2,620	**349**	458	**2,344**	3,078
Total Deferred Outflows of Resources	**4,917**	6,436	**641**	754	**5,558**	7,190
Liabilities						
Current Liabilities	**4,345**	2,761	**1,007**	1,348	**5,352**	4,109
Long-Term Liabilities	**22,625**	27,315	**2,435**	2,771	**25,060**	30,086
Total Liabilities	**26,970**	30,076	**3,442**	4,119	**30,412**	34,195
Deferred Inflows of Resources						
Unavailable Revenues	**864**	2,419	**-**	-	**864**	2,419
Deferred Inflows - Pension	**1,718**	472	**120**	62	**1,838**	534
Deferred Inflows - Other Postemployment Benefits	**4,498**	3,949	**787**	691	**5,285**	4,640
Total Deferred Inflows of Resources	**7,080**	6,840	**907**	753	**7,987**	7,593
Net Position						
Net Investment in Capital Assets	**38,001**	32,784	**31,966**	30,415	**69,967**	63,199
Restricted	**1,801**	1,970	**-**	-	**1,801**	1,970
Unrestricted	**16,203**	13,086	**5,037**	4,142	**21,240**	17,228
Total Net Position	**$ 56,005**	$ 47,840	**$ 37,003**	$ 34,557	**$ 93,008**	$ 82,397

Table 2
Changes in Net Position (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	**2025**	2024	**2025**	2024
Revenues						
Program Revenues						
Charges for Services	**$ 3,130**	$ 3,014	**$ 6,677**	$ 6,267	**$ 9,807**	$ 9,281
Restricted Operating Grants	**1,282**	262	**-**	-	**1,282**	262
Restricted Capital Grants	**5,228**	215	**-**	-	**5,228**	215
General Revenues						
Property Taxes	**3,799**	3,738	**-**	-	**3,799**	3,738
Sales Taxes	**18,097**	17,257	**-**	-	**18,097**	17,257
Other Taxes	**930**	810	**-**	-	**930**	810
Interest and Investment Income	**1,133**	1,360	**218**	231	**1,351**	1,591
Other General Revenues	**1,427**	806	**52**	46	**1,479**	852
Total Revenues	**35,026**	27,462	**6,947**	6,544	**41,973**	34,006
Program Expenditures						
General Government	**6,240**	6,478	**-**	-	**6,240**	6,478
Public Safety	**10,887**	10,326	**-**	-	**10,887**	10,326
Public Works	**5,167**	4,896	**-**	-	**5,167**	4,896
Culture and Recreation	**1,288**	1,155	**-**	-	**1,288**	1,155
Interest on Long-Term Debt	**244**	311	**-**	-	**244**	311
Water and Sewer	**-**	-	**6,422**	5,793	**6,422**	5,793
Other Utilities	**-**	-	**1,114**	1,108	**1,114**	1,108
Total Expenditures	**23,826**	23,166	**7,536**	6,901	**31,362**	30,067
Excess (Deficit) before Transfers	**11,200**	4,296	**(589)**	(357)	**10,611**	3,939
Transfers	**(3,035)**	(1,746)	**3,035**	1,746	**-**	-
Change in Net Position	**8,165**	2,550	**2,446**	1,389	**10,611**	3,939
Net Position, Beginning of Year	**47,840**	45,433	**34,557**	33,168	**82,397**	78,601
Prior Period Adjustment	**-**	(143)	**-**	-	**-**	(143)
Net Position, Beginning of Year (Restated)	**47,840**	45,290	**34,557**	33,168	**82,397**	78,458
Net Position, End of Year	**$ 56,005**	$ 47,840	**$ 37,003**	$ 34,557	**$ 93,008**	$ 82,397

Governmental Activities

This year's governmental activities revenues were $35,026,278 as compared to $27,461,121 last year. Total revenues increased by $7,565,157, or 27.5%. This increase is driven by increases in grant reimbursements, sales tax and other one-time transactions. This year's governmental activities expenditures were $23,826,497 as compared to $23,164,002 in the previous year. Total expenditures increased by $662,495, or 2.9%. This is primarily due to increases in payroll and related benefits.

Business-Type Activities

This year's business-type activities charges for services revenues were $6,947,746 as compared to $6,544,038 last year. Charges for services increased by $403,708, or 6.2%. This increase is primarily due to growth of the community.

This year's business-type activities charges for services expenses were $7,535,962 as compared to $6,901,929 in the previous year. Total expenses increased by $634,033, or 9.2%.

Financial Analysis of the Government's Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $33,831,340, a decrease of $563,147 in comparison with the prior year.

Approximately 21.5% of the ending fund balance, or $7,265,217, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is as follows: approximately 21.1% is assigned, 52.1% is committed, 4.4% is restricted, and 0.9% is non-spendable.

The fund balance of the General Fund increased by $2,100,316 in the current year and decreased by $1,136,314 in the prior year. The increase is driven by the utility fund requiring no subsidy, as the fund’s capital expenditures were lower than prior year.

Total revenue in the General Fund increased by $1,822,545, or 8.7%.

Expenditures in the General Fund increased by $272,079, or 1.2%, primarily due to an increase in contract services and building repairs.

The A3 Sales Tax Fund accounts for the special annexation sales tax. Total revenues increased by $182,423, or 3.9%, due to an increase in A3 sales tax collections for the current year.

Financial Analysis of the Government's Funds (Continued)

The State and Federal Grants Fund experienced a net decrease in fund balance of $2,845,133 during the current year, resulting in an ending deficit fund balance of $2,695,657. This deficit is a temporary accounting timing issue caused by grant expenditures that were incurred before year-end but not reimbursed by the State within the 60-day availability window. See Note 14 for a detailed explanation of this deficit and the corresponding remediation plan.

Budgetary Statements

The City Council revised the 2025 original adopted budgets for the General Fund and the A3 Sales Tax Fund and Other Funds during the year as revenues and expenditures changed. The original budgets were voted and approved on November 24, 2024, and the amended budgets were voted and approved on February 4, 2025, April 1, 2025, June 3, 2025, July 1, 2025, September 9, 2025 and November 4, 2025.

By budgetary policy, revenue estimates are conservative. Overall general fund revenue in 2025 experienced a favorable variance of $1,346,577 from the amount in the final adopted budget. A3 sales tax fund revenue in 2025 experienced a favorable variance of $106,960 from the amount in the final adopted budget.

The final budget for general fund expenditures increased $4,483,894, or 17.6%, from the original budget for 2025. Actual expenditures for the General Fund were $2,850,385 less than the original adopted budget and $7,334,279 less than the final adopted budget. The final budget for A3 sales tax fund expenditures increased $5,134,161 from the original budget for 2025 due to additional capital outlay projects. Actual expenditures for the A3 Sales Tax Fund were $1,987,444 less than the original adopted budget and $7,121,605 less than the final adopted budget.

Capital Assets

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

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	**2025**	2024	**2025**	2024
Land	**$ 2,416**	$ 2,379	**$ -**	$ -	**$ 2,416**	$ 2,379
Building and Improvements	**14,229**	12,493	**1,076**	1,076	**15,305**	13,569
Equipment	**4,810**	4,919	**-**	-	**4,810**	4,919
Infrastructure	**16,945**	17,851	**27,942**	24,290	**44,887**	42,141
Construction in Progress	**6,423**	2,605	**2,948**	5,049	**9,371**	7,654
Capital Assets, Net	**$ 44,823**	$ 40,247	**$ 31,966**	$ 30,415	**$ 76,789**	$ 70,662

The current year's significant capital asset additions included:

- Governmental Activities: Menetre Boat Launch Improvements, Tammany Trace Beautification, Kathleen Drive Repaving, MLK Creek Drain Rehab, Sidewalk Improvements

Capital Assets (Continued)

- Business-Type Activities: US 190 Lift Station Upgrade, River Forest Sewer Repairs, Taylor Pipe Bursting

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 $6,349,228 in outstanding bonds and notes as compared to $6,814,653 in the previous year (see Table 4). This decrease in debt of $465,425 is due to the current year payments on the outstanding balances.

Table 4
Outstanding Debt (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	**2025**	2024	**2025**	2024
General Obligation Bonds (Backed by the City)	**$ 6,013**	$ 6,447	**$ -**	$ -	**$ 6,013**	$ 6,447
Note Payable	**337**	368	**-**	-	**337**	368
Finance Lease Liability	**473**	649	**-**	-	**473**	649
Total Debt	**$ 6,823**	$ 7,464	**$ -**	$ -	**$ 6,823**	$ 7,464

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 2026 we anticipate 68% of the City's general fund revenues will be derived from sales taxes. We budgeted $17,912,198 in net sales tax collections for 2026 which is in line with the 2025 budget.

From A3 sales tax fund revenue, $2,692,580 will be transferred to the General Fund for the purpose of maintaining roads, bridges, and drainage in areas where it benefits residents of St. Tammany Parish Sales Tax District 3. An additional $1,611,741 of revenue in the A3 Sales Tax Fund is dedicated to the construction and maintenance of roads, bridges, and drainage projects in St. Tammany Parish Sales Tax District 3.

Economic Issues/Upcoming Yearly Budgets (Continued)

Ad valorem tax is anticipated to generate approximately $2,883,666 in revenue for the General Fund. This is based upon an assessed valuation of $177,011,887. It should be noted that property taxes represent 12.3% of the 2025 General Fund Budget. The City of Covington currently has the following ad valorem tax assessments: millage comprised of 3.5 mills for retiring General Obligation Bonds, 6.56 mills to general fund revenues, and 9.43 mills for operation and maintenance of the Fire Department.

The administration recognizes that the amount of revenues generated does not cover the amount of expenditures proposed in the General Fund Budget. In order to subsidize this difference, funds are taken from the General Fund Balance. The projected difference between revenues and expenditures in the 2026 budget is $1,680,924. This includes $1,582,771 in one-time capital expenditures. This budget, while balanced, provides for an estimated $3,937,093 unassigned General Fund Balance at the end of 2026. An additional $3,799,891 is in Assigned Fund Balance for the GFOA recommended two months of operating expenditures or revenue range to cover emergencies and unexpected expenditures.

2025 - A Year in Review

In 2025, the City of Covington was fortunate to have an administration and council that worked collaboratively to allocate the funding and resources needed to continue progress on quality- of-life improvements, safety and security, and economic development.

City government's priority is to focus on the health and safety of its residents and businesses. During 2025, the city appointed a new Fire Chief and a new Deputy Police Chief. These individuals, with years of experience as first responders within the City of Covington, further strengthened the city's already stellar Fire and Police operations. As Mark Johnson's reached his 5th year as mayor in 2025, he noted the significant improvement in violent crime trends since 2020, specifically in the West 30's neighborhood where gang and gun violence had been growing problem for years. Illegal firearm discharge statistics in this neighborhood went from fifty-five (55) in 2020 down to two (2) in 2025. To continue facilitating the success of the Police Department, a new Criminal Investigation Division was constructed utilizing bond funds approved by voters in 2023.

The city's Engineering and Public Works Departments continued their on-going focus on improving and maintaining the city's physical infrastructure. In 2025, the administration and council again invested millions of local and grant dollars on improvements to the city's roads, drainage, water and sewer systems. The 2025 budget included a $7M capital improvement program for projects and equipment, with several additional budget amendments approved for capital projects during the year. Engineering staff continued work on the Columbia St. roundabouts, Tyler St. / 21 St Ave. roundabout, Columbia St. Bridge rebuilding, downtown road overlays, and sewer improvements city-wide.

2025 - A Year in Review (Continued)

Significant economic development initiatives were evident throughout the city. New restaurants were under construction in the downtown area, which led to the need for city leadership to increase/improve parking in downtown Covington where feasible. St. Tammany Parish Hospital kicked off the construction of a new parking garage and helipad to accommodate the increasing number of medical services offered and patients accessing said services, which led to the need for city leadership to scope and fund a traffic study focused on traffic management and pedestrian crossings/safety along the Tyler corridor. Significant progress was made on the Development Code rewrite project, which will improve development standards for residential and commercial properties city-wide and clearly communicate regulations and processes for customers. Several recreational improvements (pool renovation, reconstruction of the tennis court, baseball field improvements, etc.) were completed, expanding recreational opportunities for Covington's youth and contributing to the overall quality of life of our residents.

Contact Information

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

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

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF COVINGTON, LOUISIANA

Statement A

Statement of Net Position

December 31, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	$ 32,487,396	$ 390	$ 32,487,786
Investments - LAMP	7,021,264	-	7,021,264
Certificates of Deposit	302,455	-	302,455
Receivables, Net	7,832,165	1,114,467	8,946,632
Internal Balances	(7,622,720)	7,622,720	-
Prepaid Expenses	293,757	7,745	301,502
Capital Assets Not Being Depreciated	8,838,948	2,947,702	11,786,650
Capital Assets Being Depreciated, Net of Accumulated Depreciation	35,984,516	29,017,963	65,002,479
Total Assets	85,137,781	40,710,987	125,848,768
Deferred Outflows of Resources			
Deferred Loss on Refunding	67,909	-	67,909
Deferred Outflows - Pension Plans	2,853,886	291,544	3,145,430
Deferred Outflows - Other Postemployment Benefits	1,995,218	349,167	2,344,385
Total Deferred Outflows of Resources	4,917,013	640,711	5,557,724

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

CITY OF COVINGTON, LOUISIANA

Statement A

Statement of Net Position (Continued)

December 31, 2025

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts Payable	2,261,284	465,000	2,726,284
Accrued Payroll Expenses	357,241	63,188	420,429
Customer Deposits	-	478,582	478,582
Accrued Interest	174,570	-	174,570
Unearned Revenue	-	86	86
Compensated Absences			
Due Within One Year	607,337	-	607,337
Due in More than One Year	404,891	-	404,891
Notes Payable			
Due Within One Year	33,614	-	33,614
Due in More than One Year	302,980	-	302,980
Finance Lease Liability			
Due Within One Year	182,531	-	182,531
Due in More than One Year	290,462	-	290,462
General Obligations Bonds Payable			
Due Within One Year	425,000	-	425,000
Due in More than One Year	5,587,634	-	5,587,634
Net Pension Liability			
Due in More than One Year	10,501,034	1,412,856	11,913,890
Net Other Postemployment Benefit Liability			
Due in More than One Year	5,841,316	1,022,245	6,863,561
Total Liabilities	26,969,894	3,441,957	30,411,851
Deferred Inflows of Resources			
Unavailable Revenues	863,768	-	863,768
Deferred Inflows - Pension Obligation	1,717,642	119,774	1,837,416
Deferred Inflows - Other Postemployment Benefits	4,498,124	787,181	5,285,305
Total Deferred Inflows of Resources	7,079,534	906,955	7,986,489
Net Position			
Net Investment in Capital Assets	38,001,243	31,965,665	69,966,908
Restricted for:			
Expendable			
Perpetual Care	6,800	-	6,800
Debt Service	1,416,475	-	1,416,475
Drug Forfeiture	38,662	-	38,662
Tree Mitigation	20,271	-	20,271
Nonexpendable			
Prepaid Expenditures	293,757	-	293,757
Permanent Fund	24,955	-	24,955
Unrestricted	16,203,203	5,037,121	21,240,324
Total Net Position	$ 56,005,366	$ 37,002,786	$ 93,008,152

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

CITY OF COVINGTON, LOUISIANA
Statement of Activities
For the Year Ended December 31, 2025

Statement B

		Program Revenues			Net Revenue (Expense) and Change in Net Position		
Functions / Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
Governmental Activities							
General Government	$ 6,240,781	$ 2,445,903	$ 491,383	$ -	$ (3,303,495)	$ -	$ (3,303,495)
Public Safety - Police	7,497,211	241,063	570,277	-	(6,685,871)	-	(6,685,871)
Public Safety - Fire	3,389,574	-	219,821	-	(3,169,753)	-	(3,169,753)
Public Works	5,166,363	144,596	-	2,925,451	(2,096,316)	-	(2,096,316)
Culture and Recreation	1,288,662	297,961	-	2,302,284	1,311,583	-	1,311,583
Interest on Long-Term Debt	243,906	-	-	-	(243,906)	-	(243,906)
Total Governmental Activities	23,826,497	3,129,523	1,281,481	5,227,735	(14,187,758)	-	(14,187,758)
Business-Type Activities							
Water	2,348,940	2,721,637	-	-	-	372,697	372,697
Sewer	4,073,293	2,827,446	-	-	-	(1,245,847)	(1,245,847)
Garbage	1,113,729	1,128,414	-	-	-	14,685	14,685
Total Business-Type Activities	7,535,962	6,677,497	-	-	-	(858,465)	(858,465)
Total	$ 31,362,459	$ 9,807,020	$ 1,281,481	$ 5,227,735	(14,187,758)	(858,465)	(15,046,223)
General Revenues							
Taxes							
Sales Taxes					18,097,353	-	18,097,353
Property Taxes					3,798,876	-	3,798,876
Franchise Taxes					930,448	-	930,448
Other General Revenues					922,287	-	922,287
Other Revenues							
Interest and Penalties					1,133,384	217,951	1,351,335
Non-Employer Contribution Revenue					505,191	52,298	557,489
Transfers					(3,035,210)	3,035,210	-
Total General Revenues, Other Revenues, and Transfers					22,352,329	3,305,459	25,657,788
Change in Net Position					8,164,571	2,446,994	10,611,565
Net Position, Beginning of Year					47,840,795	34,555,792	82,396,587
Net Position, End of Year					$ 56,005,366	$ 37,002,786	$ 93,008,152

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

BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS

CITY OF COVINGTON, LOUISIANA

Statement C

Balance Sheet
Governmental Funds
December 31, 2025

	General Fund	A3 Sales Tax Fund	State and Federal Grants Fund	2023 Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	$ 28,058,059	$ -	$ -	$ 3,751,519	$ 677,818	$ 32,487,396
Equity in Pooled Cash	-	12,700,404	873,410	-	1,218,317	14,792,131
Investments - LAMP	7,021,264	-	-	-	-	7,021,264
Certificates of Deposit	-	-	-	-	302,455	302,455
Receivables						
Property Tax	2,162,307	-	-	-	505,744	2,668,051
Sales Tax	1,318,514	407,484	-	-	-	1,725,998
Grants Receivable	-	-	3,422,961	-	-	3,422,961
Other	15,155	-	-	-	-	15,155
Prepaid Expenses	293,757	-	-	-	-	293,757
Due from Other Funds	2,266,469	-	-	362,028	-	2,628,497
Total Assets	$ 41,135,525	$ 13,107,888	$ 4,296,371	$ 4,113,547	$ 2,704,334	$ 65,357,665
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts Payable	$ 474,728	$ 260,936	$ 835,221	$ 348,156	$ 34,500	$ 1,953,541
Deficit in Pooled Cash	22,402,890	-	-	-	-	22,402,890
Accrued Payroll Expenditures	454,223	-	-	-	-	454,223
Retainage Payable	14,830	49,520	174,807	68,586	-	307,743
Due to Other Funds	384,028	2,652	2,215,991	-	37,787	2,640,458
Total Liabilities	23,730,699	313,108	3,226,019	416,742	72,287	27,758,855
Deferred Inflows of Resources						
Unavailable Revenues	1,461	-	3,766,009	-	-	3,767,470
Total Deferred Inflows of Resources	1,461	-	3,766,009	-	-	3,767,470
Fund Balances						
Nonspendable						
Prepaid Expenditures	293,757	-	-	-	-	293,757
Permanent Fund	-	-	-	-	24,955	24,955
Restricted for:						
Perpetual Care	-	-	-	-	6,800	6,800
Debt Services	-	-	-	-	1,416,475	1,416,475
Drug Forfeiture	-	-	-	-	38,662	38,662
Tree Mitigation	-	-	-	-	20,271	20,271
Committed						
Capital Outlay	-	12,794,780	-	3,696,805	1,124,884	17,616,469
Assigned						
2025 Operating Budget	3,000,000	-	-	-	-	3,000,000
Contingency	3,799,891	-	-	-	-	3,799,891
Insurance Claims	348,843					348,843
Unassigned	9,960,874	-	(2,695,657)	-	-	7,265,217
Total Fund Balances	17,403,365	12,794,780	(2,695,657)	3,696,805	2,632,047	33,831,340
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 41,135,525	$ 13,107,888	$ 4,296,371	$ 4,113,547	$ 2,704,334	$ 65,357,665

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

CITY OF COVINGTON, LOUISIANA

Statement D

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

December 31, 2025

Fund Balances - Total Governmental Funds		$ 33,831,340
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Governmental Capital Assets	$ 78,851,800	
Less: Accumulated Depreciation	(34,028,336)	44,823,464
Deferred outflows of resources - pension used in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		2,853,886
Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		(1,717,642)
Deferred outflows of resources - OPEB used in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		1,995,218
Deferred inflows of resources - OPEB used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		(4,498,124)
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.		2,903,702
Deferred outflows of resources - debt refunding are currently expended in the governmental fund; whereas they are capitalized and amortized over the life of the respective debt in the statement of net position.		67,909
Long-term liabilities, including bonds payable, net OPEB liability, net pension liability, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Accrued Interest on Bonds	(77,588)	
Compensated Absences	(1,012,228)	
Notes Payable	(336,594)	
Capital Lease Obligation	(472,993)	
General Obligation Bonds	(6,012,634)	
Net Pension Liability	(10,501,034)	
Net Other Postemployment Benefit Liability	(5,841,316)	(24,254,387)
Net Position of Governmental Activities		$ 56,005,366

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

CITY OF COVINGTON, LOUISIANA

Statement E

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

For the Year Ended December 31, 2025

	General Fund	A3 Sales Tax Fund	State and Federal Grants Fund	2023 Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues						
Taxes						
Sales Taxes	$ 13,649,734	$ 4,447,619	$ -	$ -	$ -	$ 18,097,353
Property Taxes	3,118,325	-	-	-	680,551	3,798,876
Franchise Taxes	930,448	-	-	-	-	930,448
Licenses and Permits	1,658,157	-	-	-	-	1,658,157
Other Revenues	842,633	-	-	-	-	842,633
Fines and Forfeitures	230,707	-	-	-	10,356	241,063
Charges for Services	297,961	-	-	-	144,596	442,557
Intergovernmental Revenues	1,123,106	-	-	-	-	1,123,106
Interest and Penalties	495,218	431,533	-	159,032	47,601	1,133,384
State and Federal Grants	434,051	-	2,847,206	-	-	3,281,257
Total Revenues	22,780,340	4,879,152	2,847,206	159,032	883,104	31,548,834
Expenditures						
Current						
General Government	5,536,636	66,206	313,862	725	2,143	5,919,572
Public Safety - Police	7,064,118	-	3,996	-	-	7,068,114
Public Safety - Fire	3,083,263	-	-	-	-	3,083,263
Public Works	3,069,987	-	-	-	-	3,069,987
Culture and Recreation	1,094,972	-	-	-	-	1,094,972
Capital Outlay	2,566,648	1,207,508	2,406,771	1,753,815	-	7,934,742
Debt Service						
Principal	207,829	-	-	-	410,000	617,829
Interest	52,062	-	-	-	236,230	288,292
Total Expenditures	22,675,515	1,273,714	2,724,629	1,754,540	648,373	29,076,771
Excess (Deficiency) of Revenues Over Expenditures	104,825	3,605,438	122,577	(1,595,508)	234,731	2,472,063
Other Financing Sources (Uses)						
Transfers In	1,995,491	-	-	-	-	1,995,491
Transfers Out	-	(1,995,491)	(2,967,710)	-	(67,500)	(5,030,701)
Total Other Financing Sources (Uses)	1,995,491	(1,995,491)	(2,967,710)	-	(67,500)	(3,035,210)
Net Change in Fund Balances	2,100,316	1,609,947	(2,845,133)	(1,595,508)	167,231	(563,147)
Fund Balances, Beginning of Year	15,303,049	11,184,833	149,476	5,292,313	2,464,816	34,394,487
Fund Balances, End of Year	$ 17,403,365	$ 12,794,780	$ (2,695,657)	$ 3,696,805	$ 2,632,047	$ 33,831,340

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

CITY OF COVINGTON, LOUISIANA

Statement F

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

For the Year Ended December 31, 2025

Net Change in Fund Balances - Total Governmental Funds	$	(563,147)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		4,477,283
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		3,397,790
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		441,504
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.		176,325
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.		(214,523)
Other postemployment benefit liability reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.		(205,722)
Cash pension contributions reported in the funds were less than the calculated pension expense on the statement of activities and, therefore, decrease net position.		531,021
Donation of capital assets reported in the statement of activities that is not reported as revenue in the funds.		79,654
Amortization of Bond Premium		(23,921)
Difference in interest cost on the modified accrual basis as reported in the fund statements versus interest expense on the full accrual basis.		68,307
Change in Net Position of Governmental Activities	$	8,164,571

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

BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
PROPRIETARY FUNDS

CITY OF COVINGTON, LOUISIANA
Statement of Net Position
Proprietary Fund
December 31, 2025

Statement G

Assets	
Current Assets	
Cash and Cash Equivalents	$ 390
Equity in Pooled Cash	7,610,759
Accounts Receivable, Net of Uncollectible	1,114,467
Prepaid Expenses	7,745
Due from Other Funds	22,000
Total Current Assets	8,755,361
Non-Current Assets	
Capital Assets, Net of Accumulated Depreciation	31,965,665
Total Non-Current Assets	31,965,665
Total Assets	40,721,026
Deferred Outflows of Resources	
Deferred Outflows - Pension Plans	291,544
Deferred Outflows - Other Postemployment Benefits	349,167
Total Deferred Outflows of Resources	640,711
Liabilities	
Current Liabilities	
Accounts Payable	465,000
Accrued Payroll Expenses	63,188
Customer Deposits	478,582
Due to Other Funds	10,039
Total Current Liabilities	1,016,809
Non-Current Liabilities	
Unearned Revenues	86
Net Pension Liability	1,412,856
Net Other Postemployment Benefit Liability	1,022,245
Total Non-Current Liabilities	2,435,187
Total Liabilities	3,451,996
Deferred Inflows of Resources	
Deferred Inflows - Pension Plans	119,774
Deferred Inflows - Other Postemployment Benefits	787,181
Total Deferred Inflows of Resources	906,955
Net Position	
Net Investment in Capital Assets	31,965,665
Unrestricted Net Position	5,037,121
Total Net Position	$ 37,002,786

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

CITY OF COVINGTON, LOUISIANA

Statement H

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2025

Operating Revenues	
Sewer Maintenance Fees	$ 2,811,246
Water Revenues	2,415,188
Garbage Collection Fees	1,128,414
Water Installations	106,571
Miscellaneous	70,078
DHH Fee	65,805
Connection Fees	63,995
Non-Employer Contribution Revenue	52,298
Sewer Installations	16,200
Total Operating Revenues	6,729,795
Operating Expenses	
Sewer Department Expenses	2,522,653
Water Department Expenses	1,835,290
Garbage Department Expenses	1,113,729
Depreciation	2,064,290
Total Operating Expenses	7,535,962
Net Operating Loss	(806,167)
Nonoperating Revenues (Expenses)	
Interest Income	217,951
Total Nonoperating Revenues (Expenses)	217,951
Net Loss Before Transfers	(588,216)
Transfers	
Transfers In	3,035,210
Total Transfers	3,035,210
Change in Net Position	2,446,994
Net Position, Beginning of Year	34,555,792
Net Position, End of Year	$ 37,002,786

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

CITY OF COVINGTON, LOUISIANA

Statement I

Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2025

Cash Flows from Operating Activities	
Receipts from Customers and Users	$ 6,618,550
Other Receipts	52,298
Payments to Suppliers	(4,054,825)
Payments to Employees	(1,804,942)
Net Cash Provided by Operating Activities	811,081
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(3,648,185)
Transfers In	3,035,210
Net Cash Used in Capital and Related Financing Activities	(612,975)
Cash Flows from Investing Activities	
Interest Earned on Investments	217,951
Net Cash Provided by Investing Activities	217,951
Net Increase in Cash and Cash Equivalents	416,057
Cash and Cash Equivalents, Beginning of Year	7,195,092
Cash and Cash Equivalents, End of Year	$ 7,611,149
Reconciliation to Statement of Net Position	
Cash and Cash Equivalents	$ 390
Equity in Pooled Cash	7,610,759
Total Cash and Cash Equivalents	$ 7,611,149
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	$ (806,167)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities	
Depreciation	2,064,290
Loss on Disposal of Capital Assets	33,377
Provision for Bad Debts	12,795
(Increase) Decrease in:	
Accounts Receivable	(82,332)
Deferred Outflows - Pension Plans	4,585
Deferred Outflows - Other Postemployment Benefits	109,292
Increase (Decrease) in:	
Accounts Payable	(363,472)
Accrued Payroll Expenses	9,525
Customer Deposits	10,590
Net Pension Liability	(166,289)
Net Other Postemployment Benefit Liability	(169,327)
Deferred Inflows - Pension Plans	58,177
Deferred Inflows - Other Postemployment Benefits	96,037
Net Cash Provided by Operating Activities	$ 811,081

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

BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
FIDUCIARY FUND

CITY OF COVINGTON, LOUISIANA **Statement J**

Statement of Fiduciary Net Position

Fiduciary Fund

December 31, 2025

Assets		
Current Assets		
Cash and Cash Equivalents	$	59,711
Investments		1,206,632
Accrued Interest		10,413
Total Assets	$	1,276,756
Net Position		
Restricted for Other Postemployment Benefits	$	1,276,756
Total Net Position	$	1,276,756

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

CITY OF COVINGTON, LOUISIANA **Statement K**
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2025

Additions	
Investment Income	
Interest and Dividends	$ 35,563
Net Appreciation in Fair Value of Investments	72,789
Investment Expense	(2,866)
Total Additions	105,486
Deductions	
Bank Charges	5,084
Total Deductions	5,084
Change in Net Position	100,402
Net Position, Beginning of Year	1,176,354
Net Position, End of Year	$ 1,276,756

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

The City has seven council members which serve four year terms. The council members are elected by majority vote. The City covers an approximately eight square-mile area and has approximately 11,721 residents. The City has approximately 169 employees who encompass police, fire, public works, recreation, and general administration employees. The City operates a water department and a sewerage department.

Government-Wide Financial and Fund Financial Statements

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

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide Financial and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fund Financial Statements (Continued)

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund. Revenues are derived primarily from property and sales taxes, licenses and permits, interest and penalties, and other revenues. At December 31, 2025, there was a minimum fund balance of $3,695,894 which consists of approximately two months of expenditures.

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

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

The *2023 Capital Projects Fund* is used to account for all resources and expenditures in connection with the City’s capital improvements.

Additionally, the City reports the following fund types:

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fund Financial Statements (Continued)

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

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

Budgetary Information

Budgetary Basis of Accounting

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

Cash and Cash Equivalents

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

Investments - LAMP

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

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

Restricted Cash and Cash Equivalents

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

Receivables

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

Interfund Activities and Transactions

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

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

Prepaid Items

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the City as assets with an initial, individual cost of more than $5,000 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

Capital Assets (Continued)

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

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

Right-to-Use Assets

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

Deferred Outflows/Inflows of Resources

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

Deferred Outflows/Inflows of Resources (Continued)

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

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

Compensated Absences

The City records compensated absences in accordance with GASB Statement No. 101, in which a liability is recognized for leave that has not been used if the following are true: 1) the leave is attributable to services already rendered, 2) the leave accumulates, and 3) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Non-civil service employees earn vacation and sick benefits on an escalating scale based on years of service at the beginning of each fiscal year. Non-civil service employees are allowed to carry over up to 300 vacation hours 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. The City estimates the portion of sick leave that is expected to be used by averaging the annual usage in recent years.

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

The liability for such leave is reported 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, 2025 is $1,012,228.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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 systems’ fiduciary net positions have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB) Liability

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

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)
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 its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments or by law through constitutional provisions or enabling legislation.

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

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

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 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 Non-Major Funds. The General Fund is the only fund which may report a positive unassigned fund balance.

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

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

Total property tax revenue for the year ended December 31, 2025 was $3,798,876 and is recorded in the funds as follows: General Fund - $3,118,325 and General Obligation Debt Service Fund - $680,551.

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

Note 1. Summary of Significant Accounting Policies (Continued)

Revenues and Expenditures/Expenses (Continued)

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

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make various estimates. Actual results could differ from those estimates.

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, 2025 were as follows:

	Amount
General Fund	$ 3,090,689
Special Revenue Fund	
A3 Sales Tax Fund	6,970,104
State and Federal Grants Fund	9,872,403
Drug Forfeiture Fund	8,579
Capital Projects Funds	
2023 Capital Projects Fund	3,297,229
Waste-Water Capacity Treatment Fund	82,500
Enterprise Fund	2,259,421
Total	$ 25,580,925

Note 1. Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements - Adopted

The City adopted the provisions of GASB Statement No. 102*, Certain Risk Disclosures*. This Statement updates disclosure requirements about concentrations and constraints to state and local governmental entities that could affect their programs and services or a government's ability to meet its obligations. The adoption of the pronouncement did not have a material effect on the City's financial statements.

Recently Issued Accounting Pronouncements - Not Yet Adopted

The GASB issued Statement No. 103, *Financial Reporting Model Improvements.* The objective of the Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement is effective for fiscal years beginning after June 15, 2025.

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets.* The objective of the Statement is to provide users of government financial statements with essential information about certain types of capital assets. The Statement is effective for fiscal years beginning after June 15, 2025.

The GASB issued Statement No. 105, *Subsequent Events.* The objective of the Statement is to improve the financial reporting requirements for subsequent events. The Statement is effective for fiscal years beginning after June 15, 2026.

Management is currently determining the expected impact of implementation of the above standards on the financial statements and 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 the United States.

Note 2. Detailed Notes on All Funds (Continued)

Deposits and Investments (Continued)

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

The City's deposits are stated at cost, which approximates fair value. The deposits are categorized as follows at December 31, 2025:

	Carrying Amount	Bank Balance
Demand Deposits	$ 32,487,786	$ 32,150,560
Certificates of Deposit	302,455	302,455
Total	$ 32,790,241	$ 32,453,015

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be recovered. As of December 31, 2025, the City's bank balance was not exposed to custodial credit risk. As of December 31, 2025, all of the City’s deposits were secured by the pledge of securities owned by the fiscal agent bank or insurance provided by the Federal Deposit Insurance Corporation (FDIC).

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, 2025.

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, 2025, the City's OPEB investments are held in the form of U.S. government bonds, equity securities and corporate bonds through a financial brokerage firm.

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

Note 2. Detailed Notes on All Funds (Continued)

Deposits and Investments (Continued)

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

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

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

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

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Note 2. Detailed Notes on All Funds (Continued)

Deposits and Investments (Continued)

The following table sets forth by level, within the fair value hierarchy, the City's OPEB Trust investments at fair value as of December 31, 2025:

		Maturities (in years)			
Fiduciary Fund	**Fair Value**	**Less than 1**	**1 - 5**	**More than 5**	**Level**
Cash and Cash Equivalents					
Money Market Funds	$ 59,711	$ 59,711	$ -	$ -	1
Investments					
Marketable Equity Securities					
Mutual Funds	272,769	272,768	-	-	1
Marketable Debt Securities					
Corporate Bonds	488,630	-	344,584	144,046	1
U.S. Treasury Securities	98,634	49,700	48,934	-	1
U.S. Government Agency Bonds	346,599	98,590	132,307	115,702	2
Total	$ 1,206,632	$ 421,058	$ 525,825	$ 259,748	

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2025.

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

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

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, 2025 (unbilled receivable), is estimated and accrued at year-end. The allowance for uncollectible accounts at December 31, 2025 was $131,750. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

Note 2. Detailed Notes on All Funds (Continued)

Accounts Receivable (Continued)

All accounts receivable are shown net of allowances for uncollectable accounts for governmental funds. Property taxes are considered fully collected (97% of the levy) during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are uncollectable as of December 31, 2025. There are no other reserves for receivables recorded by the City as of December 31, 2025.

The accounts receivable and allowance for uncollectible accounts at December 31, 2025, were as follows:

Governmental Funds	
Property Tax	$ 2,668,051
Sales Tax	1,725,998
Grants Receivable	3,422,961
Other Receivables	15,155
Total Governmental Funds	7,832,165
Proprietary Fund	
Under 30 Days	480,300
31 to 60 Days	31,426
61 to 90 Days	19,633
Over 91 Days	128,637
Less Allowance	(131,750)
	528,246
Unbilled Receivables	586,221
Total Proprietary Fund	1,114,467
Total Accounts Receivable, Net	$ 8,946,632

Note 2. Detailed Notes on All Funds (Continued)

Investments - LAMP

Investments - LAMP of $7,021,264, which are stated at fair value using published market quotes for those securities at December 31, 2025, consist of shares in the Louisiana Asset Management Pool (LAMP), a local government investment pool.

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

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

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

- *Credit Risk:* LAMP is rated AAAm by Standard & Poor's.
- *Custodial Credit Risk:* LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- *Concentration of Credit Risk:* Pooled investments are excluded from the 5 percent disclosure requirement.
- *Interest Rate Risk:* LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments was 29 as of December 31, 2025.
- *Foreign Currency Risk:* Not applicable.

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

Note 2. Detailed Notes on All Funds (Continued)

Investments - LAMP (Continued)

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

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

Capital Assets

The following is a summary of the changes in capital assets for governmental activities for the year ended December 31, 2025:

Governmental Activities	Balance 12/31/2024	Increases	Decreases	Balance 12/31/2025
Capital Assets Not Depreciated				
Land	$ 2,378,987	$ 36,614	$ -	$ 2,415,601
Construction in Progress	2,604,987	6,261,155	(2,442,795)	6,423,347
Total Capital Assets Not Depreciated	4,983,974	6,297,769	(2,442,795)	8,838,948
Capital Assets Being Depreciated				
Building	10,160,706	27,126	-	10,187,832
Improvements	11,294,243	2,486,730	(394,494)	13,386,479
Vehicles	6,430,627	542,751	(153,721)	6,819,657
Tools and Equipment	5,435,395	323,504	(508,520)	5,250,379
Infrastructure	33,568,642	799,863	-	34,368,505
Total Capital Assets Being Depreciated	66,889,613	4,179,974	(1,056,735)	70,012,852
Less Accumulated Depreciation for:				
Building	(4,103,405)	(189,388)	-	(4,292,793)
Improvements	(4,858,696)	(587,674)	394,493	(5,051,877)
Vehicles	(3,645,000)	(556,921)	152,949	(4,048,972)
Tools and Equipment	(3,300,293)	(417,726)	506,896	(3,211,123)
Infrastructure	(15,717,822)	(1,705,749)	-	(17,423,571)
Total Accumulated Depreciation	(31,625,216)	(3,457,458)	1,054,338	(34,028,336)
Total Capital Assets Being Depreciated, Net	35,264,397	722,516	(2,397)	35,984,516
Total	$ 40,248,371	$ 7,020,285	$ (2,445,192)	$ 44,823,464

Note 2. Detailed Notes on All Funds (Continued)

Capital Assets (Continued)

The following is a summary of the changes in capital assets for business-type activities for the year ended December 31, 2025:

Business-Type Activities	Balance 12/31/2024	Increases	Decreases	Balance 12/31/2025
Capital Assets Not Depreciated				
Construction in Progress	$ 5,049,325	$ 3,316,536	$ (5,418,159)	$ 2,947,702
Total Capital Assets Not Depreciated	5,049,325	3,316,536	(5,418,159)	2,947,702
Capital Assets Being Depreciated				
Sewer Plant Buildings and Lines	40,699,076	5,004,361	(282,398)	45,421,039
Water Wells, Tanks, and Lines	11,931,078	745,447	(216,332)	12,460,193
Total Capital Assets Being Depreciated	52,630,154	5,749,808	(498,730)	57,881,232
Less Accumulated Depreciation for:				
Sewer Plant and Lines	(20,703,490)	(1,550,640)	282,398	(21,971,732)
Water Wells, Tanks, and Lines	(6,560,842)	(513,650)	182,955	(6,891,537)
Total Accumulated Depreciation	(27,264,332)	(2,064,290)	465,353	(28,863,269)
Total Capital Assets Being Depreciated, Net	25,365,822	3,685,518	(33,377)	29,017,963
Total	$ 30,415,147	$ 7,002,054	$ (5,451,536)	$ 31,965,665

For the year ended December 31, 2025, depreciation was charged to functions/programs of the City as follows:

Governmental Activities	Amount
General Government	$ 513,590
Public Safety - Police	347,492
Public Safety - Fire	306,311
Public Works	2,096,376
Culture and Recreation	193,690
Total Depreciation - Governmental Activities	$ 3,457,458

Business-Type Activities	Amount
Sewer Department	$ 1,550,640
Water Department	513,650
Total Depreciation - Business-Type Activities	$ 2,064,290

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.

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, 2025:

	Balance 12/31/2024	Additions	Retirements	Balance 12/31/2025	Due Within One Year
Governmental Activities					
General Obligation Bonds	$ 6,010,000	$ -	$ (410,000)	$ 5,600,000	$ 425,000
Bond Premium	436,555	-	(23,921)	412,634	-
Note Payable	368,098	-	(31,504)	336,594	33,614
Finance Lease Liability	649,317	-	(176,324)	472,993	182,531
Compensated Absences	797,705	792,658	(578,135)	1,012,228	607,337
Total Long-Term Liabilities	$ 8,261,675	$ 792,658	$ (1,219,884)	$ 7,834,449	$ 1,248,482

Series 2016 General Obligation Refunding Bonds

In September 2016, the City issued $3,890,000 of general obligation refunding bonds, Series 2016. The bonds were issued for the purpose of refunding a portion of the City's outstanding general obligation bonds. The refunding bonds bear interest at a rate of 1.69%. Interest is payable semi-annually on March 1st and September 1st each year. The bonds mature in annual installments on March 1st of each year until 2027. The bonds are callable for early redemption.

Series 2023 General Obligation Revenue Bonds

In April 2023, the City issued $4,750,000 of general obligation bonds, Series 2023. The bonds were issued for the purpose of making capital improvements in the City. The refunding bonds bear interest at a rate of 3.73%. Interest is payable semi-annually on March 1st and September 1st each year. The bonds mature in annual installments on March 1st of each year until 2043. The bonds are callable for early redemption.

As of December 31, 2025, there is $1,416,475 in restricted fund balance available in the Debt Service Funds to service the governmental activity bonds.

General Obligation Bonds are secured by an annual ad valorem tax levy. In accordance with R.S. 39:562, the City is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property in the City. At December 31, 2025, the City had not exceeded this statutory limit.

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

Note 2. Detailed Notes on All Funds (Continued)

Defeasance of Debts

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.

Promissory Note - CID Building

In December 2023, the City entered into a promissory note for $400,000 to finance the purchase of a building to be used for public purpose. The note bears interest at a rate of 6.50% and is payable in monthly installments of $4,542 through November 6, 2033.

Combined Existing Debt Service Commitments

Principal and interest payments due on general obligation bonds and notes payable outstanding as of December 31, 2025 are as follows:

Year Ending	General Obligation Bonds		Note Payable		Total	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 425,000	$ 229,091	$ 33,614	$ 20,889	$ 458,614	$ 249,980
2027	440,000	221,534	35,865	18,638	475,865	240,172
2028	10,000	217,400	38,267	16,236	48,267	233,636
2029	225,000	211,525	40,830	13,673	265,830	225,198
2030	235,000	200,025	43,565	10,938	278,565	210,963
2031 - 2035	1,375,000	805,375	144,453	14,515	1,519,453	819,890
2036 - 2040	1,700,000	428,150	-	-	1,700,000	428,150
2041 - 2045	1,190,000	72,800	-	-	1,190,000	72,800
Total	$ 5,600,000	$ 2,385,900	$ 336,594	$ 94,889	$ 5,936,594	$ 2,480,789

Leases

During April 2024, the City entered into a five-year lease agreement as lessee for financing a fire truck. The lease agreement qualifies as a finance lease and has been recorded at the present value of the future minimum lease payments as of the date of inception. At December 31, 2025, the cost of the vehicle is $607,950 and accumulated amortization totaled $70,927. For the year ended December 31, 2025, amortization expense related to the leased fire truck totaled $40,530.

Note 2. Detailed Notes on All Funds (Continued)

Leases (Continued)
During July 2021, the City entered into a five-year lease agreement as lessee for financing a walking excavator. The lease agreement qualifies as a finance lease and has been recorded at the present value of the future minimum lease payments as of the date of inception. At December 31, 2025, the cost of the excavator is $300,895 and accumulated amortization totaled $255,761. For the year ended December 31, 2025, amortization expense related to the excavator totaled $60,179.

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

Year Ending	Governmental Activities	
December 31,	Principal	Interest
2026	$ 182,458	$ 22,929
2027	125,968	15,035
2028	132,456	8,548
2029	32,111	1,727
Total	$ 472,993	$ 48,239

Note 3. Retirement Plans

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

Pertinent information relative to each plan follows:

General Information about the Pension Plans

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

Note 3. Retirement Plans (Continued)

General Information about the Pension Plans (Continued)

Plan Descriptions/Benefits Provided (Continued)

The Municipal System (Continued)

Membership is mandatory as a condition of employment beginning on the date employed if the employee is permanent and works at least 35 hours per week. Plan A members who were hired prior to January 1, 2013 may retire: 1) at any age with 25 years or more of creditable service, 2) at age 60 with at least 10 years of creditable service, or 3) at any age with 20 years of creditable service, exclusive of military service and unused annual and sick leave, 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 or she meets the statutory criteria. Benefit provisions are authorized within Act 189 of 1973 and amended by R.S. 11:2211-2233.

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

Note 3. Retirement Plans (Continued)

General Information about the Pension Plans (Continued)

Plan Descriptions/Benefits Provided (Continued)

The Police System (Continued)

For members hired prior to January 1, 2013, the benefit rates are 3⅓ percent of the average final compensation (average monthly earnings during the highest 36 consecutive months or joined months, if service was interrupted) times the number of years of creditable service, not to exceed 100 percent of final salary. For members hired after January 1, 2013, the benefit rates are 3 percent for the Hazardous Duty sub plan and 2½ percent for the Non-Hazardous Duty sub plan of the average final compensation (average monthly earnings during the highest 60 consecutive months or joined months, if service was interrupted) times the number of years of creditable service, not to exceed 100 percent of final salary.

The Firefighters' System

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

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

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

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

Note 3. Retirement Plans (Continued)

General Information about the Pension Plans (Continued)

Plan Descriptions/Benefits Provided (Continued)

The Firefighters' System (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 of Louisiana, its agencies, or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this system, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this system, or for any other purpose in order to attain eligibility or increase the amount of service credit in this system.

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.

The Firefighters' System

A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least 5 years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2256(B) and (C).

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.

Note 3. Retirement Plans (Continued)

General Information about the Pension Plans (Continued)

Survivor Benefits (Continued)

The Police System

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

The Firefighters' System

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

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.

Note 3. Retirement Plans (Continued)

General Information about the Pension Plans (Continued)

Deferred Retirement Option Plan Benefits (DROP) (Continued)

The Police System

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

The Firefighters' System

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

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

Initial Benefit Option

The Police System

In 1999, the State Legislature authorized the Police System to establish an Initial Benefit Option (IBO). 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.

Note 3. Retirement Plans (Continued)

General Information about the Pension Plans (Continued)

Initial Benefit Option (Continued)

The Firefighters' System

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

Cost-of-Living Adjustments

The Municipal System

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

The Police System

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

The Firefighters' System

Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase based on a formula equal to up to $1 times the total number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost-of-living adjustment.

Note 3. Retirement Plans (Continued)

General Information about the Pension Plans (Continued)

Contributions

The Municipal System

Contributions for all members are established by statute at 10.0% for Plan A of wages for the year ended June 30, 2025. 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, 2025 and 2024, the actuarially determined contribution rate was 29.50% of member's compensation for Plan A. Contributions to the pension plan from the City were $1,195,657 for the year ended December 31, 2025.

In accordance with state statutes, the system also receives ad valorem taxes and state revenue sharing funds. The additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions were recognized as revenue by the system for the year ended December 31, 2025, and were excluded from pension expense.

The Police System

Contributions for all members are actuarially determined as required by state statutes but cannot be less than 9.0% of the employee's earnable compensation excluding overtime but including state supplemental pay for the year ended June 30, 2025. 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, 2025 and 2024, the actuarially determined contribution rates are as follows:

Year Ended		Hazardous	Non-Hazardous	Below Poverty
June 30, 2025	**Employer**	**35.60%**	**35.60%**	**38.10%**
	Employee	**10.00%**	**8.00%**	**7.50%**
June 30, 2024	Employer	33.93%	33.93%	36.43%
	Employee	10.00%	8.00%	7.50%

Contributions to the pension plan from the City were $1,033,543 for the year ended December 31, 2025.

Note 3. Retirement Plans (Continued)

General Information about the Pension Plans (Continued)

Contributions (Continued)

The Police System (Continued)

In accordance with state statutes, the system also receives insurance premium taxes as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. The additional sources are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions were recognized as revenue for the year ended December 31, 2025, and were excluded from pension expense.

The Firefighters' System

Contributions for all members are established by state statute at 10.0% for wages above poverty for the years ended June 30, 2025 and 2024. 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, 2025 and 2024, the actuarially determined contribution rates were 33.25% of member's compensation. Contributions to the pension plan from the City were $452,202 for the year ended December 31, 2025.

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended December 31, 2025, and were excluded from pension expense.

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

At December 31, 2025, the City reported a combined liability of $11,913,890 for its proportionate share of the Net Pension Liabilities (NPL) of the Municipal System, the Police System, and the Firefighters' System. The amounts for each plan were $4,709,520, $5,348,323, and $1,856,047, respectively. The NPL for each system was measured as of June 30, 2025, 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.

Note 3. Retirement Plans (Continued)

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

As of June 30, 2025, the most recent measurement date, the City's proportionate share for each system was:

	Municipal System	Police System	Firefighters' System
City's Proportionate Share	2.054563%	0.774435%	0.440648%
Increase from Prior Year	0.119478%	0.001324%	-0.057690%

For the year ended December 31, 2025, the City recognized a total pension expense of $2,132,679.

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

The Municipal System	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 10,704	$ 78,530
Changes of Assumptions	-	17,065
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	303,651
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	385,543	-
Employer Contributions Subsequent to the Measurement Date	597,747	-
Total	$ 993,994	$ 399,246

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

The Police System	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 259,323	$ 141,498
Changes of Assumptions	-	245,639
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	421,292
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	341,995	-
Employer Contributions Subsequent to the Measurement Date	660,522	-
Total	$ 1,261,840	$ 808,429

Note 3. Retirement Plans (Continued)

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

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

The Firefighters' System	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 237,681	$ 33,487
Changes of Assumptions	84,622	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	346,840
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	280,580	249,414
Employer Contributions Subsequent to the Measurement Date	286,713	-
Total	$ 889,596	$ 629,741

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date (June 30, 2025) totaled $1,544,982 ($597,747 for the Municipal System, $660,522 for the Police System, and $286,713 for the Firefighters' System). These amounts will be recognized as a reduction of the NPL in the year ending December 31, 2026.

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

Year Ending December 31,	Municipal System	Police System	Firefighters' System
2026	$ 551,793	$ 683,456	$ 274,826
2027	(189,202)	(360,896)	(105,110)
2028	(254,561)	(353,182)	(116,895)
2029	(111,029)	(176,489)	(73,341)
2030	-	-	15,619
2031	-	-	(21,957)
Total	$ (2,999)	$ (207,111)	$ (26,858)

Note 3. Retirement Plans (Continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2025 are as follows:

The Municipal System

Valuation Date:	June 30, 2025
Actuarial Cost Method:	Entry Age Normal
Investment Rate of Return:	6.85% (Net of Investment Expense)
Expected Remaining Service Lives:	Plan A: 3 Years and Plan B: 2 years
Inflation:	2.50% per Annum
Projected Salary Increases:	1 to 2 Years of Service - 9.00% - Plan A and 9.50% - Plan B More than 2 Years of Service - 4.40%- Plan A and 4.60%-Plan B
Cost-of-Living Adjustments:	Only those previously granted

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, 2018 through June 30, 2023.

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 2.50% and adjusting for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 6.85% as of June 30, 2025.

Note 3. Retirement Plans (Continued)

Actuarial Assumptions (Continued)

The Municipal System (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, 2025 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	53%	2.31%
Public Fixed Income	29%	1.26%
Alternatives	18%	0.78%
Total	100%	4.35%
Inflation		2.50%
Expected Arithmetic Nominal Return		6.85%

The Police System

Valuation Date:	June 30, 2025
Actuarial Cost Method:	Entry Age Normal
Investment Rate of Return:	6.75% (Net of Investment Expense)
Expected Remaining Service Lives:	4 Years
Inflation:	2.50% per Annum
Projected Salary Increases:	1 to 2 Years of Service - 13.00% More than 2 Years of Service - 4.75%
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, 2019 through June 30, 2024 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.

Note 3. Retirement Plans (Continued)

Actuarial Assumptions (Continued)

The Police System (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 8.12% as of June 30, 2025.

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, 2025 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	51%	3.20%
Fixed Income	35%	1.21%
Alternative	14%	1.04%
Total	100%	5.45%
Inflation		2.67%
Expected Arithmetic Nominal Return		8.12%

The Firefighters' System

Valuation Date:	June 30, 2025
Actuarial Cost Method:	Entry Age Normal
Investment Rate of Return:	6.90% (Net of Investment Expense)
Expected Remaining Service Lives:	7 Years
Inflation:	2.50% per Annum
Projected Salary Increases:	1 to 2 Years of Service - 14.50% More than 2 Years of Service - 5.00%
Cost-of-Living Adjustments:	Only those previously granted

Note 3. Retirement Plans (Continued)

Actuarial Assumptions (Continued)

The Firefighters' System (Continued)

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2019 through June 30, 2024. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the Firefighter System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long-term expected nominal rate of return was 6.90% as of June 30, 2025.

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, 2025 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity		
U.S. Equity	27.00%	6.23%
Non-U.S. Equity	11.00%	6.36%
Global Equity	10.00%	6.50%
Emerging Market Equity	4.00%	8.26%
Fixed Income		
U.S. Core Fixed Income	23.00%	2.09%
U.S. TIPS	2.00%	2.00%
Emerging Market Debt	2.00%	4.05%
Global Multisector Fixed Income	5.00%	2.34%
Alternative		
Private Equity/Private Debt	9.00%	9.77%
Real Estate	4.00%	4.85%
Real Assets	3.00%	5.93%
Total	100.00%	

Note 3. Retirement Plans (Continued)

Discount Rate

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

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:

The Municipal System	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
City's Proportionate Share of the Net Pension Liability	$ 7,725,019	$ 4,709,520	$ 2,165,071

The Police System	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City's Proportionate Share of the Net Pension Liability	$ 8,773,069	$ 5,348,323	$ 2,480,229

The Firefighters' System	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's Proportionate Share of the Net Pension Liability	$ 3,581,275	$ 1,856,047	$ 417,901

Support of Non-Employer Contributing Entities

Contributions received from non-employer contributing entities are recognized as revenue during the year ended December 31, 2025 and excluded from pension expense. During the year ended December 31, 2025, the City recognized revenue as a result of support received from non-employer contributing entities of $557,489. The Municipal System, Police System, and Firefighters' System received $174,326, $229,690, and $153,473, respectively, for their participation in the City's Pension and Relief Fund.

Note 3. Retirement Plans (Continued)

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At December 31, 2025, the City had no payables to the pension plans.

Note 4. Postemployment Benefits other than Pensions

Plan Description

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

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

Plan Membership - At December 31, 2025, the Plan's membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	26
Active Plan Members	163
Total	189

Benefits Provided - The employees are covered by one of three retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; second, the Firefighters' Retirement System of Louisiana; and, third, the Municipal Police Employees’ Retirement System of Louisiana. Both the Fire and Police systems have retirement eligibility (DROP entry) provisions as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service. For MERS and MPERS members, employees hired on and after January 1, 2013 must meet the following retirement (DROP entry) requirements: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service (MERS) or 25 years or service or age 55 and 12 years of service (MPERS). Retirees who are eligible can enroll in the City’s medical plan. The City pays 75% of the retiree’s monthly premium.

Note 4. Postemployment Benefits other than Pensions (Continued)

Plan Description (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 postemployment benefits costs.

Investments

Investment Policy - The Board's management meets with the Trust's investment advisor on an annual basis to review the asset allocation and make any changes deemed necessary. The following was the asset allocation policy as of December 31, 2025:

Asset Class	Target Asset Allocation
Fixed Income	80%
Equity	20%

Concentrations - The OPEB Trust has over 5% invested in the following funds; U.S. Treasury Bonds, 8.18%, Federal National Mortgage Association, 12.44%, Federal Farm Credit Bank, 7.65%, and SPDR S&P 500, 19.93%.

Asset Class	Actual Asset Allocation
Agency Bonds	27.3%
Corporate Bonds	38.9%
Stock Funds	21.4%
Cash/Reserves	4.7%
U.S. Treasury Bonds	7.8%

Rate of Return - For the year ended December 31, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 8.56%. 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, 2025, were as follows:

Total OPEB Liability	$ 8,140,317
Plan Fiduciary Net Position	1,276,756
Net OPEB Liability	$ 6,863,561
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.68%

Note 4. Postemployment Benefits other than Pensions (Continued)

Investments (Continued)

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of January 1, 2025, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.50%
Projected Salary Increases:	Rates include the inflation assumption

Years of Service	MERS	MPERS	FRS
1 - 2	9.00%	12.30%	14.10%
3 +	4.40%	4.70%	5.20%

Discount Rate:	4.08% annually (Beginning of Year) 4.83% annually (Measurement Date)
Healthcare Cost Trend Rates:	6.0% annually

Mortality rates used are the PubG.H-2010(B) tables, adjusted, and projected with the MP-2021 projection scale for MERS, and the PubS.H-2010(B) tables, adjusted, and projected with the MP-2019 projection scale for MPERS and FRS.

The actuarial assumptions used in the January 1, 2025 valuation were based on the results of ongoing evaluations of the assumptions from the MERS, MPERS and FRS 2025 actuarial valuations.

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, 2025. However, a trust was established during 2018 and an initial contribution was made during that year but funding and investment policies have not yet been fully implemented. We have therefore used the discount rates which would be applicable to an unfunded plan; namely, 4.83%, which is the value of the Bond Buyers' 20 Year General Obligation Municipal Bond Index as of December 31, 2025, the measurement date at the end of the applicable measurement period, and 4.08% as of, December 31 2024, the measurement date at the end of the immediately preceding measurement period.

Note 4. Postemployment Benefits other than Pensions (Continued)

Changes in the Net OPEB Liability

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Total OPEB Liability (a)-(b)
Balances at December 31, 2024	$ 9,176,813	$ 1,176,354	$ 8,000,459
Service Cost	691,399	-	691,399
Interest Cost at 4.08%	398,045	-	398,045
Difference between Expected and Actual Experience	(484,894)	-	(484,894)
Net Investment Income (Loss)	-	105,486	(105,486)
Changes of Assumptions	(1,417,861)	-	(1,417,861)
Benefit Payments (b) Direct	(223,185)	-	(223,185)
Administrative Expense (a) From Trust	-	(5,084)	5,084
Net Change	(1,036,496)	100,402	(1,136,898)
Balances at December 31, 2025	$ 8,140,317	$ 1,276,756	$ 6,863,561

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following represents the net OPEB liability of the City of Covington, as well as what the City of Covington's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.83%) or one percentage point higher (5.83%) than the current discount rate:

	1% Decrease (3.83%)	Current Discount Rate (4.83%)	1% Increase (5.83%)
Net OPEB Liability	$ 8,229,380	$ 6,863,561	$ 5,766,394

Note 4. Postemployment Benefits other than Pensions (Continued)

Changes in the Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following represents the net OPEB liability of the City of Covington, as well as what the City of Covington's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (5.0%) or one percentage point higher (7.0%) than the current healthcare trend rates:

	1% Decrease (5.0%)	Ultimate Trend (6.0%)	1% Increase (7.0%)
Net OPEB Liability	$ 5,615,171	$ 6,863,561	$ 8,476,061

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

For the year ended December 31, 2025, the City recognized OPEB expense of $464,909. At December 31, 2025, 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	$ 353,840	$ (1,884,715)
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	(69,923)
Changes in Assumptions/Inputs	1,990,545	(3,330,667)
Total	$ 2,344,385	$ (5,285,305)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan for the year ended December 31, 2025 will be recognized in OPEB expense as follows:

Year Ending December 31,	Amount
2026	$ (583,215)
2027	(878,908)
2028	(546,219)
2029	(239,610)
2030	(282,962)
Thereafter	(410,006)
Total	$ (2,940,920)

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 no annual aggregate maximum. At December 31, 2025, 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 the tax abatement agreement shown below, as of December 31, 2025:

- A printing and related support activities company, through an agreement negotiated with the Industrial Tax Exemption (ITE) program, has property assessed at approximately $1.4 million with exempt taxes of approximately $26,000. The ITE program may be granted to companies located within the Parish. The ITE program abates, up to ten years, local property taxes on new investment and annual capitalized additions related to the business.

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.

The City’s outstanding general obligation bonds, Series 2016 and Series 2023, 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.

Note 8. Restricted Assets

Garden of Pines (Perpetual Care)

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

Note 9. Interfund Transfers

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

	Transfers In	Transfers Out
Governmental Activities		
General Fund	$ 1,995,491	$ -
Special Revenue Funds		
A3 Sales Tax Fund	-	1,995,491
State and Federal Grants Fund	-	2,967,710
Capital Projects Funds		
Waste-Water Capacity Treatment Fund	-	67,500
	1,995,491	5,030,701
Business-Type Activities		
Utility Fund	3,035,210	-
Total	$ 5,030,701	$ 5,030,701

Note 10. Equity in Pooled Cash

To the extent possible, cash is pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose funds are deposited in the pooled cash accounts has equity therein. Pooled cash at December 31, 2025 was as follows:

	Amount
Governmental Activities	
General Fund	$ (22,402,890)
Special Revenue Funds	
A3 Sales Tax Fund	12,700,404
State and Federal Grants Fund	873,410
Drug Forfeiture Fund	38,662
Tree Mitigation Fund	20,271
Capital Projects Funds	
Water Capacity Treatment Fund	258,959
Waste-Water Capacity Treatment Fund	900,425
	(7,610,759)
Business-Type Activities	
Utility Fund	7,610,759
Total	$ -

Note 11. Due to/from Other Funds

The primary purpose of interfund receivables/payables is to loan funds from the General Fund to individual funds to cover current expenditures. The due to/from other funds are short-term receivables or payables resulting from the normal course of the City's operations. Individual fund balances due to/from other funds at December 31, 2025 are as follows:

	Interfund Receivables	Interfund Payables
Governmental Activities		
General Fund	$ 2,266,469	$ 384,028
Special Revenue Funds		
A3 Sales Tax Fund	-	2,652
State and Federal Grants Fund	-	2,215,991
Debt Service Funds		
General Obligation Debt Service Fund	-	5,400
Capital Projects Funds		
2023 Capital Projects Fund	362,028	-
Permanent Fund		
Garden of Pines Permanent Fund	-	32,387
	2,628,497	2,640,458
Business-Type Activities		
Utility Fund	22,000	10,039
Total	$ 2,650,497	$ 2,650,497

Note 12. Internal Balances

In the government-wide statement of net position, the balances of the due to/from other funds (Note 11) and the equity in pooled cash (Note 10) are combined into a single line, internal balances. The following is the reconciliation for the amount shown on the statement of net position for internal balances at December 31, 2025:

	Governmental Activities	Business-Type Activities
Due from Other Funds	$ 2,628,497	$ 22,000
Due to Other Funds	(2,640,458)	(10,039)
(Deficit) Equity in Pooled Cash	(7,610,759)	7,610,759
Total	$ (7,622,720)	$ 7,622,720

Note 13. FHA Revolving Loan Fund

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

During the year ended December 31, 2025, the revolving loan fund was closed. Upon closeout, the City made a payment of $149,500 to the USDA for repayment of the initial federal share received. The remaining balance of $103,400 was transferred into the City’s General Fund.

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, 2024	$ 252,835
Deletions	
Repayment of Funds	(149,500)
Transfers to General Fund	(103,400)
Additions	
Interest on Cash Account	65
Restricted Cash and Cash Equivalents - December 31, 2025	$ -
Notes Receivable - December 31, 2025	$ -

Note 14. Deficit Fund Balances

At December 31, 2025, the State and Federal Grants Fund reported a deficit fund balance of $2,695,657. The fund deficit is a temporary timing issue resulting from the application of the modified accrual basis of accounting. The City incurred $2,892,599 in eligible expenditures under various state grant programs prior to year-end. However, the corresponding reimbursements from the State were not received within the 60-day availability period. As such, the associated revenues have been recorded as a deferred inflow of resources in the Fund Balance Sheet. The deficit will be eliminated in the subsequent period when the State remits the cash and the City recognizes the deferred inflows as revenue.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

CITY OF COVINGTON, LOUISIANA
Schedule of Proportionate Share of Net Position Liability
For the Year Ended December 31, 2025

The Municipal System	**2025**	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's Portion of the Net Pension Liability	**2.054563%**	1.935085%	1.792080%	1.741562%	1.580874%	1.700005%	1.577123%	1.638340%	1.685030%	1.602460%
City's Proportionate Share of the Net Pension Liability	**$ 4,709,520**	$ 5,445,327	$ 6,549,808	$ 7,233,115	$ 4,397,206	$ 7,349,817	$ 6,590,263	$ 6,783,826	$ 7,049,195	$ 6,568,003
City's Covered Payroll	**$ 4,657,479**	$ 4,419,674	$ 3,494,467	$ 3,262,633	$ 3,245,402	$ 2,913,696	$ 2,961,267	$ 3,030,352	$ 2,862,540	$ 2,805,094
City's Proportionate Share of the Net Pension Liability as a Percentage of its of Covered Payroll	**101.12%**	123.21%	187.43%	221.70%	135.49%	252.25%	222.55%	223.86%	246.26%	234.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**83.47%**	79.05%	72.46%	67.87%	77.82%	64.52%	64.68%	63.90%	62.50%	62.11%

The Police System	**2025**	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's Portion of the Net Pension Liability	**0.774435%**	0.773111%	0.722839%	0.664164%	0.549996%	0.514037%	0.507229%	0.577690%	0.578550%	0.560620%
City's Proportionate Share of the Net Pension Liability	**$ 5,348,323**	$ 7,004,354	$ 7,636,772	$ 6,788,935	$ 2,931,779	$ 4,750,900	$ 4,606,489	$ 4,883,784	$ 5,050,978	$ 5,254,579
City's Covered Payroll	**$ 3,047,613**	$ 2,778,273	$ 2,004,827	$ 1,863,216	$ 1,588,391	$ 1,584,018	$ 1,704,795	$ 1,626,838	$ 1,503,506	$ 1,347,463
City's Proportionate Share of the Net Pension Liability as a Percentage of its of Covered Payroll	**175.49%**	252.11%	380.92%	364.37%	184.58%	299.93%	270.21%	300.20%	335.95%	389.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**81.94%**	75.84%	71.30%	70.80%	84.09%	70.94%	71.00%	70.10%	70.10%	66.04%

The Firefighters' System	**2025**	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's Portion of the Net Pension Liability	**0.440648%**	0.498338%	0.473362%	0.466954%	0.419069%	0.387149%	0.378677%	0.434260%	0.426240%	0.433230%
City's Proportionate Share of the Net Pension Liability	**$ 1,856,047**	$ 2,805,927	$ 3,089,542	$ 3,292,629	$ 1,485,119	$ 2,683,542	$ 2,371,241	$ 2,497,915	$ 2,443,120	$ 2,833,709
City's Covered Payroll	**$ 1,170,626**	$ 1,216,672	$ 1,043,354	$ 963,127	$ 963,848	$ 913,291	$ 1,048,998	$ 995,201	$ 976,837	$ 976,788
City's Proportionate Share of the Net Pension Liability as a Percentage of its of Covered Payroll	**158.55%**	230.62%	296.12%	341.87%	154.08%	293.83%	226.05%	251.00%	250.11%	290.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**86.96%**	81.68%	77.69%	74.68%	86.78%	72.61%	74.00%	74.80%	73.50%	68.16%

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
Schedule of City's Contributions to Pension Plans
For the Year Ended December 31, 2025

The Municipal System	**2025**	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	**$ 1,195,657**	$ 1,162,893	$ 1,062,550	$ 984,645	$ 923,465	$ 899,612	$ 835,171	$ 771,786	$ 717,787	$ 625,486
Contributions in Relation to the Contractually Required Contribution	**1,195,657**	1,162,893	1,062,550	984,645	923,465	899,612	835,171	771,786	717,787	625,486
Contribution Deficiency (Excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's Covered Payroll	**$ 4,657,479**	$ 4,419,674	$ 3,494,467	$ 3,262,633	$ 3,245,402	$ 3,143,685	$ 3,009,624	$ 3,039,066	$ 3,024,599	$ 2,940,646
Contributions as a Percentage of Covered Payroll	**25.67%**	26.31%	30.41%	30.18%	28.45%	28.62%	27.75%	25.40%	23.73%	21.27%

The Police System	**2025**	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	**$ 1,033,543**	$ 924,576	$ 765,224	$ 609,983	$ 566,304	$ 502,108	$ 501,345	$ 552,967	$ 526,234	$ 540,210
Contributions in Relation to the Contractually Required Contribution	**1,033,543**	924,576	765,224	609,983	566,304	502,108	501,345	552,967	526,234	540,210
Contribution Deficiency (Excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's Covered Payroll	**$ 3,047,613**	$ 2,778,273	$ 2,004,827	$ 1,863,216	$ 1,588,391	$ 1,515,453	$ 1,548,049	$ 1,755,544	$ 1,681,942	$ 1,561,694
Contributions as a Percentage of Covered Payroll	**33.91%**	33.28%	38.17%	32.74%	35.65%	33.13%	32.39%	31.50%	31.29%	34.59%

The Firefighters' System	**2025**	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	**$ 452,202**	$ 476,152	$ 422,511	$ 406,024	$ 338,994	$ 295,717	$ 250,782	$ 262,537	$ 251,289	$ 258,903
Contributions in Relation to the Contractually Required Contribution	**452,202**	476,152	422,511	406,024	338,994	295,717	250,782	262,537	251,289	258,903
Contribution Deficiency (Excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's Covered Payroll	**$ 1,170,626**	$ 1,216,672	$ 1,043,354	$ 963,127	$ 963,848	$ 982,734	$ 923,122	$ 990,706	$ 1,042,519	$ 986,254
Contributions as a Percentage of Covered Payroll	**38.63%**	39.14%	40.50%	42.16%	35.17%	30.09%	27.17%	26.50%	24.10%	26.25%

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

CITY OF COVINGTON, LOUISIANA
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Cost	**$ 691,399**	$ 842,049	$ 562,628	$ 391,704	$ 345,877	$ 360,161	$ 211,866	$ 239,287
Interest Cost	**398,045**	333,279	309,041	209,687	257,608	261,077	283,358	254,560
Difference between Expected and Actual Experience	**(484,894)**	-	(257,949)	375,352	(3,465,904)	605,657	284,397	(14,113)
Changes in Assumptions	**(1,417,861)**	(1,285,664)	641,842	(2,329,169)	1,090,383	1,330,103	2,049,743	(804,905)
Benefit Payments	**(223,185)**	(186,677)	(176,945)	(235,488)	(223,211)	(213,984)	(210,381)	(116,941)
Net Change in OPEB Liability	**(1,036,496)**	(297,013)	1,078,617	(1,587,914)	(1,995,247)	2,343,014	2,618,983	(442,112)
Total OPEB Liability - Beginning	**9,176,813**	9,473,826	8,395,209	9,983,123	11,978,370	9,635,356	7,016,373	7,458,485
Total OPEB Liability - Ending (a)	**8,140,317**	9,176,813	9,473,826	8,395,209	9,983,123	11,978,370	9,635,356	7,016,373
Plan Fiduciary Net Position								
Contributions - Employer	**-**	-	-	-	-	-	-	1,050,000
Net Investment Income	**105,486**	84,184	77,766	(55,540)	(6,660)	34,004	14,467	-
Administrative Expense	**(5,084)**	(4,741)	(4,439)	(4,480)	(4,643)	(3,543)	(21)	-
Net Change in Plan Fiduciary Net Position	**100,402**	79,443	73,327	(60,020)	(11,303)	30,461	14,446	1,050,000
Plan Fiduciary Net Position - Beginning	**1,176,354**	1,096,911	1,023,584	1,083,604	1,094,907	1,064,446	1,050,000	-
Plan Fiduciary Net Position - Ending (b)	**1,276,756**	1,176,354	1,096,911	1,023,584	1,083,604	1,094,907	1,064,446	1,050,000
Total OPEB Liability - Ending (a) - (b)	**$ 6,863,561**	$ 8,000,459	$ 8,376,915	$ 7,371,625	$ 8,899,519	$ 10,883,463	$ 8,570,910	$ 5,966,373
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	**15.68%**	12.82%	11.58%	12.19%	10.85%	9.14%	11.05%	14.96%
Covered-Employee Payroll	**$ 8,456,551**	$ 8,760,758	$ 8,383,500	$ 6,053,756	$ 5,877,433	$ 5,468,435	$ 5,258,110	$ 5,258,110
Net OPEB Liability as a Percentage of Covered-Employee Payroll	**81.16%**	91.32%	99.92%	121.77%	151.42%	199.02%	163.00%	113.47%
Notes to Schedule:								
Benefit Changes:	**None**	None	None	None	None	None	None	None
Changes in Assumptions.								
Discount Rate:	**4.83%**	4.08%	3.26%	3.72%	2.06%	2.12%	2.74%	2.74%

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
For the Year Ended December 31, 2025

Schedule of Investment Returns

	2025	2024	2023	2022	2021	2020	2019	2018
Annual Money Weighted Rate of Return, Net of Investment Expense	**8.56%**	7.27%	7.19%	-5.51%	-1.01%	3.11%	1.36%	0.00%

Source: Regions Wealth Platform (RWP)

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

Schedule of City's Contributions

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution	**$ 1,355,707**	$ 1,467,868	$ 1,091,682	$ 1,002,040	$ 839,878	$ 782,875	$ 561,104	$ 641,772
Contributions in Relation to the Actuarially Determined Contribution								
Employer Contributions to Trust	-	-	-	-	-	-	-	1,050,000
Employer-Paid Retiree Premiums	**223,185**	186,677	176,945	235,488	223,211	213,894	210,381	116,941
Total Contributions	**223,185**	186,677	176,945	235,488	223,211	213,894	210,381	1,166,941
Contribution Deficiency (Excess)	**$ 1,132,522**	$ 1,281,191	$ 914,737	$ 766,552	$ 616,667	$ 568,981	$ 350,723	$ (525,169)
Covered-Employee Payroll	**$ 8,456,551**	$ 8,760,758	$ 8,383,500	$ 6,053,756	$ 5,877,433	$ 5,468,435	$ 5,258,110	$ 5,376,452
Contributions as a Percentage of Covered-Employee Payroll	**2.64%**	2.13%	2.11%	3.89%	3.80%	3.91%	4.00%	21.70%

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

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Taxes				
Sales Taxes	$ 13,188,958	$ 13,188,958	$ 13,649,734	$ 460,776
Property Taxes	3,182,533	3,182,533	3,118,325	(64,208)
Franchise Taxes	801,523	801,523	930,448	128,925
Licenses and Permits	1,512,000	1,512,000	1,658,157	146,157
Other Revenues	200,537	200,537	842,633	642,096
Fines and Forfeitures	250,500	250,500	230,707	(19,793)
Charges for Services	227,675	227,675	297,961	70,286
Intergovernmental Revenues	1,063,400	1,063,400	1,123,106	59,706
Interest and Penalties	576,983	576,983	495,218	(81,765)
State and Federal Grants	-	429,654	434,051	4,397
Total Revenues	21,004,109	21,433,763	22,780,340	1,346,577
Expenditures				
Current				
General Government	6,044,362	6,400,803	5,536,636	864,167
Public Safety - Police	7,536,876	7,600,254	7,064,118	536,136
Public Safety - Fire	3,569,811	3,646,060	3,083,263	562,797
Public Works	3,991,781	4,230,004	3,069,987	1,160,017
Culture and Recreation	1,224,806	1,249,845	1,094,972	154,873
Capital Outlay	2,726,378	6,448,557	2,566,648	3,881,909
Debt Service				
Principal	408,887	411,272	207,829	203,443
Interest	22,999	22,999	52,062	(29,063)
Total Expenditures	25,525,900	30,009,794	22,675,515	7,334,279
Excess (Deficiency) of Revenues Over Expenditures	(4,521,791)	(8,576,031)	104,825	8,680,856
Other Financing Sources (Uses)				
Transfers In	938,331	938,331	1,995,491	1,057,160
Total Other Financing Sources (Uses)	938,331	938,331	1,995,491	1,057,160
Net Change in Fund Balances	$ (3,583,460)	$ (7,637,700)	2,100,316	$ 9,738,016
Fund Balances, Beginning of Year			15,303,049	
Fund Balances, End of Year			$ 17,403,365	

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Annexation Area (A3) Sales Tax Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Taxes				
Sales Taxes	$ 4,448,540	$ 4,448,540	$ 4,447,619	$ (921)
Interest and Penalties	323,652	323,652	431,533	107,881
Total Revenues	4,772,192	4,772,192	4,879,152	106,960
Expenditures				
Current				
General Government	61,158	61,158	66,206	(5,048)
Capital Outlay	3,200,000	8,334,161	1,207,508	7,126,653
Total Expenditures	3,261,158	8,395,319	1,273,714	7,121,605
Excess (Deficiency) of Revenues Over Expenditures	1,511,034	(3,623,127)	3,605,438	7,228,565
Other Financing Sources (Uses)				
Transfers Out	(2,592,722)	(2,592,722)	(1,995,491)	597,231
Total Other Financing Sources (Uses)	(2,592,722)	(2,592,722)	(1,995,491)	597,231
Net Change in Fund Balance	$ (1,081,688)	$ (6,215,849)	1,609,947	$ 7,825,796
Fund Balance, Beginning of Year			11,184,833	
Fund Balance, End of Year			$ 12,794,780	

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
State and Federal Grants Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
State and Federal Grants	$ -	$ 1,500,000	$ 2,847,206	$ 1,347,206
Total Revenues	-	1,500,000	2,847,206	1,347,206
Expenditures				
Current				
General Government	-	344,425	313,862	30,563
Public Safety - Police	-	-	3,996	(3,996)
Capital Outlay	-	15,265,971	2,406,771	12,859,200
Total Expenditures	-	15,610,396	2,724,629	12,885,767
Excess (Deficiency) of Revenues Over Expenditures	-	(14,110,396)	122,577	14,232,973
Other Financing Sources (Uses)				
Transfers Out	-	-	(2,967,710)	(2,967,710)
Total Other Financing Sources (Uses)	-	-	(2,967,710)	(2,967,710)
Net Change in Fund Balance	$ -	$ (14,110,396)	(2,845,133)	$ 11,265,263
Fund Balance, Beginning of Year (Originally Stated)			149,476	
Prior Period Adjustment			-	
Fund Balances, Beginning of Year (Restated)			149,476	
Fund Balance, End of Year			$ (2,695,657)	

Note 1. Budgetary Information

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

a) Prior to September of each year, the City prepares a proposed budget for the next succeeding fiscal year and submits it to the Council. The recommended budget includes proposed expenditures and the sources of receipts to finance them.

b) Public hearings are conducted at City Hall.

c) Prior to the last meeting of the current fiscal year, the budget is enacted through passage of an ordinance and becomes the basis for the millage levied by the Council.

d) The Mayor is authorized to transfer budgeted amounts between line items within a department; however, any revisions that alter the total expenditures of any department must be approved by the Council. Expenditures may not exceed legal appropriations at the department level. All appropriations lapse at year-end.

e) Formal budgetary integration is employed as a management control device during the year for the General Fund, the Special Revenue Funds, Debt Service Funds, and Capital Outlay Funds. Formal budgetary integration is not employed for the Garden of Pines Permanent Fund and the Tree Mitigation Fund because projects are approved individually.

f) Budgets are legally adopted on a basis consistent with U.S. GAAP except for transfers and debt service.

g) The budgetary comparison schedules shown in the accompanying required supplementary information present comparisons of the legally adopted budgets, as amended, with actual results. The originally adopted budgets are presented for purposes of comparison to the final, amended budgets.

Note 2. Pension Schedules

Plan Changes in Benefit Terms

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

Note 2. Pension Schedules (Continued)

Changes of Assumptions

The Municipal System

For the Municipal Employees' Retirement System for the valuation year ended June 30, 2024, the rate for projected salary increases increased from 6.4% to 9.0% for 1 to 2 years of service. For the valuation year ended June 30, 2021, the investment rate of return decreased from 6.95% to 6.85%. For the valuation year ended June 30, 2020, the investment rate of return decreased from 7% to 6.95%. For the valuation year ended June 30, 2019, the investment rate of return decreased from 7.275% to 7% and the rate of inflation decreased from 2.6% to 2.5%. For the valuation year ended June 30, 2018, the investment rate of return decreased from 7.4% to 7.275% and the rate of inflation decreased from 2.775% to 2.6%. For the valuation year ended June 30, 2017, the investment rate of return decreased from 7.5% to 7.4% and the rate of inflation decreased from 2.875% to 2.775%.

The Police System

For the Municipal Police Employees' Retirement System for the valuation year ended June 30, 2025, the rate for projected salary increases increased from 12.3% to 13.0% for 1 to 2 years of service and from 4.7% to 4.75% for over 2 years of service. For the valuation year ended June 30, 2021, the investment rate of return decreased from 6.95% to 6.75%. For the valuation year ended June 30, 2020, the investment rate of return decreased from 7.125% to 6.95%. For the valuation year ended June 30, 2019, the investment rate of return decreased from 7.2% to 7.125% and the inflation rate decreased from 2.6% to 2.5%. For the valuation year ended June 30, 2018, the investment rate of return decreased from 7.33% to 7.20% and the inflation rate decreased from 2.70% to 2.60%. For the valuation year ended June 30, 2017, the investment rate of return decreased from 7.5% to 7.33% and the inflation rate decreased from 2.875% to 2.70%.

The Firefighters' System

For the Firefighters' Retirement System for the valuation year ended June 30, 2025, the rate for projected salary increases increased from 14.1% to 14.5% for 1 to 2 years of service and decreased from 5.2% to 5.0% for over 2 years of service. For the valuation year ended June 30, 2020, the investment rate of return decreased from 7.00% to 6.90%. For the valuation year ended June 30, 2020, the investment rate of return decreased from 7.15% to 7.00%. For the valuation year ended June 30, 2019, the investment rate of return decreased from 7.3% to 7.15% and the inflation rate decreased from 2.7% to 2.5%. For the valuation year ended June 30, 2018, the investment rate of return decreased from 7.40% to 7.30% and the inflation rate decreased from 2.775% to 2.70%. For the valuation year ended June 30, 2017, the investment rate of return decreased from 7.50% to 7.40% and the inflation rate decreased from 2.875% to 2.775%.

OTHER SUPPLEMENTARY INFORMATION

CITY OF COVINGTON, LOUISIANA
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2025

	Debt Service Funds		Permanent	Special Revenue Funds		Capital Projects Funds		
	General Obligation Debt Service Fund	Sales Tax Bond Debt Service Fund	Garden of Pines Permanent Fund	Drug Forfeiture Fund	Tree Mitigation Fund	Water Capacity Treatment Fund	Waste-Water Capacity Treatment Fund	Total Non-Major Governmental
Assets								
Cash and Cash Equivalents	$ 562,906	$ 75,725	$ 39,187	$ -	$ -	$ -	$ -	$ 677,818
Equity in Pooled Cash	-	-	-	38,662	20,271	258,959	900,425	1,218,317
Certificates of Deposit	-	277,500	24,955	-	-	-	-	302,455
Receivables								
Property Taxes	505,744	-	-	-	-	-	-	505,744
Total Assets	$ 1,068,650	$ 353,225	$ 64,142	$ 38,662	$ 20,271	$ 258,959	$ 900,425	$ 2,704,334
Liabilities and Fund Balances								
Liabilities								
Accounts Payable	$ -	$ -	$ -	$ -	$ -	$ -	$ 34,500	$ 34,500
Due to Other Funds	5,400	-	32,387	-	-	-	-	37,787
Total Liabilities	5,400	-	32,387	-	-	-	34,500	72,287
Fund Balances								
Nonspendable								
Permanent Fund	-	-	24,955	-	-	-	-	24,955
Restricted for:								
Perpetual Care	-	-	6,800	-	-	-	-	6,800
Debt Services	1,063,250	353,225	-	-	-	-	-	1,416,475
Drug Forfeiture	-	-	-	38,662	-	-	-	38,662
Tree Mitigation	-	-	-	-	20,271	-	-	20,271
Committed								
Capital Outlay	-	-	-	-	-	258,959	865,925	1,124,884
Total Fund Balances	1,063,250	353,225	31,755	38,662	20,271	258,959	865,925	2,632,047
Total Liabilities and Fund Balances	$ 1,068,650	$ 353,225	$ 64,142	$ 38,662	$ 20,271	$ 258,959	$ 900,425	$ 2,704,334

CITY OF COVINGTON, LOUISIANA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2025

	Debt Service Funds		Permanent	Special Revenue Funds		Capital Projects Funds		
	General Obligation Debt Service Fund	Sales Tax Bond Debt Service Fund	Garden of Pines Permanent Fund	Drug Forfeiture Fund	Tree Mitigation Fund	Water Capacity Treatment Fund	Waste-Water Capacity Treatment Fund	Total Non-Major Governmental
Revenues								
Taxes								
Property Taxes	$ 680,551	$ -	$ -	$ -	$ -	$ -	$ -	$ 680,551
Fines and Forfeitures	-	-	-	5,356	5,000	-	-	10,356
Charges for Services	-	-	-	-	-	31,274	113,322	144,596
Interest and Penalties	164	11,057	1,080	1,071	494	7,472	26,263	47,601
Total Revenues	680,715	11,057	1,080	6,427	5,494	38,746	139,585	883,104
Expenditures								
Current								
General Government	880	-	-	41	48	233	941	2,143
Debt Service								
Principal	410,000	-	-	-	-	-	-	410,000
Interest	236,230	-	-	-	-	-	-	236,230
Total Expenditures	647,110	-	-	41	48	233	941	648,373
Excess (Deficiency) of Revenues Over Expenditures	33,605	11,057	1,080	6,386	5,446	38,513	138,644	234,731
Other Financing Sources (Uses)								
Transfers Out	-	-	-	-	-	-	(67,500)	(67,500)
Net Other Financing Sources (Uses)	-	-	-	-	-	-	(67,500)	(67,500)
Net Change in Fund Balances	33,605	11,057	1,080	6,386	5,446	38,513	71,144	167,231
Fund Balances, Beginning of Year	1,029,645	342,168	30,675	32,276	14,825	220,446	794,781	2,464,816
Fund Balances, End of Year	$ 1,063,250	$ 353,225	$ 31,755	$ 38,662	$ 20,271	$ 258,959	$ 865,925	$ 2,632,047

CITY OF COVINGTON, LOUISIANA
Fund Descriptions
Non-Major Governmental Funds
For the Year Ended December 31, 2025

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 FUNDS

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

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

SPECIAL REVENUE FUNDS

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

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

CAPITAL PROJECTS FUNDS

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

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

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
2023 Capital Projects Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Interest and Penalties	$ 174,084	$ 174,084	$ 159,032	$ (15,052)
Total Revenues	174,084	174,084	159,032	(15,052)
Expenditures				
Current				
General Government	-	-	725	(725)
Capital Outlay	-	5,051,045	1,753,815	3,297,230
Total Expenditures	-	5,051,045	1,754,540	3,296,505
Excess (Deficiency) of Revenues Over Expenditures	174,084	(4,876,961)	(1,595,508)	3,281,453
Net Change in Fund Balance	$ 174,084	$ (4,876,961)	(1,595,508)	$ 3,281,453
Fund Balance, Beginning of Year			5,292,313	
Fund Balance, End of Year			$ 3,696,805	

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
General Obligation Debt Service Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Taxes				
Property Taxes	$ 554,391	$ 554,391	$ 680,551	$ 126,160
Interest and Penalties	177	177	164	(13)
Total Revenues	554,568	554,568	680,715	126,147
Expenditures				
Current				
General Government	440	440	880	(440)
Debt Service				
Principal	410,000	410,000	410,000	-
Interest	236,230	236,230	236,230	-
Total Expenditures	646,670	646,670	647,110	(440)
Excess (Deficiency) of Revenues Over Expenditures	(92,102)	(92,102)	33,605	125,707
Net Change in Fund Balance	$ (92,102)	$ (92,102)	33,605	$ 125,707
Fund Balance, Beginning of Year			1,029,645	
Fund Balance, End of Year			$ 1,063,250	

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Sales Tax Bond Debt Service Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Interest and Penalties	$ 5,350	$ 5,350	$ 11,057	$ 5,707
Total Revenues	5,350	5,350	11,057	5,707
Expenditures				
Current				
General Government	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	5,350	5,350	11,057	5,707
Net Change in Fund Balance	$ 5,350	$ 5,350	11,057	$ 5,707
Fund Balance, Beginning of Year			342,168	
Fund Balance, End of Year			$ 353,225	

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Garden of Pines Permanent Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Interest and Penalties	$ 187	$ 187	$ 1,080	$ 893
Total Revenues	187	187	1,080	893
Expenditures				
Current				
General Government	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	187	187	1,080	893
Net Change in Fund Balance	$ 187	$ 187	1,080	$ 893
Fund Balance, Beginning of Year			30,675	
Fund Balance, End of Year			$ 31,755	

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Drug Forfeiture Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Fines and Forfeitures	$ -	$ -	$ 5,356	$ 5,356
Interest and Penalties	1,028	1,028	1,071	43
Total Revenues	1,028	1,028	6,427	5,399
Expenditures				
Current				
General Government	17,049	17,049	41	17,008
Total Expenditures	17,049	17,049	41	17,008
Excess (Deficiency) of Revenues Over Expenditures	(16,021)	(16,021)	6,386	(11,609)
Net Change in Fund Balance	$ (16,021)	$ (16,021)	6,386	$ (11,609)
Fund Balance, Beginning of Year			32,276	
Fund Balance, End of Year			$ 38,662	

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Tree Mitigation Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Fines and Forfeitures	$ -	$ -	$ 5,000	$ 5,000
Interest and Penalties	311	311	494	183
Total Revenues	311	311	5,494	5,183
Expenditures				
Current				
General Government	8	8	48	(40)
Total Expenditures	8	8	48	(40)
Excess (Deficiency) of Revenues Over Expenditures	303	303	5,446	5,143
Net Change in Fund Balance	$ 303	$ 303	5,446	$ 5,143
Fund Balance, Beginning of Year			14,825	
Fund Balance, End of Year			$ 20,271	

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Water Capacity Treatment Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Charges for Services	$ 22,000	$ 22,000	$ 31,274	$ 9,274
Interest and Penalties	5,392	5,392	7,472	2,080
Total Revenues	27,392	27,392	38,746	11,354
Expenditures				
Current				
General Government	130	130	233	(103)
Total Expenditures	130	130	233	(103)
Excess (Deficiency) of Revenues Over Expenditures	27,262	27,262	38,513	11,251
Net Change in Fund Balance	$ 27,262	$ 27,262	38,513	$ 11,251
Fund Balance, Beginning of Year			220,446	
Fund Balance, End of Year			$ 258,959	

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Waste-Water Capacity Treatment Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Charges for Services	$ 66,000	$ 66,000	$ 113,322	$ 47,322
Interest and Penalties	20,575	20,575	26,263	5,688
Total Revenues	86,575	86,575	139,585	53,010
Expenditures				
Current				
General Government	536	536	941	(405)
Capital Outlay	-	150,000	-	150,000
Total Expenditures	536	150,536	941	149,595
Excess (Deficiency) of Revenues Over Expenditures	86,039	(63,961)	138,644	202,605
Other Financing Sources (Uses)				
Transfers Out	-	-	(67,500)	(67,500)
Net Other Financing Sources (Uses)	-	-	(67,500)	(67,500)
Net Change in Fund Balance	$ 86,039	$ (63,961)	71,144	$ 135,105
Fund Balance, Beginning of Year			794,781	
Fund Balance, End of Year			$ 865,925	

CITY OF COVINGTON, LOUISIANA
Schedule of Council Compensation
For the Year Ended December 31, 2025

Council Members	Term of Office	Compensation
Joey Roberts	May 2018 - current	$ 10,800
Blake Bushnell	April 2025 - current	8,100
William Burrall	August 2024 - current	10,800
Peter Lewis, Sr.	July 2019 - February 2026	10,800
Mark Verret	July 2019 - current	10,800
John Botsford	July 2019 - current	10,800
Blaine Stanga	September 2024 - March 2025	3,600
James Inman	July 2023 - current	10,800
Total Council Compensation		$ 76,500

CITY OF COVINGTON, LOUISIANA
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2025

Agency Head
Mark R. Johnson, Mayor

Purpose	Amount
Salary	$ 99,059
Benefits - Insurance	9,114
Benefits - Retirement	27,241
Benefits - Other	4,710
Car Allowance	9,000
Cell Phone	600
Other	84

CITY OF COVINGTON, LOUISIANA
Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session - Cash Basis Presentation
For the Six-Month Periods Ended June 30, 2025 and December 31, 2025

Entity Name	**City of Covington**
LLA Entity ID #	**2165**
Date that reporting period ended	**12/31/2025**

	First 6 months ended 06/30/2025	**Second 6 months ended 12/31/2025**
Beginning Balance of Amounts Collected (i.e. cash on hand)	$ -	$ -
Add: Collections		
Traffic Ticket Fees	149,304	205,471
Subtotal Collections	**$ 149,304**	**$ 205,471**
Less: Disbursements To Governments & Nonprofits:		
LA Commission on Law Enforcement - Court Fees	1,272	1,836
Indigent Defender Board - Court Fees	28,620	41,310
Florida Parishes Juvenile Justice Commission - Court Fees	3,180	4,590
Trial Court Case Management Information System - Court Fees	1,908	2,754
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund - Court Fees	1,790	2,520
Crimestoppers, Inc - Court Fees	1,272	1,836
St. Tammany Sheriff - Court Fees	6,310	9,130
Louisiana Supreme Court - Court Fees	316	458
Crime Victim Rep Fund	30	38
Officer Witness Fee	650	900
Witness Protection	634	918
Less: Amounts Retained by Collecting Agency		
Court Fines	76,650	103,483
Police Report Fees	7,575	7,509
City Court Fee	19,072	27,540
NSF Fee	25	-
Over/Short	-	470
Restitution	-	179
Subtotal Disbursements/Retainage	**$ 149,304**	**$ 205,471**
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	**$ -**	**$ -**

STATISTICAL SECTION

CITY OF COVINGTON, LOUISIANA
Statistical Section
Table of Contents

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

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

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

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

Table 1

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental Activities										
Net Investment in Capital Assets	**$ 38,001,243**	$ 32,784,401	$ 29,988,045	$ 32,803,778	$ 31,320,016	$ 30,292,215	$ 28,310,163	$ 25,477,548	$ 23,051,733	$ 21,362,467
Restricted	**1,800,920**	1,970,210	1,972,520	1,951,783	1,816,660	1,692,222	1,449,985	1,804,406	1,595,170	1,266,366
Unrestricted	**16,203,203**	13,086,184	13,472,326	7,852,073	(5,367,347)	(1,993,150)	(2,084,725)	(2,506,238)	62,767	385,497
Total Governmental Activities Net Position	**$ 56,005,366**	$ 47,840,795	$ 45,432,891	$ 42,607,634	$ 27,769,329	$ 29,991,287	$ 27,675,423	$ 24,775,716	$ 24,709,670	$ 23,014,330
Business-Type Activities										
Net Investment in Capital Assets	**$ 31,965,665**	$ 30,415,147	$ 28,538,205	$ 26,233,917	$ 24,579,024	$ 24,608,548	$ 24,405,436	$ 22,917,753	$ 22,689,820	$ 22,870,664
Unrestricted	**5,037,121**	4,140,645	4,629,485	4,688,838	3,390,977	3,148,548	2,878,968	3,136,403	3,253,676	2,083,644
Total Business-Type Activities Net Position	**$ 37,002,786**	$ 34,555,792	$ 33,167,690	$ 30,922,755	$ 27,970,001	$ 27,757,096	$ 27,284,404	$ 26,054,156	$ 25,943,496	$ 24,954,308
Primary Government										
Net Investment in Capital Assets	**$ 69,966,908**	$ 63,199,548	$ 58,526,250	$ 59,037,695	$ 55,899,040	$ 54,900,763	$ 52,715,599	$ 48,395,301	$ 45,741,553	$ 44,233,131
Restricted	**1,800,920**	1,970,210	1,972,520	1,951,783	1,816,660	1,692,222	1,449,985	1,804,406	1,595,170	1,266,366
Unrestricted	**21,240,324**	17,226,829	18,101,811	12,540,911	(1,976,370)	1,155,398	794,243	630,165	3,316,443	2,469,141
Total Primary Government Net Position	**$ 93,008,152**	$ 82,396,587	$ 78,600,581	$ 73,530,389	$ 55,739,330	$ 57,748,383	$ 54,959,827	$ 50,829,872	$ 50,653,166	$ 47,968,638

Source: Annual Comprehensive Financial Reports

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

Table 2

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental Activities										
General Government	**$ 6,240,781**	$ 6,475,945	$ 6,848,186	$ 5,800,360	$ 5,526,762	$ 4,219,873	$ 4,034,415	$ 3,352,924	$ 4,038,234	$ 4,769,296
Public Safety - Police	**7,497,211**	6,924,305	6,416,791	5,306,532	4,814,817	4,534,911	4,773,793	4,663,107	4,563,093	5,006,714
Public Safety - Fire	**3,389,574**	3,401,215	3,100,332	2,879,337	2,506,187	2,525,136	2,367,913	2,147,667	2,305,524	2,526,229
Public Works	**5,166,363**	4,896,222	4,429,678	4,337,837	6,671,569	3,810,148	3,619,009	3,468,910	3,295,665	3,082,316
Culture and Recreation	**1,288,662**	1,155,226	1,045,610	884,378	628,483	747,883	844,901	900,389	1,095,418	541,513
Interest on Long-Term Debt	**243,906**	311,089	134,428	51,594	82,407	78,486	123,555	106,937	123,302	117,453
Total Governmental Activities Expense	**23,826,497**	23,164,002	21,975,025	19,260,038	20,230,225	15,916,437	15,763,586	14,639,934	15,421,236	16,043,521
Business-Type Activities										
Water	**2,348,940**	2,142,526	3,313,256	3,032,858	1,438,531	2,524,833	1,560,160	1,741,357	1,612,340	1,486,619
Sewer	**4,073,293**	3,651,812	1,786,787	1,491,862	2,591,764	2,826,649	2,459,697	2,396,349	2,399,537	2,280,164
Garbage	**1,113,729**	1,107,591	1,050,875	1,052,934	1,010,495	992,160	942,259	822,539	790,005	767,388
Total Business-Type Activities Expense	**7,535,962**	6,901,929	6,150,918	5,577,654	5,040,790	6,343,642	4,962,116	4,960,245	4,801,882	4,534,171
Total Primary Government Expenses	**31,362,459**	30,065,931	28,125,943	24,837,692	25,271,015	22,260,079	20,725,702	19,600,179	20,223,118	20,577,692
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	**2,445,903**	2,286,029	2,099,402	1,742,350	1,783,302	1,467,832	1,331,387	1,658,114	1,320,913	1,501,344
Public Safety - Police	**241,063**	295,687	160,513	78,727	75,653	62,823	60,838	61,740	78,493	103,222
Public Works	**144,596**	135,514	68,833	83,311	83,311	104,446	101,817	-	21,907	19,329
Culture and Recreation	**297,961**	297,244	262,471	234,001	142,477	69,535	103,255	272,055	229,464	85,431
Operating Grants and Contributions										
General Government	**491,383**	40,356	4,875	-	4,959,226	-	33	51,414	4,711	21,128
Public Safety - Police	**570,277**	221,151	19,037	-	-	87,004	4,003	24,263	25,135	44,875
Public Safety - Fire	**219,821**	-	2,519	-	-	87,004	-	5,262	-	10,424
Public Works	**-**	-	-	-	-	-	13,455	56,451	18,410	173,124
Culture and Recreation	**-**	-	-	-	-	1,366	5,000	1,000	5,750	-
Capital Grants and Contributions		-	-							
General Government	**-**	-	-	-	-	-	230,992	-	-	75,005
Public Safety - Police	**-**	-	-	100,000	-	116,884	-	-	-	44,795
Public Safety - Fire	**-**	-	-	-	-	-	198,096	-	2,130	71,979
Public Works	**2,925,451**	150,493	843,490	633,297	500,000	14,000	8,541	3,097	590,078	81,883
Culture and Recreation	**2,302,284**	64,758	-	-	246,866	-	250,000	-	-	2,436
Total Governmental Activities Program Revenues	**9,638,739**	3,491,232	3,461,140	2,871,686	7,790,835	2,010,894	2,307,417	2,133,396	2,296,991	2,234,975

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

Table 2

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Business-Type Activities										
Charges for Services										
Water	**2,721,637**	2,532,690	2,390,688	2,216,801	2,064,623	1,750,857	1,751,694	1,568,834	1,462,483	1,438,457
Sewer	**2,827,446**	2,640,032	2,742,094	2,500,311	2,415,401	2,112,508	1,945,078	1,902,523	1,793,771	1,725,651
Garbage	**1,128,414**	1,094,144	1,032,278	1,059,743	1,028,268	976,460	953,630	884,599	836,508	799,028
Total Business-Type Activities Program Revenues	**6,677,497**	6,266,866	6,165,060	5,776,855	5,508,292	4,839,825	4,650,402	4,355,956	4,092,762	3,963,136
Total Primary Government Program Revenues	**16,316,236**	9,758,098	9,626,200	8,648,541	13,299,127	6,850,719	6,957,819	6,489,352	6,389,753	6,198,111
Net (Expense) Revenue										
Governmental Activities	**(14,187,758)**	(19,672,770)	(18,513,885)	(16,388,352)	(12,439,390)	(13,905,543)	(13,456,169)	(12,506,538)	(13,124,245)	(13,808,546)
Business-Type Activities	**(858,465)**	(635,063)	14,142	199,201	467,502	(1,503,817)	(311,714)	(604,289)	(709,120)	(571,035)
Total Primary Government Net Expense	**(15,046,223)**	(20,307,833)	(18,499,743)	(16,189,151)	(11,971,888)	(15,409,360)	(13,767,883)	(13,110,827)	(13,833,365)	(14,379,581)
General Revenues and Other Changes in Net Position:										
Governmental Activities										
Taxes										
Sales Taxes	**18,097,353**	17,256,745	17,019,581	17,373,758	16,131,917	13,664,106	12,862,905	12,429,707	11,973,167	10,874,639
Property Taxes	**3,798,876**	3,737,520	3,390,163	3,303,400	3,189,895	3,184,627	2,979,826	2,866,280	2,852,243	2,774,300
Franchise Taxes	**930,448**	809,599	851,906	943,484	768,835	672,277	788,684	825,019	763,357	774,406
Interest	**1,133,384**	1,360,267	1,252,576	361,522	69,590	74,683	368,914	197,327	88,099	57,007
Other General Revenues	**922,287**	336,828	336,916	284,304	291,241	399,764	581,834	761,177	518,983	805,950
Special Item - Loss/Gain on Disposed Assets	**-**	-	-	-	-	-	8,531	48,042	-	(142,591)
Non-Employer Contribution Revenue	**505,191**	468,930	405,090	373,687	251,876	304,460	279,032	299,191	292,756	280,471
Benefit Payments	**-**	-	-	-	-	-	-	100,135	-	-
Transfers	**(3,035,210)**	(1,745,993)	(1,917,090)	(2,208,658)	288,769	(2,118,510)	(1,513,850)	(2,350,837)	(1,669,020)	(1,205,479)
Total Governmental Activities	**22,352,329**	22,223,896	21,339,142	20,431,497	20,992,123	16,181,407	16,355,876	15,176,041	14,819,585	14,218,703
Business-Type Activities										
Other General Revenues	**217,951**	231,244	278,651	65,668	1,141	-	-	-	-	-
Transfers	**3,035,210**	1,745,993	1,917,090	2,208,658	(288,769)	2,116,735	-	-	1,669,020	1,205,479
Non-Employer Contribution Revenue	**52,298**	45,928	35,052	31,006	33,031	31,385	28,112	29,711	29,288	28,480
Benefit Payments	**-**	-	-	-	-	-	-	16,807	-	-
Capital Contributions	**-**	-	-	-	-	(171,611)	1,513,850	1,300,837	-	-
Total Business-Type Activities	**3,305,459**	2,023,165	2,230,793	2,305,332	(254,597)	1,976,509	1,541,962	1,347,355	1,698,308	1,233,959
Total Primary Government General Revenues and Other Changes in Net Position	**25,657,788**	24,247,061	23,569,935	22,736,829	20,737,526	18,157,916	17,897,838	16,523,396	16,517,893	15,452,662
Change in Net Position										
Governmental Activities	**8,164,571**	2,551,126	2,825,257	4,043,145	8,552,733	2,275,864	2,899,707	2,669,503	1,695,340	410,157
Business-Type Activities	**2,446,994**	1,388,102	2,244,935	2,504,533	212,905	472,692	1,230,248	743,066	989,188	662,924
Total Primary Government Change in Net Position	**$ 10,611,565**	$ 3,939,228	$ 5,070,192	$ 6,547,678	$ 8,765,638	$ 2,748,556	$ 4,129,955	$ 3,412,569	$ 2,684,528	$ 1,073,081

Source: Annual Comprehensive Financial Reports

CITY OF COVINGTON, LOUISIANA

Table 3

General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

Fiscal Year	Sales Tax	Property Tax	Total
2025	**$ 18,097,354**	**$ 3,798,876**	**$ 21,896,230**
2024	17,256,746	3,737,520	20,994,266
2023	17,019,581	3,390,163	20,409,744
2022	17,373,758	3,303,400	20,677,158
2021	16,131,917	3,288,553	19,420,470
2020	13,664,106	3,184,627	16,848,733
2019	12,862,905	2,979,826	15,842,731
2018	12,429,707	2,866,280	15,295,987
2017	11,973,167	2,852,243	14,825,410
2016	10,874,639	2,774,300	13,648,939

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

Table 4

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Nonspendable	**$ 293,757**	$ 118,310	$ 82,285	$ 82,265	$ 82,260	$ 80,260	$ 87,549	$ 102,447	$ 79,509	$ -
Restricted	**-**	252,835	252,709	255,362	252,529	284,522	254,243	253,254	255,515	253,853
Assigned	**7,148,734**	7,302,854	5,531,876	5,568,305	5,568,305	4,820,741	4,649,413	3,590,934	6,347,449	5,594,298
Unassigned	**9,960,874**	7,629,050	10,572,493	11,090,797	9,747,018	5,969,184	5,782,918	7,874,558	4,841,225	3,319,642
Total General Fund	**$ 17,403,365**	$ 15,303,049	$ 16,439,363	$ 16,996,729	$ 15,650,112	$ 11,154,707	$ 10,774,123	$ 11,821,193	$ 11,523,698	$ 9,167,793
All Other Governmental Funds										
Nonspendable	**$ 24,955**	$ 24,955	$ 24,955	$ 24,955	$ 24,955	$ 24,955	$ 24,955	$ 24,955	$ 24,955	$ 24,955
Restricted	**1,482,208**	6,866,423	6,891,898	1,589,201	1,456,916	1,262,485	1,083,238	1,423,750	1,235,191	1,012,513
Committed	**17,616,469**	12,200,060	10,768,421	8,946,169	7,185,259	5,385,040	5,252,822	3,149,972	2,619,805	1,536,553
Unassigned, Reported in:										
Special Revenue	**(2,695,657)**	-	-	-	-	-	-	-	-	3,757,786
Other	**-**	-	-	-	-	-	-	-	1,245,844	-
Total All Other Governmental Funds	**$ 16,427,975**	$ 19,091,438	$ 17,685,274	$ 10,560,325	$ 8,667,130	$ 6,672,480	$ 6,361,015	$ 4,598,677	$ 5,125,795	$ 6,331,807

Source: Annual Comprehensive Financial Reports

CITY OF COVINGTON, LOUISIANA

Table 5

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Sales Tax	**$ 18,097,353**	$ 17,256,745	$ 17,019,581	$ 17,373,758	$ 16,131,917	$ 13,664,106	$ 12,862,905	$ 12,429,707	$ 11,973,167	$ 10,874,639
Property Taxes	**3,798,876**	3,737,520	3,390,163	3,303,400	3,288,553	3,184,627	2,979,826	2,866,280	2,852,243	2,774,300
Franchise Tax	**930,448**	809,599	851,906	943,484	768,834	672,277	788,684	825,019	763,357	774,406
Licenses and Permits	**1,658,157**	1,535,801	1,559,220	1,430,081	1,585,952	1,450,972	1,315,026	1,658,114	1,320,913	1,501,344
Other Revenues	**842,633**	336,828	336,916	277,746	291,241	212,726	398,369	459,132	251,211	544,009
Fines and Forfeitures	**241,063**	295,687	160,513	85,285	75,653	62,823	60,838	61,740	78,493	103,222
Charges for Service	**442,557**	432,758	331,304	317,312	225,788	190,841	221,433	272,055	251,371	104,760
Intergovernmental Revenue	**1,123,106**	915,968	540,182	312,269	197,350	187,038	183,456	250,160	243,152	247,058
Interest and Penalties	**1,133,384**	1,360,267	1,252,576	361,522	69,590	99,499	368,914	197,327	88,099	57,007
State and Federal Grants	**3,281,257**	311,018	869,921	733,297	5,706,092	306,258	479,137	142,007	722,116	525,649
Refunding Bonds Issued	**-**	-	-	-	-	-	-	-	-	3,890,000
Total Revenues	**31,548,834**	26,992,191	26,312,282	25,138,154	28,340,971	20,031,167	19,658,588	19,161,541	18,544,122	21,396,394
Expenditures										
Current										
General Government	**5,919,572**	4,995,343	5,067,787	4,236,374	3,620,921	3,492,483	3,330,355	3,303,834	3,055,652	3,539,055
Public Safety - Police	**7,068,114**	6,644,367	6,135,974	5,048,737	4,791,874	4,085,820	4,147,875	4,221,709	3,979,187	4,129,928
Public Safety - Fire	**3,083,263**	3,118,729	2,845,614	2,619,735	2,506,187	2,113,584	2,062,857	1,988,244	1,993,993	1,916,090
Public Works	**3,069,987**	2,783,582	2,479,802	2,503,279	6,694,512	2,170,629	2,104,898	2,006,127	2,034,887	1,849,987
Culture and Recreation	**1,094,972**	993,149	904,025	766,222	628,480	605,145	698,334	751,614	860,503	301,743
Sewer Department	**-**	-	-	-	-	-	-	44,327	18,785	17,245
Water Department	**-**	-	-	-	-	-	-	18,100	-	1,463
Garbage Department	**-**	-	-	-	-	-	-	-	-	178,958
Capital Outlay	**7,934,742**	5,497,633	5,329,437	3,825,034	3,349,638	3,912,127	5,223,321	3,911,767	2,967,045	4,323,372
Debt Service										
Principal	**617,829**	571,146	646,785	635,502	797,000	774,000	746,000	722,000	693,000	693,673
Interest	**288,292**	372,399	46,602	54,807	51,968	66,820	81,180	94,974	116,777	139,109
Payments on Claims and Judgements	**-**	-	-	-	-	-	-	30,000	30,000	30,000
Payment to Escrow Account	**-**	-	-	-	-	-	-	-	-	3,825,382
Total Expenditures	**29,076,771**	24,976,348	23,456,026	19,689,690	22,440,580	17,220,608	18,394,820	17,092,696	15,749,829	20,946,005
Excess (Deficiency) of Revenues Over Expenditures	**2,472,063**	2,015,843	2,856,256	5,448,464	5,900,391	2,810,559	1,263,768	2,068,845	2,794,293	450,389

CITY OF COVINGTON, LOUISIANA

Table 5

Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Other Financing Sources (Uses)										
Transfers In	**1,995,491**	1,809,327	17,020,761	17,335,973	21,909,330	1,735,063	1,956,664	11,552,430	12,060,133	7,269,605
Transfers Out	**(5,030,701)**	(3,555,320)	(18,937,851)	(19,544,631)	(21,620,561)	(3,853,573)	(3,470,514)	(13,903,266)	(13,729,153)	(8,475,084)
Proceeds from the Sale of Capital Assets	**-**	-	-	-	-	-	18,156	52,368	24,620	14,883
Proceeds from Capital Lease	**-**	-	5,628,417	-	300,895	-	947,194	-	-	-
Total Other Financing Sources (Uses)	**(3,035,210)**	(1,745,993)	3,711,327	(2,208,658)	589,664	(2,118,510)	(548,500)	(2,298,468)	(1,644,400)	(1,190,596)
Net Change in Fund Balances	**$ (563,147)**	$ 269,850	$ 6,567,583	$ 3,239,806	$ 6,490,055	$ 692,049	$ 715,268	$ (229,623)	$ 1,149,893	$ (740,207)
Debt Service as a Percentage of Non-Capital Expenditures	**4.29%**	4.40%	4.40%	4.40%	6.22%	6.18%	6.20%	6.33%	5.01%	6.79%

Source: Annual Comprehensive Financial Reports

CITY OF COVINGTON, LOUISIANA

Table 6

Schedule of Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Real Estate Assessed Value	Commercial and Other Property Assessed Value	Total Assessed Value	Total Direct Tax Rate
2025	**$ 180,579,678**	**$ 21,969,642**	**$ 202,549,320**	**19.49**
2024	177,091,887	21,979,210	199,071,097	19.49
2023	152,637,382	22,338,974	174,976,356	20.01
2022	144,085,098	27,615,415	171,700,513	20.01
2021	141,040,183	23,448,124	164,488,307	20.01
2020	140,264,673	23,809,294	164,073,967	20.01
2019	121,388,186	25,103,346	146,491,532	21.00
2018	118,824,868	22,972,415	141,797,283	21.00
2017	114,948,380	23,491,262	138,439,642	21.24
2016	110,701,663	23,954,850	134,656,513	21.24

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

CITY OF COVINGTON, LOUISIANA

Table 7

Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)

				Overlapping Rates						
	City of Covington			Parish		Service District				Total
Fiscal Year	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Total Parish Millage	Operating Millage	Debt Service Millage	Total School Millage	Special Districts	Direct and Overlapping Rates
2025	**15.99**	**3.50**	**19.49**	**26.08**	**26.08**	**41.99**	**16.25**	**58.24**	**0.00**	**103.81**
2024	15.99	3.50	19.49	30.78	30.78	41.99	16.45	58.44	0.00	108.71
2023	16.51	3.50	20.01	34.91	34.91	45.35	16.65	62.00	0.00	116.92
2022	16.51	3.50	20.01	34.91	34.91	45.35	16.65	62.00	0.00	116.92
2021	16.51	3.50	20.01	34.80	34.80	45.35	16.65	62.00	0.00	116.81
2020	16.51	3.50	20.01	35.13	35.13	45.35	16.65	62.00	0.00	117.14
2019	17.50	3.50	21.00	37.72	37.72	45.62	16.79	62.41	0.00	121.13
2018	17.50	3.50	21.00	36.69	36.69	45.62	18.79	64.41	0.00	122.10
2017	17.24	4.00	21.24	36.67	36.67	45.62	19.79	65.41	1.44	124.76
2016	17.24	4.00	21.24	36.26	36.26	45.62	20.79	66.41	1.44	125.35

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

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

Table 8

		December 31, 2025			December 31, 2016		
Taxpayer	**Type of Business**	**Assessed Valuation**	**Rank**	**Percentage of Total Assessed Valuation**	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Central LA Electric Co	Utility	$ 3,637,810	1	1.81%	$ 3,922,870	1	29.38%
CX Regan Crossing LLC	Apartments	2,823,340	2	1.41%		N/A	
Hancock Whitney Bank # 1116	Banking	2,221,496	3	1.11%		N/A	
Capital One NA.	Banking	1,904,415	4	0.95%	871,550	6	6.53%
Atmos Energy Corporation	Natural Gas	1,831,952	5	0.91%	882,774	5	6.61%
United Rentals North America	Rentals	1,454,152	6	0.72%		N/A	
Mele Printing	Printing	1,411,424	7	0.70%		N/A	
Louisiana Machinery Co LLC	Rentals	1,280,279	8	0.64%		N/A	
Testiga Properties LLC	Real Estate	1,125,449	9	0.56%	839,860	7	6.29%
Covington Educational Complex LLC		1,116,266	10	0.56%		N/A	
Blueline Rental, LLC	Rentals		N/A		1,024,210	4	7.67%
AT&T Southeast Tax Dept.	Telecommunications		N/A		2,611,129	2	19.56%
Delta Supply Chain Operations	Supply Chain		N/A		1,074,670	3	8.05%
Medstate, LLC	Medical		N/A		722,795	8	5.41%
WHS LLC			N/A		716,059	9	5.36%
RobCo LLC	Real Estate		N/A		684,977	10	5.13%
Total		$ 18,806,583		9.37%	$ 13,350,894		99.99%

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

CITY OF COVINGTON, LOUISIANA

Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Collections for Prior Years	Total Collections	(1) Ratio of Total Collections to Tax Levy
2025	**$ 3,916,367**	**$ 3,793,118**	**96.9**	**$ 5,758**	**$ 3,798,876**	**97.0**
2024	3,853,113	3,733,418	96.9	4,102	3,737,520	97.0
2023	3,495,013	3,384,432	96.8	5,731	3,390,163	97.0
2022	3,405,566	3,301,974	97.0	1,426	3,303,400	97.0
2021	3,288,553	3,188,893	97.0	1,002	3,189,895	97.0
2020	3,277,430	3,181,380	97.1	3,247	3,184,627	97.2
2019	3,075,275	2,978,602	96.9	1,224	2,979,826	96.9
2018	2,977,749	2,863,883	96.2	2,397	2,866,280	96.3
2017	2,940,457	2,850,044	96.9	2,199	2,852,243	97.0
2016	2,860,103	2,766,649	96.7	7,651	2,774,300	97.0

Source: Information obtained from the St. Tammany Parish Sheriff’s Office and the City of Covington Finance Department

(1) Total collections include redemptions

CITY OF COVINGTON, LOUISIANA

Table 10

Principal Sales Tax Payers
Current Year and Nine Years Ago
(Unaudited)

	December 31, 2025			December 31, 2016		
Taxpayer	**Sales Tax Collections**	**Rank**	**Percentage of Total Sales Tax Collections**	Sales Tax Collections	Rank	Percentage of Total Sales Tax Collections
Internet/Retailer	$ 1,009,353	1	5.75%		N/A	
Grocery/Discount Retailer 1	710,936	2	4.05%	432,564	2	3.98%
Motor Vehicles	684,605	3	3.90%	472,301	1	4.34%
Grocery/Discount Retailer 2	633,698	4	3.61%	412,128	3	3.79%
Grocery/Discount Retailer 3	524,864	5	2.99%	404,181	4	3.72%
Grocery/Discount Retailer 4	480,979	6	2.74%	339,466	5	3.12%
Grocery/Discount Retailer 5	301,928	7	1.72%	328,113	6	3.02%
Retail Pharmacies and Drug Stores 1	270,331	9	1.58%	267,940	7	2.46%
Grocery/Discount Retailer 6	277,353	8	1.54%	197,549	8	1.82%
Grocery/Discount Retailer 7	217,669	10	1.24%		N/A	
Full-Service Restraurants		N/A		157,812	10	1.45%
Retail Pharmacies and Drug Stores 2		N/A		166,895	9	1.53%
Total	$ 5,111,716		29.12%	$ 3,178,949		29.23%

Source: Information based on Sales Tax Collections compiled by the St. Tammany Parish Sheriff’s Office

CITY OF COVINGTON, LOUISIANA

Table 11

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Obligation Bonds	Sales Tax Revenue Bonds	CID Building Note	Total Primary Government Debt	(1) Percentage of Total Personal Income	(1) Total Debt Per Capita
2025	$ 5,600,000	$ -	$ 336,594	$ 5,936,594	*	21.27
2024	6,010,000	-	368,098	6,378,098	*	22.97
2023	6,410,000	-	397,625	6,807,625	*	24.70
2022	2,045,000	-	-	2,045,000	*	7.48
2021	2,425,000	-	-	2,425,000	*	9.06
2020	2,897,000	325,000	-	3,222,000	*	16.85
2019	3,356,000	640,000	-	3,996,000	*	15.34
2018	3,797,000	945,000	-	4,742,000	*	18.28
2017	4,229,000	1,235,000	-	5,464,000	*	21.47
2016	4,637,000	1,520,000	-	6,157,000	1.19%	24.30

Source: Annual Comprehensive Financial Reports

Note: Details regarding the City’s outstanding debt can be found in the Notes to the Basic Financial Statements.

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

* Information not available.

CITY OF COVINGTON, LOUISIANA

Table 12

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	(2) General Obligation Bonds	(3) Resources Restricted for Repayment of Debt	Net Debt	Net Debt Per Capital	(1) Percentage of Net Debt to Estimated Actual Value
2025	**$ 5,600,000**	**$ 1,063,250**	**$ 4,536,750**	**387.16**	**2.24%**
2024	6,010,000	1,029,646	4,980,354	422.06	2.50%
2023	6,410,000	1,080,287	5,329,713	551.73	3.05%
2022	2,045,000	906,225	1,138,775	109.59	0.66%
2021	2,425,000	751,835	1,673,165	145.16	1.04%
2020	2,897,000	712,078	2,184,922	188.72	1.33%
2019	3,356,000	704,923	2,651,077	253.14	1.81%
2018	3,797,000	713,760	3,083,240	292.25	2.17%
2017	4,229,000	676,551	3,552,449	351.94	2.57%
2016	4,637,000	637,097	3,999,903	404.15	2.97%

Source: Annual Comprehensive Financial Reports

Note: Details regarding the City’s outstanding debt can be found in the Notes to the Basic Financial Statements.

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

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

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

CITY OF COVINGTON, LOUISIANA
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2025
(Unaudited)

Table 13

Governmental Unit	(2) Gross Debt Outstanding	(1) Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
St. Tammany Parish	$ 1,135,000	5%	$ 56,750
St. Tammany Parish School Board	277,830,523	5%	13,891,526
Subtotal Overlapping Debt			13,948,276
City of Covington Direct Debt	5,600,000	100%	5,600,000
Total Direct and Overlapping Debt			$ 19,548,276

Source: St. Tammany Parish Annual Comprehensive Financial Report

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

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Parish's taxable assessed value that is within the City's boundaries and dividing it by the Parish's total taxable assessed value.

(2) Amounts available as of December 31, 2025 for St. Tammany Parish and June 30, 2025 for St. Tammany Parish School Board.

CITY OF COVINGTON, LOUISIANA

Computation of Legal Debt Margin Information

December 31, 2025

(Unaudited)

Fiscal Year	(1) Assessed Value	(2) Debt Limit of Thirty-Five Percent (35%) of Assessed Value	(3) Less: Total Bonded Debt	Legal Debt Margin	Legal Debt Margin as a % of the Debt Limit
2025	**$ 202,549,320**	**$ 70,892,262**	**$ 5,600,000**	**$ 65,292,262**	**92.10%**
2024	199,071,097	69,674,884	6,010,000	63,664,884	91.37%
2023	174,976,356	61,241,725	6,410,000	54,831,725	89.53%
2022	171,700,513	60,095,180	1,293,165	58,802,015	97.85%
2021	164,488,307	57,570,907	1,712,922	55,857,985	97.02%
2020	164,073,967	57,425,888	2,182,323	55,243,565	96.20%
2019	146,491,532	51,272,036	2,648,878	48,623,158	94.83%
2018	141,797,283	49,629,049	3,081,440	46,547,609	93.79%
2017	138,439,642	48,453,875	3,551,050	44,902,825	92.67%
2016	134,656,513	47,129,780	3,999,903	43,129,877	91.51%

Sources:

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

(2) Legal debt limit of 35% is established by Louisiana Revised Statute Title 39, Section 562.

(3) Annual Comprehensive Financial Reports.

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

	Sales Tax Bonds				
Fiscal	Sales Tax	Debt Service			
Year	Revenue	Principal	Interest	Total	Coverage
2025	**$ 18,097,354**	**$ -**	**$ -**	**$ -**	**-**
2024	17,256,746	-	-	-	-
2023	17,019,581	-	-	-	-
2022	17,373,758	-	-	-	-
2021	16,131,917	325,000	6,793	331,793	48.62
2020	13,664,106	315,000	13,376	328,376	41.61
2019	12,862,905	305,000	19,751	324,751	39.61
2018	12,429,707	290,000	25,812	315,812	39.36
2017	11,973,167	285,000	31,768	316,768	37.80
2016	10,874,639	270,000	37,412	307,412	35.37

Source: Annual Comprehensive Financial Reports

Note: Details regarding the City’s outstanding debt can be found in the Notes to the Basic Financial Statements.

CITY OF COVINGTON, LOUISIANA

Table 16

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	(1) City of Covington Population	(1) St. Tammany Parish Population	(1) City of Covington Total Personal Income	(1) City of Covington per Capita Personal Income	(3) Unemployment Rate	(4) St. Tammany Parish School Enrollment	(2) Median Age
2025	**$ 11,708**	**$ 279,108**	*****	*****	**3.5%**	**$ 39,559**	*****
2024	11,686	277,615	*	*	3.8%	36,555	*
2023	11,618	275,583	*	*	3.3%	37,212	*
2022	11,636	273,263	*	*	2.8%	37,212	*
2021	11,800	267,653	*	*	5.1%	37,374	*
2020	11,564	191,268	*	*	5.7%	37,213	*
2019	10,464	260,419	*	*	2.6%	38,542	*
2018	10,544	259,414	*	*	4.9%	38,549	*
2017	10,090	254,508	*	*	4.3%	38,681	*
2016	9,897	253,364	516,207,511	52,158	5.1%	38,439	*

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 1st enrollment.

CITY OF COVINGTON, LOUISIANA

Table 17

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

		2025			2016		
Employer	**Location**	**Employees**	**Rank**	**% of Total St. Tammany Parish Employment**	Employees	Rank	% of Total St. Tammany Parish Employment
St. Tammany Parish School Board	Parish Wide	**6,051**	**1**	**4.64%**	5,532	1	5.03%
St. Tammany Health System	Covington	**3,100**	**2**	**2.38%**	1,493	2	1.36%
Slidell Memorial Hospital	Slidell	**730**	**3**	**0.56%**	926	3	0.84%
Textron Systems Marine & Land	Slidell	**700**	**4**	**0.54%**		N/A	
Ochsner Health System	Parish Wide	**600**	**5**	**0.46%**	842	4	0.77%
Pool Corp	Covington	**500**	**6**	**0.38%**	254	9	0.23%
S & W Foods	Slidell	**500**	**7**	**0.38%**		N/A	
Rotolo Consultants	Slidell	**500**	**8**	**0.38%**		N/A	
Northlake Behavioral Health System	Mandeville	**360**	**9**	**0.28%**		N/A	
Ampirical	Covington	**300**	**10**	**0.23%**		N/A	
St. Tammany Parish Government	Parish Wide				746	5	0.68%
St. Tammany Parish Sheriff's Office	Parish Wide				725	6	0.66%
Lakeview Regional Medical Center	Covington				467	7	0.42%
City of Slidell	Slidell				316	8	0.29%
Hornebeck Offshore Services, Inc.	Covington				202	10	0.18%
TOTAL - 10 LARGEST EMPLOYERS		**13,341**		**10.23%**	11,503		10.46%

Note: Information listed is for St. Tammany Parish

Sources:
2025 Information: Book of Lists 2024, New Orleans City Business
2016 Information: Book of Lists 2015, New Orleans City Business

CITY OF COVINGTON, LOUISIANA

Table 18

Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years
(Unaudited)

	December 31,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government										
Council	**8**	8	8	8	8	8	8	8	8	8
Administrative (1)	**11**	11	11	11	14	20	16	13	12	11
Facilities	**2**	3	4	4	4	3	1	5	4	*
Permits	**2**	3	3	3	2	2	1	2	2	2
Planning	**2**	2	2	2	2	1	1	2	2	2
Economic Development	**-**	-	-	-	-	-	-	-	-	7
Engineer	**5**	5	5	4	2	2	1	2	2	2
Code Enforcement	**2**	2	2	1	1	2	1	1	1	1
Public Safety - Police										
Police Employees	**51**	51	49	46	44	44	41	46	46	46
Public Safety - Fire										
Firefighters	**20**	23	23	22	29	21	28	16	16	16
Dispatchers	**-**	-	-	-	-	3	-	5	5	5
Public Works										
Public Operations (2)	**28**	27	24	24	24	24	24	24	24	24
Public Utility (3)	**26**	24	25	24	20	16	22	26	26	26
Recreation and Culture	**7**	6	6	5	4	5	4	4	4	1
Total	**164**	165	162	154	154	151	148	154	152	151

* Information not available.

Source: Adopted 2026 - 2025 Budgets of the City of Covington.

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

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

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

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

CITY OF COVINGTON, LOUISIANA

Table 19

Operating Indicators by Function
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
Function	**2025**	2024	2023	2022	2021	2020	2019	2018	2017	2016
Public Safety - Police										
Total Arrests	**476**	530	644	396	543	346	462	557	492	647
Parking Tickets	**15**	18	74	70	13	39	77	102	91	83
Traffic Violations	**2,047**	2,538	1,522	788	915	756	603	383	409	569
Public Safety - Fire										
Number of Calls	**2,870**	2,498	2,605	2,274	2,250	1,956	1,909	1,746	1,758	1,639
Average Response Times	**4.47**	3.45	3.88	3.54	3.57	3.57	3.48	3.48	3.32	3.21
Public Works										
Potholes Repaired	**67**	56	62	51	42	49	68	71	68	88
Trees Cut	**82**	119	125	112	134	78	63	76	69	75
Public Utility										
Water and Sewer										
Number of Billed Accounts	**5,631**	5,528	5,504	5,470	5,476	5,407	5,347	5,329	5,278	5,175
New Meter Connections	**88**	115	69	124	1,156	53	44	32	112	114
Building Permits										
New Residential	**39**	30	63	39	61	39	42	42	76	128
Residential Additions	**15**	18	18	18	19	18	12	23	31	31
Residential Renovations	**62**	29	33	47	54	32	25	41	47	160
New Commercial	**10**	9	10	14	6	92	11	13	11	26
Commercial Additions	**3**	6	1	1	5	7	2	5	2	4
Commercial Renovations	**36**	32	23	36	36	20	25	32	22	32
Recreation and Culture										
Number of Teams in Softball League	**-**	1	-	-	-	-	-	-	-	-
Number of Teams in Baseball League	**11**	11	11	5	3	6	5	8	12	9
Number of Teams in Basketball League	**14**	10	11	4	1	4	5	8	12	15
Number of Teams in Football League	**5**	5	4	4	-	-	3	3	3	4
Number of Teams in Cheer League	**-**	1	1	*	*	*	*	*	*	*

Source: Various City of Covington departments.

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

* Information not available.

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

Table 20

	Fiscal Year									
Function	**2025**	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government										
Vehicles	**18**	16	16	16	14	15	14	12	12	10
Office Furniture and Equipment	**74**	72	72	71	66	62	60	37	45	43
Tools and Equipment	**26**	25	28	26	26	25	23	20	19	18
Improvements	**11**	9	6	5	3	2	*	*	*	*
Cemetery	**2**	2	2	2	2	2	2	2	2	2
Public Safety - Police										
Vehicles	**73**	67	65	61	58	56	51	41	49	47
Office Furniture and Equipment	**42**	45	45	45	43	40	39	26	26	26
Tools and Equipment	**89**	95	96	94	88	88	88	51	48	49
Stations	**2**	2	2	1	1	1	1	1	1	1
Public Safety - Fire										
Vehicles	**13**	12	11	14	13	14	11	14	15	14
Office Furniture and Equipment	**5**	5	5	7	5	5	5	2	2	2
Tools and Equipment	**85**	83	83	89	87	86	78	34	38	38
Improvements	**15**	14	13	10	1	6	*	*	*	*
Fire Houses	**2**	2	2	2	2	2	2	2	2	2
Public Works										
Vehicles	**30**	32	32	32	32	35	34	39	38	36
Office Furniture and Equipment	**2**	2	2	2	2	2	2	2	3	2
Improvements	**24**	19	12	12	1	2	*	*	*	*
Infrastructure	**56**	53	48	41	30	22	*	*	*	*
Tools and Equipment	**68**	77	81	74	73	73	71	68	73	66
Public Utility										
Water										
Vehicles	**17**	16	15	17	12	13	13	13	14	13
Machinery, Equipment, and Improvements	**170**	171	169	164	157	154	154	153	150	140
Water Tower	**1**	1	1	1	1	1	1	1	1	1
Infrastructure	**5**	5	5	4	4	4	*	*	*	*
Pumping Stations	**10**	10	10	10	10	10	10	10	10	10
Sewer										
Vehicles	**14**	14	14	14	14	14	14	12	16	16
Building	**2**	2	2	2	2	2	*	*	*	*
Machinery, Equipment, and Improvements	**251**	258	280	272	258	250	239	228	213	200
Recreation and Cultural Arts										
Vehicles	**5**	4	2	2	2	2	2	-	-	-
Tools and Equipment	**35**	31	32	30	28	28	28	25	19	16
Improvements	**7**	7	4	3	1	1	*	*	*	*
Number of Parks	**10**	10	10	10	10	10	10	10	10	10

Source: Various City of Covington departments.

* Information not available.

SINGLE AUDIT SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 21, 2026.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Mauldin & Jenkins, LLC

Covington, LA
June 21, 2026

MAULDIN & JENKINS
CPAs & ADVISORS

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Covington, Louisiana's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Mauldin & Jenkins, LLC

Covington, LA
June 21, 2026

CITY OF COVINGTON, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity's Identifying Number	Expenditures
U.S. Department of Treasury			
Passed through the State of Louisiana			
Coronavirus State and Local Fiscal Recovery Funds	21.027	None	$ 1,510,393
Total U.S. Department of Treasury			1,510,393
Office of National Drug Control Policy			
Direct Program:			
High Intensity Drug Trafficking Areas Program	95.001	None	8,851
Total Office of National Drug Control Policy			8,851
Total Expenditures of Federal Awards			$ 1,519,244

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Covington, Louisiana (the City), under programs of federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

The City has elected not to use the applicable de minimis indirect cost rates allowed under the Uniform Guidance.

CITY OF COVINGTON, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025

A. Summary of Auditor's Results

Financial Results

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

Federal Awards

3. Internal control over major programs	
a) Material weaknesses identified?	No
b) Significant deficiencies identified not considered to be material weaknesses?	None reported
4. Type of auditor's report issued on compliance for each major program	Unmodified
5. Audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)	None
6. Identification of major programs	
Coronavirus State and Local Fiscal Recovery Funds	21.027
7. Dollar threshold used to distinguish between Type A and B programs	$1,000,000
8. Auditee qualified as a low-risk auditee under Section 2 CFR 200.520	No

B. Financial Statement Findings

None.

C. Findings and Questioned costs for Federal Awards

None.

Findings - Compliance and Other Matters

None.

MAULDIN & JENKINS
CPAs & ADVISORS

AGREED-UPON PROCEDURES REPORT

City of Covington, Louisiana

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2025 - December 31, 2025

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

We have performed the procedures enumerated below on the City of Covington, Louisiana's (the City), control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year January 1, 2025 through December 31, 2025. The City of Covington, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal year January 1, 2025 through December 31, 2025. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and results are as follows:

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

   i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

   ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

iii. ***Disbursements***, including processing, reviewing, and approving.

iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

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

2) Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

   i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

   ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

   iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

   iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

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

3) Bank Reconciliations

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

   i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

   ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

   iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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

4) Collections (excluding electronic funds transfers)

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

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

   i. Employees responsible for cash collections do not share cash drawers/registers;

   ii. Each employee responsible for collecting cash is not also responsible for preparing/ making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

   iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/ official is responsible for reconciling ledger postings to each other and to the deposit; and

   iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits, and:

   i. Observe that receipts are sequentially pre-numbered.

   ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

   iii. Trace the deposit slip total to the actual deposit per the bank statement.

   iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

v. Trace the actual deposit per the bank statement to the general ledger.

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

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

A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

B. For each location selected under procedure 5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

  i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

  ii. At least two employees are involved in processing and approving payments to vendors;

  iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

  iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

  v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.

C. For each location selected under procedure 5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

  i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

  ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure 5B above, as applicable.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure 3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

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

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

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:

   i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

   ii. Observe that finance charges and late fees were not assessed on the selected statements.

C. Using the monthly statements or combined statements selected under procedure 6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

D. Using the list of terminated employees obtained in Payroll and Personnel procedure 9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

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

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

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

   i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana **(doa.la.gov/doa/ost/ppm-49-travel-guide/)** or the U.S. General Services Administration **(www.gsa.gov);**

   ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

   iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure 1A(vii); and

   iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

   i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

   ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

   iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

   iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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

9) Payroll and Personnel

A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure 9A above, obtain attendance records and leave documentation for the pay period, and:

   i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

   ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

   iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

   iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

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

10) Ethics

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure 9A obtain ethics documentation from management, and:

   i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

   ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

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

11) Debt Service

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

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

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

12) Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the Legislative Auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

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

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management":**

   i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

   ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

    iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure 9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure 9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

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

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure 9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

    i. Number and percentage of public servants in the agency who have completed the training requirements;
    ii. Number of sexual harassment complaints received by the agency;
    iii. Number of complaints which resulted in a finding that sexual harassment occurred;
    iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
    v. Amount of time it took to resolve each complaint.

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

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

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

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

Mauldin & Jenkins, LLC

Covington, LA
June 21, 2026