CITY OF COVINGTON, LOUISIANA

Annual Comprehensive Financial Report

December 31, 2023

LAPORTE
CPAs & BUSINESS ADVISORS

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INTRODUCTORY SECTION

MARK R. JOHNSON
Mayor

CITY OF COVINGTON

LARRY ROLLING | *Councilman-at-Large*
RICK SMITH | *Councilman-at-Large*
PETER LEWIS SR. | *Councilman, District A*
JOHN BOTSFORD | *Councilman, District B*
JOEY ROBERTS | *Councilman, District C*
JIMMY INMAN | *Councilman, District D*
MARK W. VERRET | *Councilman, District E*

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

State law requires that all general-purpose local governments publish, within six (6) months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the City of Covington, Louisiana (the City) for the year ended December 31, 2023.

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

LaPorte, a firm of licensed certified public accountants, has audited the City's financial statements and has issued an unmodified ("clean") opinion on the City of Covington's financial statements for the year ended December 31, 2023. 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.

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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 11,636 people, the population swells to approximately 20,000 during the day due to the Courthouse and St. Tammany Parish Hospital. In 2023, the City experienced a flatting of sales tax with a 2% decrease over 2022, when in the previous two years 2022 and 2021, the City experienced a sales tax growth 7.7% and 18.1%, respectively. In 2024 the City anticipates sales tax to remain close to 2023’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:

- Wastewater Collection System Repair Program
- Sewer line and lift station improvements and repairs
- Improvements to our municipal water wells
- Roadway Overlay and Improvement Program
- Sidewalk Construction and Repair Program
- Drainage and street repairs in River Forest Subdivision

Among the Capital Infrastructure Projects funded in the ***2023 Budget*** which are in varying stages of design, engineering, permitting, and/or construction are the following which are scheduled for completion in 2024:

- Small Water Meter Replacements
- Magee Waterline Replacement
- Wastewater Treatment Plant Improvement Phase 4
- Wastewater Treatment Plant Pond Dredging
- River Forest Drainage Improvements
- River Forest Sewer Repairs
- US 190 Lift Station Upgrades

Respectfully submitted,

Erin Bivona
Chief Administrative Officer

Nina Sweeney
Director of Finance

CITY OF COVINGTON, LOUISIANA
Principal Elected and Appointed Officials
December 31, 2023

MAYOR

Mark Johnson - Mayor

COUNCIL MEMBERS

Larry Rolling - Councilman at Large

Rick Smith - Councilman at Large

Peter Lewis Sr. - Councilman District A

John Botsford - Councilman District B

Joey Roberts - Councilman District C

Cody Ludwig - Councilwoman District D (term expired July 2023)

James Inman - Councilman District D (term began August 2023)

Mark Verret - Councilman District E

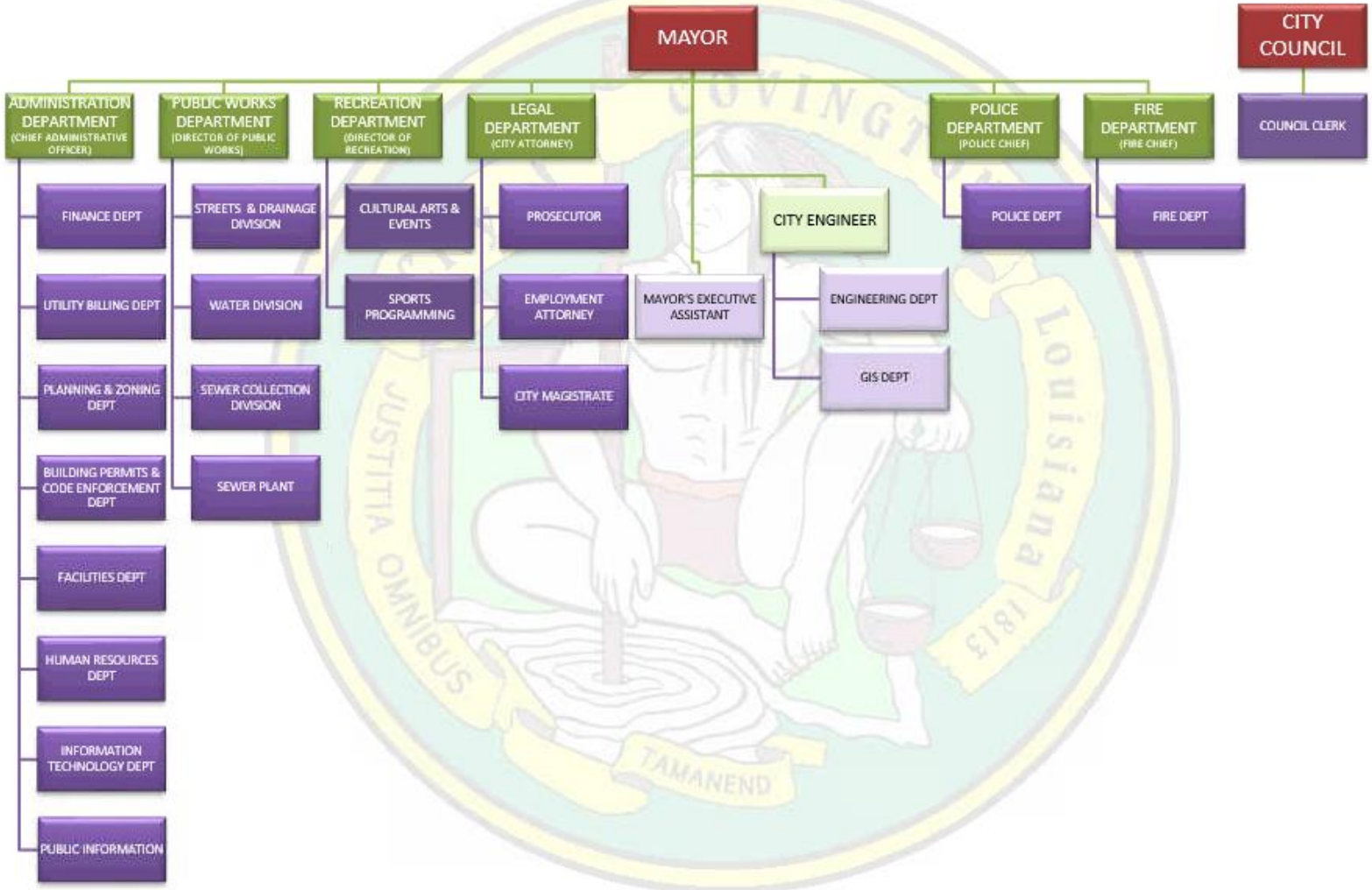
CHIEF OF POLICE

Michael Ferrell - Chief of Police

FIRE CHIEF

Gary S. Blocker Jr. - Fire Chief

CITY OF COVINGTON, LOUISIANA
Organization Chart
December 31, 2023



FINANCIAL SECTION

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CPAs & BUSINESS ADVISORS

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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, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, the schedules in the other supplementary information section as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A Professional Accounting Corporation

Covington, LA
June 25, 2024

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, 2023. Please review in conjunction with the Letter of Transmittal on Page i and the City's Basic Financial Statements, which begin on page 17.

Reviewing the Annual Report

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

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

The Statement of Net Position and the Statement of Activities

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

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

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

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

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 $45,432,891 and the net position of business-type activities was $33,167,690.

- The current year's expense total was $21,975,025 as compared to the $26,717,372 generated in fees and charges, grants, general revenues, and taxes for governmental programs (before transfers). In the previous year, expenditures were $19,260,038 as compared to the $25,511,841 generated in tax and other revenues for governmental programs (before transfers).
- For business-type activities, city revenues (before transfers) were $6,478,763. Expenses were 6,150,918.
- The annual cost of all city programs was $28,125,943. The previous year's cost was $24,837,692.

Government-Wide Financial Analysis

The City's combined net position from the previous year was $73,530,389 as compared to $78,600,581 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 $45,432,891 this year as compared to $42,607,634 last year. Unrestricted net position for governmental activities was $13,472,326 this year as compared to $7,852,073 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 $33,167,690 this year as compared to the balance of $30,922,755 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.

Table 1
Net Position (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	**2023**	2022	**2023**	2022
Assets						
Current and Other Assets	**$ 37,567**	$ 31,926	**$ 8,959**	$ 8,196	**$ 46,526**	$ 40,122
Capital Assets, Net	**37,439**	35,291	**28,538**	26,234	**65,977**	61,525
Total Assets	**75,006**	67,217	**37,497**	34,430	**112,503**	101,647
Deferred Outflows of Resources						
Deferred Loss on Refunding	**68**	68	**-**	-	**68**	68
Deferred Outflows - Pension	**5,449**	6,030	**439**	553	**5,888**	6,583
Deferred Outflows - Other Postemployment Benefits	**3,296**	3,408	**577**	596	**3,873**	4,004
Total Deferred Outflows of Resources	**8,813**	9,506	**1,016**	1,149	**9,829**	10,655
Liabilities						
Current Liabilities	**2,270**	2,047	**1,714**	948	**3,984**	2,995
Long-Term Liabilities	**29,556**	23,864	**2,951**	2,906	**32,507**	26,770
Total Liabilities	**31,826**	25,911	**4,665**	3,854	**36,491**	29,765
Deferred Inflows of Resources						
Unavailable Revenues	**2,525**	3,343	**-**	-	**2,525**	3,343
Deferred Inflows - Pension	**239**	530	**16**	45	**255**	575
Deferred Inflows - Other Postemployment Benefits	**3,796**	4,331	**664**	757	**4,460**	5,088
Total Deferred Inflows of Resources	**6,560**	8,204	**680**	802	**7,240**	9,006
Net Position						
Net Investment in Capital Assets	**29,988**	32,804	**28,538**	26,234	**58,526**	59,038
Restricted	**1,973**	1,952	**-**	-	**1,973**	1,952
Unrestricted	**13,472**	7,852	**4,630**	4,689	**18,102**	12,541
Total Net Position	**$ 45,433**	$ 42,608	**$ 33,168**	$ 30,923	**$ 78,601**	$ 73,531

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 2
Changes in Net Position (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	**2023**	2022	**2023**	2022
Revenues						
Program Revenues						
Charges for Services	**$ 2,591**	$ 2,139	**$ 6,165**	$ 5,777	**$ 8,756**	$ 7,916
Restricted Operating Grants	**26**	-	**-**	-	**26**	-
Restricted Capital Grants	**843**	733	**-**	-	**843**	733
General Revenues						
Property Taxes	**3,390**	3,303	**-**	-	**3,390**	3,303
Sales Taxes	**17,020**	17,374	**-**	-	**17,020**	17,374
Other Taxes	**852**	943	**-**	-	**852**	943
Interest and Investment Income	**1,253**	362	**279**	66	**1,532**	428
Other General Revenues	**742**	658	**35**	31	**777**	689
Total Revenues	**26,717**	25,512	**6,479**	5,874	**33,196**	31,386
Program Expenditures						
General Government	**6,848**	5,801	**-**	-	**6,848**	5,801
Public Safety	**9,517**	8,186	**-**	-	**9,517**	8,186
Public Works	**4,430**	4,337	**-**	-	**4,430**	4,337
Culture and Recreation	**1,046**	884	**-**	-	**1,046**	884
Interest on Long-Term Debt	**134**	52	**-**	-	**134**	52
Water and Sewer	**-**	-	**5,100**	4,525	**5,100**	4,525
Other Utilities	**-**	-	**1,051**	1,053	**1,051**	1,053
Total Expenditures	**21,975**	19,260	**6,151**	5,578	**28,126**	24,838
Excess (Deficit) before Transfers	**4,742**	6,252	**328**	296	**5,070**	6,548
Transfers	**(1,917)**	(2,209)	**1,917**	2,209	**-**	-
Change in Net Position	**2,825**	4,043	**2,245**	2,505	**5,070**	6,548
Net Position, Beginning of Year	**42,608**	38,565	**30,923**	28,418	**73,531**	66,983
Net Position, End of Year	**$ 45,433**	$ 42,608	**$ 33,168**	$ 30,923	**$ 78,601**	$ 73,531

Governmental Activities

This year's governmental activities revenues were $26,717,372 as compared to $25,511,841 last year. Total revenues increased by $1,205,531, or 4.7%. This increase is driven mainly by increases in charges for services and interest and investment income.

This year's governmental activities expenditures were $21,975,025 as compared to $19,260,035 in the previous year. Total expenditures increased by $2,714,990, or 14.1%. 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 $6,165,060 as compared to $5,776,855 last year. Charges for services increased by $388,205, or 6.7%. This increase is primarily due to growth of the community.

This year's business-type activities charges for services expenses were $6,150,918 as compared to $5,577,654 in the previous year. Total expenses increased by $573,264, or 10.3%.

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 $34,124,637, an increase of $6,567,583 in comparison with the prior year.

Approximately 31.0% of the ending fund balance, or $10,572,493, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is as follows: approximately 16.2% is assigned, 47.0% is committed, 5.5% is restricted, and 0.3% is non-spendable.

The fund balance of the General Fund decreased by $557,366 in the current year and increased by $1,346,611 in the prior year. The decrease is primarily due to an increase in capital outlay and payroll and related benefits.

Total revenue in the General Fund increased by $565,665, or 2.9%.

Expenditures in the General Fund increased by $3,276,607, or 18.1%, primarily due to an increase in capital outlay and payroll and related benefits.

The A3 Sales Tax Fund accounts for the special annexation sales tax. Total revenues increased by $309,929, or 7.1%, due to an increase in sales tax collections for the current year.

Budgetary Statements

The City Council revised the 2023 original adopted budgets for the General Fund and the A3 Sales Tax Fund during the year as revenues and expenditures changed. The original budgets were voted and approved on November 1, 2022, and the amended budgets were voted and approved on February 7, 2023, April 4, 2023, June 6, 2023, August 1, 2023, October 3, 2023 and November 14, 2023.

By budgetary policy, revenue estimates are conservative. Overall general fund revenue in 2023 experienced a positive variance of $95,670 from the amount in the final adopted budget. A3 sales tax fund revenue in 2023 experienced a positive variance of $358,470 from the amount in the final adopted budget.

The final budget for general fund expenditures increased $5,240,649, or 24.5%, from the original budget for 2023. Actual expenditures for the General Fund were $17,869 less than the original adopted budget and $5,258,518 less than the final adopted budget. The final budget for A3 sales tax fund expenditures increased $3,926,916 from the original budget for 2023 due to additional capital outlay projects. Actual expenditures for the A3 Sales Tax Fund were $192,310 less than the original adopted budget and $4,119,226 less than the final adopted budget.

Capital Assets

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	**2023**	2022	**2023**	2022
Land	**$ 847**	$ 807	**$ -**	$ -	**$ 847**	$ 807
Building and Improvements	**12,174**	12,018	**-**	-	**12,174**	12,018
Equipment	**4,592**	3,148	**5,206**	4,853	**9,798**	8,001
Infrastructure	**16,128**	17,338	**18,246**	18,784	**34,374**	36,122
Construction in Progress	**3,698**	1,980	**5,086**	2,597	**8,784**	4,577
Capital Assets, Net	**$ 37,439**	$ 35,291	**$ 28,538**	$ 26,234	**$ 65,977**	$ 61,525

The current year's significant capital asset additions included:

- Governmental Activities: River Forest Drainage - Lurline Drive Phase I, Jahncke Avenue Asphalt Overlay, 2022 Sidewalks Rehab, Wilson Cemetery Sidewalks, 11th Avenue Bridge Guardrail Replacement, and Mackie Creek Regional Drainage

- Business-Type Activities: 16th Avenue Water Well Building Rehab, WWTP Pond Additional Aerators, and 2020 Sewer Repairs and Lining

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 $7,268,101 in outstanding bonds and notes as compared to $2,045,000 in the previous year (see Table 4). This increase in debt of $5,223,101 is primarily due to new a general obligation bond of $4,750,000 and promissory note of $400,000.

Table 4
Outstanding Debt (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	**2023**	2022	**2023**	2022
General Obligation Bonds (Backed by the City)	**$ 6,870**	$ 2,045	**$ -**	$ -	**$ 6,870**	$ 2,045
Note Payable	**398**	-	**-**	-	**398**	-
Finance Lease Liability	**183**	502	**-**	-	**183**	502
Total Debt	**$ 7,451**	$ 2,547	**$ -**	$ -	**$ 7,451**	$ 2,547

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 2024, we anticipate over 70% of the City's general fund revenues will be derived from sales taxes. We budgeted $17,933,912 in net sales tax collections for 2024, which is in line with the 2023 budget.

From A3 sales tax fund revenue, $2,141,609 will be transferred to the General Fund for the purpose of maintaining roads, bridges, and drainage in areas where it benefits residents of St. Tammany Parish Sales Tax District 3., An additional $2,167,043 of revenue in the A3 Sales Tax Fund is dedicated to the construction and maintenance of roads, bridges, and drainage projects in St. Tammany Parish Sales Tax District 3.

Ad valorem tax is anticipated to generate approximately $2,640,292 in revenue for the General Fund. This is based upon an assessed valuation of $147,909,513. It should be noted that property taxes represent 10.3% of the 2024 General Fund Budget. The City of Covington currently has the following ad valorem tax assessments: millage comprised of 3.5 mills for retiring General Obligation Bonds, 7.08 mills to general fund revenues, and 9.43 mills for operation and maintenance of the Fire Department.

The administration recognizes that the amount of revenues generated does not cover the amount of expenditures proposed in the General Fund Budget. In order to subsidize this difference, funds are taken from the General Fund Balance. The projected difference between revenues and expenditures in the 2023 budget is $2,120,162. This includes $2,263,469 in one-time capital expenditures. This budget, while balanced, provides for an estimated $6,076,895 unassigned General Fund Balance at the end of 2024. An additional $3,411,715 is in Assigned Fund Balance for the GFOA recommended 2 months of operating expenditures or revenue range to cover emergencies and unexpected expenditures.

2023 - A Year in Review

In March 2023, the mayoral and council election was held. The Mayor Mark Johnson and several sitting council members were re-elected to their positions, which took effect on July 1, 2023.

By the end of 2023, the City of Covington had received reimbursement on all but one claim associated with damage from Hurricane Ida. During 2023, city staff placed increased emphasis on redeveloping the disaster response plan and ensuring continuity of essential services for future emergency events.

On December 10, 2022 the citizens of Covington voted overwhelmingly in support of two tax millage propositions: 1) a millage renewal of 9.43 mills on all property subject to taxation for 10 years for the purpose of improving, maintaining and operating the City's fire protection facilities, for purchasing maintaining and operating fire trucks and other firefighting equipment; and 2) authorization for the City to incur debt and issue bonds for $4,750,000 for 20 years for the purpose of making capital improvements in the City. In 2023 the City received a AA+ bond rating and was able to bid and receive an excellent rate on the bond issuance. The Mayor and Council budgeted $1M toward the redesign/reconstruction of the city's police investigations facility and $4M for roundabouts at two intersections on North Columbia St.

In addition, the city continued to focus on replacing older equipment and vehicles that had reached the end of their useful life. Heavy equipment needed for maintenance of essential infrastructure was purchased for Public Works, a new pumper fire truck was purchased through a 5-year tax exempt lease agreement, and new police units were purchased for the Police Department as part of a multi-year plan to upgrade the entire fleet. These departments now have an on-going program for replacement of equipment and vehicles via the 5 Year Capital Plan, which outlines expected capital expenditures in future budget years.

Finally, 2023 brought on a renewed focus on funding improvements to recreational assets and developing stronger policies and administrative processes associated with the use and rental of city-owned facilities. A master plan for the redevelopment of a historic park called Ozone Park was initiated, a hazardous sidewalk revitalization program received additional funding, community engagement meetings were held to evaluate improvements to neighborhood parks, and grant funds were awarded for beautification of a section of the Tammany Trace that will provide safer access to parking at the Justice Center.

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:

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Chief Administrative Officer
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Covington, LA 70433
Phone: 985-898-4714
Fax: 985-898-4723
ebivona@covla.com

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF COVINGTON, LOUISIANA **Statement A**
Statement of Net Position
December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	$ 35,184,689	$ 421	$ 35,185,110
Investments - LAMP	4,563,269	-	4,563,269
Restricted Cash and Cash Equivalents	252,709	-	252,709
Certificates of Deposit	302,455	-	302,455
Receivables, Net	5,117,849	1,014,161	6,132,010
Internal Balances	(7,936,224)	7,936,224	-
Prepaid Expenses	82,285	7,745	90,030
Capital Assets Not Being Depreciated	4,545,908	5,086,436	9,632,344
Capital Assets Being Depreciated, Net of Accumulated Depreciation	32,893,223	23,451,769	56,344,992
Total Assets	75,006,163	37,496,756	112,502,919
Deferred Outflows of Resources			
Deferred Loss on Refunding	67,909	-	67,909
Deferred Outflows - Pension Plans	5,448,819	438,608	5,887,427
Deferred Outflows - Other Postemployment Benefits	3,295,919	576,793	3,872,712
Total Deferred Outflows of Resources	8,812,647	1,015,401	9,828,048
Liabilities			
Accounts Payable	716,039	1,220,526	1,936,565
Accrued Payroll Expenses	245,008	41,971	286,979
Customer Deposits	-	451,361	451,361
Accrued Interest	62,990	-	62,990
Unearned Revenue	-	86	86
Compensated Absences			
Due Within One Year	388,878	-	388,878
Due in More than One Year	259,252	-	259,252
Notes Payable			
Due Within One Year	29,527	-	29,527
Due in More than One Year	368,098	-	368,098
Finance Lease Liability			
Due Within One Year	59,347	-	59,347
Due in More than One Year	123,638	-	123,638
General Obligations Bonds Payable			
Due Within One Year	400,000	-	400,000
Due in More than One Year	6,470,476	-	6,470,476
Net Pension Liability			
Due in More than One Year	15,573,172	1,702,950	17,276,122
Net Other Postemployment Benefit Liability			
Due in More than One Year	7,129,274	1,247,641	8,376,915
Total Liabilities	31,825,699	4,664,535	36,490,234

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

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources			
Unavailable Revenues	2,524,543	-	2,524,543
Deferred Inflows - Pension Obligation	239,377	15,572	254,949
Deferred Inflows - Other Postemployment Benefits	3,796,300	664,360	4,460,660
Total Deferred Inflows of Resources	6,560,220	679,932	7,240,152
Net Position			
Net Investment in Capital Assets	29,988,045	28,538,205	58,526,250
Restricted for:			
Expendable			
Perpetual Care	4,445	-	4,445
Debt Service	1,413,629	-	1,413,629
FHA Loan Program	252,709	-	252,709
Drug Forfeiture	42,907	-	42,907
Tree Mitigation	9,039	-	9,039
State and Federal Grants	142,551	-	142,551
Nonexpendable			
Prepaid Expenditures	82,285	-	82,285
Permanent Fund	24,955	-	24,955
Unrestricted	13,472,326	4,629,485	18,101,811
Total Net Position	$ 45,432,891	$ 33,167,690	$ 78,600,581

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

CITY OF COVINGTON, LOUISIANA **Statement B**
Statement of Activities
For the Year Ended December 31, 2023

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Position: Governmental Activities	Net Revenue (Expense) and Change in Net Position: Business-Type Activities	Total
Governmental Activities							
General Government	$ 6,848,186	$ 2,099,402	$ 4,875	$ -	$ (4,743,909)	$ -	$ (4,743,909)
Public Safety - Police	6,416,791	160,513	19,037	-	(6,237,241)	-	(6,237,241)
Public Safety - Fire	3,100,332	-	2,519	-	(3,097,813)	-	(3,097,813)
Public Works	4,429,678	68,833	-	843,490	(3,517,355)	-	(3,517,355)
Culture and Recreation	1,045,610	262,471	-	-	(783,139)	-	(783,139)
Interest on Long-Term Debt	134,428	-	-	-	(134,428)	-	(134,428)
Total Governmental Activities	21,975,025	2,591,219	26,431	843,490	(18,513,885)	-	(18,513,885)
Business-Type Activities							
Water	3,313,256	2,390,688	-	-	-	(922,568)	(922,568)
Sewer	1,786,787	2,742,094	-	-	-	955,307	955,307
Garbage	1,050,875	1,032,278	-	-	-	(18,597)	(18,597)
Total Business-Type Activities	6,150,918	6,165,060	-	-	-	14,142	14,142
Total	$ 28,125,943	$ 8,756,279	$ 26,431	$ 843,490	(18,513,885)	14,142	(18,499,743)
				General Revenues			
				Taxes			
				Sales Taxes	17,019,581	-	17,019,581
				Property Taxes	3,390,163	-	3,390,163
				Franchise Taxes	851,906	-	851,906
				Other General Revenues	336,916	-	336,916
				Other Revenues			
				Interest and Penalties	1,252,576	278,651	1,531,227
				Non-Employer Contribution Revenue	405,090	35,052	440,142
				Transfers	(1,917,090)	1,917,090	-
				Total General Revenues, Other Revenues, and Transfers	21,339,142	2,230,793	23,569,935
				Change in Net Position	2,825,257	2,244,935	5,070,192
				Net Position, Beginning of Year	42,607,634	30,922,755	73,530,389
				Net Position, End of Year	$ 45,432,891	$ 33,167,690	$ 78,600,581

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, 2023

	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	$ 29,209,218	$ -	$ -	$ 5,279,327	$ 696,144	$ 35,184,689
Equity in Pooled Cash	-	9,748,867	1,913,762	-	898,091	12,560,720
Investments - LAMP	4,563,269	-	-	-	-	4,563,269
Restricted Cash and Cash Equivalents	252,709	-	-	-	-	252,709
Certificates of Deposits	-	-	-	-	302,455	302,455
Receivables						
Property Tax	2,047,516	-	-	-	480,617	2,528,133
Sales Tax	1,345,106	391,608	-	-	-	1,736,714
Grants Receivable	-	-	839,553	-	-	839,553
Other	13,449	-	-	-	-	13,449
Prepaid Expenses	82,285	-	-	-	-	82,285
Due from Other Funds	50,822	-	-	-	-	50,822
Total Assets	$ 37,564,374	$ 10,140,475	$ 2,753,315	$ 5,279,327	$ 2,377,307	$ 58,114,798
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts Payable	$ 425,390	$ 214,658	$ 75,102	$ -	$ 889	$ 716,039
Deficit in Pooled Cash	20,485,561	-	-	-	-	20,485,561
Accrued Payroll Expenditures	190,711	-	-	-	-	190,711
Due to Other Funds	22,000	2,652	1,366	-	36,187	62,205
Total Liabilities	21,123,662	217,310	76,468	-	37,076	21,454,516
Deferred Inflows of Resources						
Unavailable Revenues	1,349	-	2,534,296	-	-	2,535,645
Total Deferred Inflows of Resources	1,349	-	2,534,296	-	-	2,535,645
Fund Balances						
Nonspendable						
Prepaid Expenditures	82,285	-	-	-	-	82,285
Permanent Fund	-	-	-	-	24,955	24,955
Restricted for:						
Perpetual Care	-	-	-	-	4,445	4,445
Debt Services	-	-	-	-	1,413,629	1,413,629
FHA Loan Program	252,709	-	-	-	-	252,709
Drug Forfeiture	-	-	-	-	42,907	42,907
Tree Mitigation	-	-	-	-	9,039	9,039
State and Federal Grants	-	-	142,551	-	-	142,551
Committed						
Capital Outlay	-	9,923,165	-	5,279,327	845,256	16,047,748
Assigned						
2023 Operating Budget	2,120,161	-	-	-	-	2,120,161
Contingency	3,411,715	-	-	-	-	3,411,715
Unassigned	10,572,493	-	-	-	-	10,572,493
Total Fund Balances	16,439,363	9,923,165	142,551	5,279,327	2,340,231	34,124,637
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 37,564,374	$ 10,140,475	$ 2,753,315	$ 5,279,327	$ 2,377,307	$ 58,114,798

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, 2023

Fund Balances - Total Governmental Funds		$ 34,124,637
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	$ 67,505,875	
Less: Accumulated Depreciation	(30,066,744)	37,439,131
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.		5,448,819
Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		(239,377)
Deferred outflows of resources - OPEB used in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		3,295,919
Deferred inflows of resources - OPEB used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		(3,796,300)
Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds balance sheet.		11,102
Deferred inflows of resources - debt refunding are currently expended in the governmental fund; whereas they are capitalized and amortized over the life of the respective debt in the statement of net position.		67,909
Long-term liabilities, including bonds payable, net OPEB liability, net pension liability, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Accrued Interest on Bonds	(117,287)	
Compensated Absences	(648,130)	
Notes Payable	(397,625)	
Capital Lease Obligation	(182,985)	
General Obligation Bonds	(6,870,476)	
Net Pension Liability	(15,573,172)	
Net Other Postemployment Benefit Liability	(7,129,274)	(30,918,949)
Net Position of Governmental Activities		$ 45,432,891

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, 2023

	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	$ 12,712,843	$ 4,306,738	$ -	$ -	$ -	$ 17,019,581
Property Taxes	2,799,530	-	-	-	590,633	3,390,163
Franchise Taxes	851,906	-	-	-	-	851,906
Licenses and Permits	1,559,220	-	-	-	-	1,559,220
Other Revenues	336,916	-	-	-	-	336,916
Fines and Forfeitures	137,345	-	-	-	23,168	160,513
Charges for Services	262,471	-	-	-	68,833	331,304
Intergovernmental Revenues	540,182	-	-	-	-	540,182
Interest and Penalties	671,232	395,304	-	145,147	40,893	1,252,576
State and Federal Grants	4,875	-	865,046	-	-	869,921
Total Revenues	19,876,520	4,702,042	865,046	145,147	723,527	26,312,282
Expenditures						
Current						
General Government	4,890,694	58,514	-	94,237	24,342	5,067,787
Public Safety - Police	6,035,932	-	100,000	-	42	6,135,974
Public Safety - Fire	2,843,015	-	2,599	-	-	2,845,614
Public Works	2,479,802	-	-	-	-	2,479,802
Culture and Recreation	904,025	-	-	-	-	904,025
Capital Outlay	3,916,087	1,307,544	105,806	-	-	5,329,437
Debt Service						
Principal	261,785	-	-	-	385,000	646,785
Interest	15,295	-	-	-	31,307	46,602
Total Expenditures	21,346,635	1,366,058	208,405	94,237	440,691	23,456,026
Excess (Deficiency) of Revenues Over Expenditures	(1,470,115)	3,335,984	656,641	50,910	282,836	2,856,256
Other Financing Sources (Uses)						
Proceeds from Debt Issuance	400,000	-	-	5,228,417	-	5,628,417
Transfers In	17,020,761	-	-	-	-	17,020,761
Transfers Out	(16,508,012)	(1,612,749)	(817,090)	-	-	(18,937,851)
Total Other Financing Sources (Uses)	912,749	(1,612,749)	(817,090)	5,228,417	-	3,711,327
Net Change in Fund Balances	(557,366)	1,723,235	(160,449)	5,279,327	282,836	6,567,583
Fund Balances, Beginning of Year	16,996,729	8,199,930	303,000	-	2,057,395	27,557,054
Fund Balances, End of Year	$ 16,439,363	$ 9,923,165	$ 142,551	$ 5,279,327	$ 2,340,231	$ 34,124,637

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, 2023

Net Change in Fund Balances - Total Governmental Funds	$	6,567,583
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 captial outlay exceeded depreciation expense in the current period.		2,182,350
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		405,090
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.		(5,241,042)
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.		319,561
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.		(29,985)
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.		(528,858)
Cash pension contributions reported in the funds were less than the calculated pension expense on the statement of activities and, therefore, decrease net position.		(761,616)
Amortization of Bond Premium		(17,941)
Difference in interest cost on the modified accrual basis as reported in the fund statements versus interest expense on the full accrual basis.		(69,885)
Change in Net Position of Governmental Activities	$	2,825,257

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

BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
PROPRIETARY FUNDS

CITY OF COVINGTON, LOUISIANA **Statement G**
Statement of Net Position
Proprietary Fund
December 31, 2023

Assets		
Current Assets		
Cash and Cash Equivalents	$	421
Equity in Pooled Cash		7,924,841
Accounts Receivable, Net of Uncollectible		1,014,161
Prepaid Expenses		7,745
Due from Other Funds		22,000
Total Current Assets		8,969,168
Non-Current Assets		
Capital Assets, Net of Accumulated Depreciation		28,538,205
Total Non-Current Assets		28,538,205
Total Assets		37,507,373
Deferred Outflows of Resources		
Deferred Outflows - Pension Plans		438,608
Deferred Outflows - Other Postemployment Benefits		576,793
Total Deferred Outflows of Resources		1,015,401
Liabilities		
Current Liabilities		
Accounts Payable		1,220,526
Accrued Payroll Expenses		41,971
Customer Deposits		451,361
Due to Other Funds		10,617
Total Current Liabilities		1,724,475
Non-Current Liabilities		
Unearned Revenues		86
Net Pension Liability		1,702,950
Net Other Postemployment Benefit Liability		1,247,641
Total Non-Current Liabilities		2,950,677
Total Liabilities		4,675,152
Deferred Inflows of Resources		
Deferred Inflows - Pension Plans		15,572
Deferred Inflows - Other Postemployment Benefits		664,360
Total Deferred Inflows of Resources		679,932
Net Position		
Net Investment in Capital Assets		28,538,205
Unrestricted Net Position		4,629,485
Total Net Position	$	33,167,690

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, 2023

Operating Revenues		
Sewer Maintenance Fees	$	2,663,727
Water Revenues		2,206,716
Garbage Collection Fees		1,032,278
Miscellaneous		64,211
Water Installations		73,704
DHH Fee		66,067
Connection Fees		46,057
Non-Employer Contribution Revenue		35,052
Sewer Installations		12,300
Total Operating Revenues		6,200,112
Operating Expenses		
Sewer Department Expenses		1,786,787
Water Department Expenses		1,510,492
Garbage Department Expenses		1,050,875
Depreciation		1,802,764
Total Operating Expenses		6,150,918
Operating Income		49,194
Nonoperating Revenues (Expenses)		
Interest Income		278,651
Total Nonoperating Revenues (Expenses)		278,651
Income Before Transfers		327,845
Transfers		
Transfers In		1,917,090
Change in Net Position		2,244,935
Net Position, Beginning of Year		30,922,755
Net Position, End of Year	$	33,167,690

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, 2023

Cash Flows from Operating Activities		
Receipts from Customers and Users	$	6,128,569
Other Receipts		35,052
Payments to Suppliers		(1,939,464)
Payments to Employees		(1,603,899)
Net Cash Provided by Operating Activities		2,620,258
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets		(4,107,052)
Transfers In		1,917,090
Net Cash Used in Capital and Related Financing Activities		(2,189,962)
Cash Flows from Investing Activities		
Interest Earned on Investments		278,651
Net Cash Provided by Investing Activities		278,651
Net Increase in Cash and Cash Equivalents		708,947
Cash and Cash Equivalents, Beginning of Year		7,216,315
Cash and Cash Equivalents, End of Year	$	7,925,262
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	$	49,194
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation		1,802,764
Provision for Bad Debts		38,042
(Increase) Decrease in:		
Accounts Receivable		(91,538)
Deferred Outflows - Pension Plans		114,836
Deferred Outflows - Other Postemployment Benefits		19,583
Increase (Decrease) in:		
Accounts Payable		748,815
Accrued Payroll Expenses		140
Customer Deposits		17,005
Net Pension Liability		(105,329)
Net Other Postemployment Benefit Liability		149,726
Deferred Inflows - Pension Plans		(29,491)
Deferred Inflows - Other Postemployment Benefits		(93,489)
Net Cash Provided by Operating Activities	$	2,620,258

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, 2023

Assets		
Current Assets		
Cash and Cash Equivalents	$	14,973
Accrued Interest		6,361
Investments		1,075,577
Total Assets	$	1,096,911
Net Position		
Restricted for Other Postemployment Benefits		1,096,911
Total Net Position	$	1,096,911

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, 2023

Additions	
Investment Income	
Interest and Dividends	$ 27,300
Net Appreciation in Fair Value of Investments	57,202
Investment Expense	(6,736)
Total Additions	77,766
Deductions	
Bank Charges	4,439
Total Deductions	4,439
Change in Net Position	73,327
Net Position, Beginning of Year	1,023,584
Net Position, End of Year	$ 1,096,911

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 11,618 residents. The City has approximately 200 employees who encompass police, fire, public works, recreation, and general administration employees. The City operates a water department and a sewerage department.

Government-Wide Financial and Fund Financial Statements

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

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide Financial and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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, 2023, there was a minimum fund balance of $3,411,715 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* was created in 2023 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 accounting principles generally accepted in the United States of America for the General Fund, A3 Sales Tax Fund, Debt Service Funds, Special Revenue Funds, and Capital Projects Funds. The Capital Projects Funds are appropriated on a project-length basis. Certain Special Revenue Funds and the Permanent Fund do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

Cash and Cash Equivalents

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

Investments - LAMP

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

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

Restricted Cash and Cash Equivalents

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

Receivables

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

Interfund Activities and Transactions

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

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

Prepaid Items

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

Capital Assets

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

Capital Assets (Continued)

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

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

Right-to-Use Assets

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

Deferred Outflows/Inflows of Resources

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

Deferred Outflows/Inflows of Resources (Continued)

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

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

Compensated Absences

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

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

The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. As a result, the amount of accumulated annual leave payable in the government-wide financial statements at December 31, 2023 is $648,130.

Long-Term Obligations

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

Long-Term Obligations (Continued)

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

Pensions

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

Other Postemployment Benefits (OPEB) Liability

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

Categories and Classification of Net Position

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

Categories and Classification of Net Position (Continued)

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

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

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

Categories and Classification of Fund Equity

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

Categories and Classification of Fund Equity (Continued)

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

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

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

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

Revenues and Expenditures/Expenses

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

Note 1. Summary of Significant Accounting Policies (Continued)

Revenues and Expenditures/Expenses (Continued)

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

Total property tax revenue for the year ended December 31, 2023 was $3,390,163 and is recorded in the funds as follows: General Fund - $2,799,530 and General Obligation Debt Service Fund - $590,633.

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

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

Use of Estimates

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

Note 1. Summary of Significant Accounting Policies (Continued)

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, 2023 were as follows:

	Amount
General Fund	$ 3,794,136
Special Revenue Fund	
A3 Sales Tax Fund	3,904,186
State and Federal Grants Fund	14,392,947
Drug Forfeiture Fund	233
Capital Projects Funds	
2023 Capital Projects Fund	5,000,000
Enterprise Fund	3,989,330
Total	$ 31,080,832

Recently Issued Accounting Pronouncements - Adopted

The City adopted the provisions of GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of the Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The adoption of the pronouncement did not have a material effect on the City's financial statements.

The City adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. 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. 100*, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. The primary objective of the Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections. The Statement is effective for fiscal years beginning after June 15, 2023.

The GASB issued Statement No. 101, *Compensated Absences*. The Statement updates the recognition and measurement guidance for compensated absences. The Statement is effective for fiscal years beginning after December 15, 2023.

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.

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, 2023:

	Carrying Amount	Bank Balance
Demand Deposits	$ 35,437,819	$ 35,593,611
Certificates of Deposit	302,455	302,455
Total	$ 35,740,274	$ 35,896,066

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, 2023, the City's bank balance was not exposed to custodial credit risk. As of December 31, 2023, $35,556,779 of deposits were secured by the pledge of securities owned by the fiscal agent bank.

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. The City was in compliance with the deposit and investment laws and regulations as of December 31, 2023.

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, 2023, 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.

Note 2. Detailed Notes on All Funds (Continued)

Deposits and Investments (Continued)

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

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

Note 2. Detailed Notes on All Funds (Continued)

Deposits and Investments (Continued)

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

The following table sets forth by level, within the fair value hierarchy, the City's OPEB Trust investments at fair value as of December 31, 2023:

		Maturities (in years)			
Fiduciary Fund	Fair Value	Less than 1	1 - 5	More than 5	Level
Money Market Funds	$ 14,973	$ 14,973	$ -	$ -	1
Marketable Equity Securities					
Mutual Funds	190,124	190,124	-	-	1
Marketable Debt Securities					
Corporate Bonds	448,979	68,735	225,259	154,985	1
Corporate Bonds	56,612	-	56,612	-	2
U.S. Treasury Securities	193,677	99,488	94,189	-	1
U.S. Government Agency Bonds	186,185	-	186,185	-	2
Total	$1,090,550	$373,320	$562,245	$154,985	

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, 2023.

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.

Note 2. Detailed Notes on All Funds (Continued)

Accounts Receivable

For the Utility Fund, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered for the period from the last billing date to December 31, 2023 (unbilled receivable), is estimated and accrued at year-end. The allowance for uncollectible accounts at December 31, 2023 was $158,244. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

All accounts receivable are shown net of allowances for uncollectable accounts for governmental funds. Property taxes are considered fully collected (97% of the levy) during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are uncollectable as of December 31, 2023. There are no other reserves for receivables recorded by the City as of December 31, 2023.

The accounts receivable and allowance for uncollectible accounts at December 31, 2023, were as follows:

Governmental Funds	
Property Tax	$ 2,528,133
Sales Tax	1,736,714
Grants Receivable	839,553
Other Receivables	13,449
Total Governmental Funds	5,117,849
Proprietary Fund	
Under 30 Days	499,190
31 to 60 Days	28,194
61 to 90 Days	17,362
Over 91 Days	141,885
Less Allowance	(158,244)
	528,387
Unbilled Receivables	485,774
Total Proprietary Fund	1,014,161
Total Accounts Receivable, Net	$ 6,132,010

Note 2. Detailed Notes on All Funds (Continued)

Investments - LAMP

Investments - LAMP of $4,563,269, which are stated at fair value using published market quotes for those securities at December 31, 2023, consist of shares in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool.

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

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

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

- *Credit Risk:* LAMP is rated AAAm by Standard & Poor's.
- *Custodial Credit Risk:* LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- *Concentration of Credit Risk:* Pooled investments are excluded from the 5 percent disclosure requirement.
- *Interest Rate Risk:* LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments was 52 as of December 31, 2023.
- *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, 2023:

Governmental Activities	Balance 12/31/2022	Increases	Decreases	Balance 12/31/2023
Capital Assets Not Depreciated				
Land	$ 807,452	$ 40,000	$ -	$ 847,452
Construction in Progress	1,980,245	2,039,810	(321,599)	3,698,456
Total Capital Assets Not Depreciated	2,787,697	2,079,810	(321,599)	4,545,908
Capital Assets Being Depreciated				
Building	9,766,022	400,000	-	10,166,022
Improvements	10,409,804	460,451	(6,762)	10,863,493
Vehicles	5,740,172	549,879	(669,451)	5,620,600
Tools and Equipment	4,906,651	1,680,139	(797,982)	5,788,808
Infrastructure	30,080,044	441,000	-	30,521,044
Total Capital Assets Being Depreciated	60,902,693	3,531,469	(1,474,195)	62,959,967
Less Accumulated Depreciation for:				
Building	(3,729,945)	(189,388)	-	(3,919,333)
Improvements	(4,428,649)	(519,518)	11,999	(4,936,168)
Vehicles	(3,717,542)	(443,568)	623,344	(3,537,766)
Tools and Equipment	(3,780,985)	(279,904)	780,760	(3,280,129)
Infrastructure	(12,742,095)	(1,651,253)	-	(14,393,348)
Total Accumulated Depreciation	(28,399,216)	(3,083,631)	1,416,103	(30,066,744)
Total Capital Assets Being Depreciated, Net	32,503,477	447,838	(58,092)	32,893,223
Total	$ 35,291,174	$ 2,527,648	$ (379,691)	$ 37,439,131

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, 2023:

Business-Type Activities	Balance 12/31/2022	Increases	Decreases	Balance 12/31/2023
Capital Assets Not Depreciated				
Construction in Progress	$ 2,597,217	$ 2,799,421	$ (310,202)	$ 5,086,436
Total Capital Assets Not Depreciated	2,597,217	2,799,421	(310,202)	5,086,436
Capital Assets Being Depreciated				
Sewer Plant Buildings, and Lines	37,486,248	877,289	(40,799)	38,322,738
Water Wells, Tanks, and Lines	11,435,309	741,644	(35,829)	12,141,124
Total Capital Assets Being Depreciated	48,921,557	1,618,933	(76,628)	50,463,862
Less Accumulated Depreciation for:				
Sewer Plant and Lines	(18,702,342)	(1,402,022)	27,008	(20,077,356)
Water Wells, Tanks, and Lines	(6,582,515)	(400,742)	48,520	(6,934,737)
Total Accumulated Depreciation	(25,284,857)	(1,802,764)	75,528	(27,012,093)
Total Capital Assets Being Depreciated, Net	23,636,700	(183,831)	(1,100)	23,451,769
Total	$ 26,233,917	$ 2,615,590	$ (311,302)	$ 28,538,205

For the year ended December 31, 2023, depreciation was charged to functions/programs of the City as follows:

Governmental Activities	Amount
General Government	$ 479,763
Public Safety - Police	257,689
Public Safety - Fire	254,718
Public Works	1,949,876
Culture and Recreation	141,585
Total Depreciation - Governmental Activities	$ 3,083,631

Business-Type Activities	Amount
Sewer Department	$ 1,402,022
Water Department	400,742
Total Depreciation - Business-Type Activities	$ 1,802,764

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, 2023:

	Balance 12/31/2022	Additions	Retirements	Balance 12/31/2023	Due Within One Year
Governmental Activities					
General Obligation Bonds	$ 2,045,000	$ 4,750,000	$ (385,000)	$ 6,410,000	$ 400,000
Bond Premium	-	478,417	(17,941)	460,476	-
Note Payable	-	400,000	(2,375)	397,625	29,527
Finance Lease Liability	442,396	-	(259,411)	182,985	59,347
Compensated Absences	618,145	29,985	-	648,130	388,878
Total Long-Term Liabilities	$ 3,105,541	$ 5,658,402	$ (664,727)	$ 8,099,216	$ 877,752

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, 2023, there is $1,413,629 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, 2023, 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)

Long-Term Debt and Liabilities (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, 2023 are as follows:

Year Ending	General Obligation Bonds		Note Payable		Total	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 400,000	$ 243,074	$ 29,527	$ 24,976	$ 429,527	$ 268,050
2025	410,000	236,230	31,504	22,999	441,504	259,229
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 - 2033	1,245,000	936,374	228,848	39,126	1,473,848	975,500
2034 - 2038	1,570,000	584,500	-	-	1,570,000	584,500
2039 - 2043	1,910,000	197,000	-	-	1,910,000	197,000
Total	$6,410,000	$2,865,203	$397,625	$142,864	$6,807,625	$1,251,067

Note 2. Detailed Notes on All Funds (Continued)

Long-Term Debt and Liabilities (Continued)

Leases

During March 2019, the City entered into a five-year lease agreement as lessee for financing a fire truck. The lease agreement qualifies as a finance lease and has been recorded at the present value of the future minimum lease payments as of the date of inception. At December 31, 2023, the cost of the vehicle is $947,195 and accumulated amortization totaled $315,732 For the year ended December 31, 2023, amortization expense related to the leased fire truck totaled $63,146.

During July 2021, the City entered into a five-year lease agreement as lessee for financing a walking excavator. The lease agreement qualifies as a capital lease and has been recorded at the present value of the future minimum lease payments as of the date of inception. At December 31, 2023, the cost of the excavator is $300,895 and accumulated amortization totaled $135,403. For the year ended December 31, 2023, amortization expense related to the excavator totaled $60,179.

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

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2024	$ 59,347	$ 5,036
2025	60,981	3,403
2026	62,657	1,724
Total	$ 182,985	$ 10,163

Note 3. Retirement Plans

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

Pertinent information relative to each plan follows:

General Information about the Pension Plans

Plan Descriptions/Benefits Provided

The Municipal System

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

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

Note 3. Retirement Plans (Continued)

General Information about the Pension Plans (Continued)

Plan Descriptions/Benefits Provided (Continued)

The Police System (Continued)

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

For members hired prior to January 1, 2013, the benefit rates are 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.

Note 3. Retirement Plans (Continued)

General Information about the Pension Plans (Continued)

Plan Descriptions/Benefits Provided (Continued)

The Firefighters' System (Continued)

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

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

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

Disability Benefits

The Municipal System

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

Survivor Benefits

The Municipal System

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

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 Plan

The Police System

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

Note 3. Retirement Plans (Continued)

General Information about the Pension Plans (Continued)

Initial Benefit Option Plan (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.

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, 2023. 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, 2023 and 2022, the actuarially determined contribution rate was 29.50% of member's compensation for Plan A. Contributions to the pension plan from the City were $1,062,550 for the year ended December 31, 2023.

Note 3. Retirement Plans (Continued)

General Information about the Pension Plans (Continued)

Contributions (Continued)

The Municipal System (Continued)

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, 2023, 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, 2023. 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, 2023 and 2022, the actuarially determined contribution rates are as follows:

Year Ended		Hazardous	Non-Hazardous	Below Poverty
June 30, 2023	**Employer**	**31.25%**	**31.25%**	**33.75%**
	Employee	**10.00%**	**8.00%**	**7.50%**
June 30, 2022	Employer	29.75%	29.75%	32.25%
	Employee	10.00%	8.00%	7.50%

Contributions to the pension plan from the City were $765,224 for the year ended December 31, 2023.

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, 2023, 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, 2023 and 2022. The contributions are deducted from the member's salary and remitted by the City.

Note 3. Retirement Plans (Continued)

General Information about the Pension Plans (Continued)

Contributions (Continued)

The Firefighters' System (Continued)

According to state statute, employer contributions are actuarially determined each year. For the years ended June 30, 2023 and 2022, the actuarially determined contribution rates were 35.25% and 35.75%, respectively, of member's compensation. Contributions to the pension plan from the City were $422,511 for the year ended December 31, 2023.

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, 2023, 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, 2023, the City reported a combined liability of $17,276,122 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 $6,549,808, $7,636,772, and $3,089,542, respectively. The NPL for each system was measured as of June 30, 2023, and the total pension liability used to calculate the NPL was determined based on an actuarial valuation as of that date. The City's proportion of the NPL was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contribution of all participating employers, actuarially determined.

As of June 30, 2023, the most recent measurement date, the City's proportionate share for each system was:

	Municipal System	Police System	Firefighters' System
City's Proportionate Share	1.792080%	0.722839%	0.473362%
Increase from Prior Year	0.050518%	0.058675%	0.006408%

For the year ended December 31, 2023, the City recognized a total pension expense of $3,633,476.

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 Municipal System from the following sources:

The Municipal System	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 4,395	$ 59,893
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	752,644	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	302,783	-
Employer Contributions Subsequent to the Measurement Date	562,620	-
Total	$ 1,622,442	$ 59,893

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	$ 537,935	$ 3,201
Changes of Assumptions	127,434	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	824,434	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	865,980	-
Employer Contributions Subsequent to the Measurement Date	571,784	-
Total	$ 2,927,567	$ 3,201

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	$ 96,459	$ 105,849
Changes of Assumptions	186,946	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	418,749	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	341,271	86,006
Employer Contributions Subsequent to the Measurement Date	293,993	-
Total	$ 1,337,418	$ 191,855

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date (June 30, 2023) totaled $1,428,397 ($562,620 for the Municipal System, $571,784 for the Police System, and $293,993 for the Firefighters' System). These amounts will be recognized as a reduction of the NPL in the year ending December 31, 2023.

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
2024	$ 403,359	$ 902,350	$ 172,975
2025	98,467	549,439	97,335
2026	546,011	941,766	463,007
2027	(47,908)	(40,973)	55,379
2028	-	-	44,732
2029	-	-	18,142
Total	$ 999,929	$ 2,352,582	$ 851,570

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, 2023 are as follows:

The Municipal System

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.85% (Net of Investment Expense)
Expected Remaining Service Lives	3 Years
Inflation	2.5% per Annum
Projected Salary Increases	1 to 4 Years of Service - 6.4% Plan A More than 4 Years of Service - 4.5% Plan A
Cost-of-Living Adjustments	Only those previously granted

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

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5% and adjusting for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 6.85% as of June 30, 2023.

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, 2023 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	56%	2.44%
Public Fixed Income	29%	1.26%
Alternatives	15%	0.65%
Total	100%	4.35%
Inflation		2.50%
Expected Arithmetic Nominal Return		6.85%

The Police System

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75% (Net of Investment Expense)
Expected Remaining Service Lives	4 Years
Inflation	2.5% per Annum
Projected Salary Increases	Vary from 12.3% in the first two years of service, to 4.7% for years after
Cost-of-Living Adjustments	Only those previously granted

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

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 7.90% as of June 30, 2023.

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, 2023 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	52.00%	3.29%
Fixed Income	34.00%	1.12%
Alternative	14.00%	0.95%
Total	100.00%	5.36%
Inflation		2.54%
Expected Arithmetic Nominal Return		7.90%

The Firefighters' System

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.90% (Net of Investment Expense)
Expected Remaining Service Lives	7 Years
Inflation	2.5% per Annum
Projected Salary Increases	Vary from 14.1% in the first two years of service, to 5.2% with 3 or more
Cost-of-Living Adjustments	Only those previously granted

Note 3. Retirement Plans (Continued)

Actuarial Assumptions (Continued)

The Firefighters' System (Continued)

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

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long-term expected nominal rate of return was 6.90% as of June 30, 2023.

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, 2023 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	56.00%	6.90%
Fixed Income	26.00%	1.98%
Alternative	18.00%	6.53%
Other	0.00%	4.02%
Total	100.00%	

Discount Rate

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

Note 3. Retirement Plans (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
The Municipal System			
Discount Rate	5.85%	6.85%	7.85%
City's Proportionate Share of the Net Pension Liability	$ 9,080,473	$ 6,549,808	$ 4,412,155
The Police System			
Discount Rate	5.75%	6.75%	7.75%
City's Proportionate Share of the Net Pension Liability	$ 10,745,540	$ 7,636,772	$ 5,039,805
The Firefighters' System			
Discount Rate	5.90%	6.90%	7.90%
City's Proportionate Share of the Net Pension Liability	$ 4,766,236	$ 3,089,542	$ 1,691,104

Support of Non-Employer Contributing Entities
Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The City recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2023, the City recognized revenue as a result of support received from non-employer contributing entities of $440,142. The Municipal System, Police System, and Firefighters' System received $134,814, $166,710, and $138,618, respectively, for their participation in the City's Pension and Relief Fund.

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

Payables to the Pension Plan
At December 31, 2023, 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, 2023, the Plan's membership consisted of the following:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	24
Active Plan Members	173
Total	197

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

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

Note 4. Postemployment Benefits other than Pensions (Continued)

Investments

Investment Policy - The OPEB Trust was funded on December 7, 2020. As of December 31, 2023, the funds were invested as seen below. The Board has selected Reliant Trust as an OEPB investment advisor. An investment policy has been established. The asset allocation policy is:

Asset Class	Target Asset Allocation
Fixed Income	90%
Equity	10%

Concentrations - The OPEB Trust has over 5% invested in the following funds, U.S. Treasury Bonds, 17.69%, SPDR S&P 500, 17.33%, and FNMA, 12.84%.

Asset Class	Actual Asset Allocation
Agency Bonds	17.0%
Corporate Bonds	46.6%
Stock Funds	17.3%
Cash/Reserves	1.4%
U.S. Treasury Bonds	17.7%

Rate of Return - For the year ended December 31, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 7.19%. 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, 2023, were as follows:

Total OPEB Liability	$ 9,473,826
Plan Fiduciary Net Position	1,096,911
Net OPEB Liability	$ 8,376,915
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.58%

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, 2023, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.5%
Projected Salary Increases:	Rates include the inflation assumption

Years of Service	MERS	MPERS	FRS
1 - 2	6.4%	12.3%	14.1%
3 - 4	6.4%	4.7%	14.1%
5 - 14	4.5%	4.7%	5.2%
15 - 24	4.5%	4.7%	5.2%
25+	4.5%	4.7%	5.2%

Discount Rate:	3.72% annually (Beginning of Year) 3.26% annually (Measurement Date)
Healthcare Cost Trend Rates:	5.5% annually

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

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of ongoing evaluations of the assumptions from the MERS, MPERS and FRS 2023 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, 2023. However, a trust was established during 2018 and an initial contribution was made during that year but funding and investment policies have not yet been fully implemented. We have therefore used the discount rates which would be applicable to an unfunded plan; namely, 3.26%, which is the value of the Bond Buyers' 20 Year General Obligation Municipal Bond Index as of December 31, 2023, the measurement date at the end of the applicable measurement period, and 3.72% as of, December 31 2022, 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, 2022	$ 8,395,209	$ 1,023,584	$ 7,371,625
Service Cost	562,628	-	562,628
Interest Cost at 3.72%	309,041	-	309,041
Difference between Expected and Actual Experience	(257,949)	-	(257,949)
Employer Contributions Trust	-	-	-
Net Investment Income (Loss)	-	77,766	(77,766)
Changes of Assumptions	641,842	-	641,842
Benefit Payments			
(a) From Trust	-	-	-
(b) Direct	(176,945)	-	(176,945)
Administrative Expense			
(a) From Trust	-	(4,439)	4,439
(b) Direct	-	-	-
Net Change	1,078,617	73,327	1,005,290
Balances at December 31, 2023	$ 9,473,826	$ 1,096,911	$ 8,376,915

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following represents the net OPEB liability of the City of Covington, as well as what the City of Covington's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.26%) or one percentage point higher (4.26%) than the current discount rate:

	1% Decrease (2.26%)	Current Discount Rate (3.26%)	1% Increase (4.26%)
Net OPEB Liability	$ 11,234,661	$ 8,376,915	$ 8,085,481

Note 4. Postemployment Benefits other than Pensions (Continued)

Changes in the Net OPEB Liability (Continued)

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

	1% Decrease (4.5%)	Ultimate Trend (5.5%)	1% Increase (6.5%)
Net OPEB Liability	$ 7,903,896	$ 8,376,915	$ 11,518,392

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

For the year ended December 31, 2023, the City recognized OPEB expense of $604,678. At December 31, 2023, 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	$ 692,630	$ (2,395,756)
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	60,707	(29,180)
Changes in Assumptions/Inputs	3,119,375	(2,035,724)
Total	$ 3,872,712	$ (4,460,660)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan for the year ended December 31, 2023 will be recognized in OPEB expense as follows:

Year Ending December 31,	Amount
2024	$ (166,326)
2025	(165,347)
2026	(166,970)
2027	(462,663)
2028	(129,976)
Thereafter	503,334
Total	$ (587,948)

Note 5. Risk Management

The City has contracted with a commercial insurance company to provide liability coverage for general acts, law enforcement, and public officials' errors and omissions. The policy requires the City to pay for claims and costs up to $25,000 with maximum aggregate payments limited to $200,000. At December 31, 2023, 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, 2023:

- 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	$ 17,020,761	$ 16,508,012
Special Revenue Funds		
A3 Sales Tax Fund	-	1,612,749
State and Federal Grants Fund	-	817,090
	17,020,761	18,937,851
Business-Type Activities		
Utility Fund	1,917,090	-
Total	$ 18,937,851	$ 18,937,851

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, 2023 was as follows:

	Amount
Governmental Activities	
General Fund	$ (20,485,561)
Special Revenue Funds	
A3 Sales Tax Fund	9,748,867
State and Federal Grants Fund	1,913,762
Drug Forfeiture Fund	43,796
Tree Mitigation Fund	9,039
Capital Projects Funds	
Water Capacity Treatment Fund	171,569
Waste-Water Capacity Treatment Fund	673,687
	(7,924,841)
Business-Type Activities	
Utility Fund	7,924,841
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, 2023 are as follows:

	Interfund Receivables	Interfund Payables
Governmental Activities		
General Fund	$ 50,822	$ 22,000
Special Revenue Funds		
A3 Sales Tax Fund	-	2,652
State and Federal Grants Fund	-	1,366
Debt Service Funds		
General Obligation Debt Service Fund	-	3,800
Permanent Fund		
Garden of Pines Permanent Fund	-	32,387
	50,822	62,205
Business-Type Activities		
Utility Fund	22,000	10,617
Total	$ 72,822	$ 72,822

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, 2023:

	Governmental Activities	Business-Type Activities
Due from Other Funds	$ 50,822	$ 22,000
Due to Other Funds	(62,205)	(10,617)
(Deficit) Equity in Pooled Cash	(7,924,841)	7,924,841
Total	$ (7,936,224)	$ 7,936,224

Note 13. FHA Revolving Loan Fund

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

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

Restricted Cash and Cash Equivalents - December 31, 2022	$	255,362
Deletions		
New Loans Issued		(2,780)
Additions		
Principal Payments on Notes		-
Interest Payments on Notes		-
Interest on Cash Account		127
Restricted Cash and Cash Equivalents - December 31, 2023	$	252,709
Notes Receivable - December 31, 2023	$	-

Note 14. Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued, June 25, 2024 and determined that no events occurred that requires disclosure. No subsequent events occurring after June 25, 2024 have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

Schedule of Investment Returns

	2023	2022	2021	2020	2019	2018
Annual Money Weighted Rate of Return, Net of Investment Expense	7.19%	-5.51%	-1.01%	2.79%	0.61%	0.00%

Source: Regions Wealth Platform (RWP)

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

Schedule of City's Contributions

	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution	$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	176,945	235,488	223,211	213,894	210,381	116,941
Total Contributions	176,945	235,488	223,211	213,894	210,381	1,166,941
Contribution Deficiency (Excess)	$ 914,737	$ 766,552	$ 616,667	$ 568,981	$ 350,723	$ (525,169)
Covered-Employee Payroll	$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	2.11%	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
Schedule of City's Contributions to Pension Plans
For the Year Ended December 31, 2023

The Municipal System	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Contractually Required Contribution	$ 1,062,550	$ 984,645	$ 923,465	$ 899,612	$ 835,171	$ 771,786	$ 717,787	$ 625,486	$ 557,105	$ 539,797
Contributions in Relation to the Contractually Required Contribution	1,062,550	984,645	923,465	899,612	835,171	771,786	717,787	625,486	557,105	539,797
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 3,494,467	$ 3,262,633	$ 3,245,402	$ 3,143,685	$ 3,009,624	$ 3,039,066	$ 3,024,599	$ 2,940,646	$ 2,820,787	$ 2,804,436
Contributions as a Percentage of Covered Payroll	30.41%	30.18%	28.45%	28.62%	27.75%	25.40%	23.73%	21.27%	19.75%	19.25%

The Police System	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Contractually Required Contribution	$ 765,224	$ 609,983	$ 566,304	$ 502,108	$ 501,345	$ 552,967	$ 526,234	$ 540,210	$ 490,167	$ 445,036
Contributions in Relation to the Contractually Required Contribution	765,224	609,983	566,304	502,108	501,345	552,967	526,234	540,210	490,167	445,036
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 2,004,827	$ 1,863,216	$ 1,588,391	$ 1,515,453	$ 1,548,049	$ 1,755,544	$ 1,681,942	$ 1,561,694	$ 1,419,730	$ 1,275,014
Contributions as a Percentage of Covered Payroll	38.17%	32.74%	35.65%	33.13%	32.39%	31.50%	31.29%	34.59%	34.53%	34.90%

The Firefighters' System	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Contractually Required Contribution	$ 422,511	$ 406,024	$ 338,994	$ 295,717	$ 250,782	$ 262,537	$ 251,289	$ 258,903	$ 272,059	$ 280,598
Contributions in Relation to the Contractually Required Contribution	422,511	406,024	338,994	295,717	250,782	262,537	251,289	258,903	272,059	280,598
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 1,043,354	$ 963,127	$ 963,848	$ 982,734	$ 923,122	$ 990,706	$ 1,042,519	$ 986,254	$ 963,150	$ 975,685
Contributions as a Percentage of Covered Payroll	40.50%	42.16%	35.17%	30.09%	27.17%	26.50%	24.10%	26.25%	28.25%	28.76%

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

CITY OF COVINGTON, LOUISIANA
Schedule of Proportionate Share of Net Position Liability
For the Year Ended December 31, 2023

The Municipal System	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's Portion of the Net Pension Liability	1.792080%	1.741562%	1.580874%	1.700005%	1.577123%	1.638340%	1.685030%	1.602460%	1.643521%	1.668320%
City's Proportionate Share of the Net Pension Liability	$6,549,808	$7,233,115	$4,397,206	$7,349,817	$6,590,263	$6,783,826	$7,049,195	$6,568,003	$5,870,914	$4,281,651
City's Covered Payroll	$ 3,494,467	$ 3,494,467	$ 3,262,633	$3,245,402	$2,913,696	$2,961,267	$3,030,352	$2,862,540	$2,805,094	$2,689,407
City's Proportionate Share of the Net Pension Liability as a Percentage of its of Covered Payroll	187.43%	206.99%	134.77%	226.47%	226.18%	229.09%	232.62%	229.45%	209.29%	159.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.46%	67.87%	77.82%	64.52%	64.68%	63.90%	62.50%	62.11%	66.18%	76.94%

The Police System	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's Portion of the Net Pension Liability	0.722839%	0.664164%	0.549996%	0.514037%	0.507229%	0.577690%	0.578550%	0.560620%	0.568431%	0.536795%
City's Proportionate Share of the Net Pension Liability	$7,636,772	$6,788,935	$2,931,779	$4,750,900	$4,606,489	$4,883,784	$5,050,978	$5,254,579	$4,453,063	$3,358,234
City's Covered Payroll	$ 2,004,827	$ 2,004,827	$ 1,863,216	$1,588,391	$1,584,018	$1,704,795	$1,626,838	$1,503,506	$1,347,463	$1,292,945
City's Proportionate Share of the Net Pension Liability as a Percentage of its of Covered Payroll	380.92%	338.63%	157.35%	299.10%	290.81%	286.47%	310.48%	349.49%	330.48%	259.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.30%	70.80%	84.09%	70.94%	71.00%	70.10%	70.10%	66.04%	70.73%	75.10%

The Firefighters' System	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's Portion of the Net Pension Liability	0.473362%	0.466954%	0.419069%	0.387149%	0.378677%	0.434260%	0.426240%	0.433230%	0.459625%	0.484880%
City's Proportionate Share of the Net Pension Liability	$3,089,542	$3,292,629	$1,485,119	$2,683,542	$2,371,241	$2,497,915	$2,443,120	$2,833,709	$2,480,648	$2,157,674
City's Covered Payroll	$ 1,043,354	$ 1,043,354	$ 963,127	$ 963,848	$ 913,291	$1,048,998	$ 995,201	$ 976,837	$ 976,788	$ 947,814
City's Proportionate Share of the Net Pension Liability as a Percentage of its of Covered Payroll	296.12%	315.58%	154.20%	278.42%	259.64%	238.12%	245.49%	290.09%	253.96%	227.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.69%	74.68%	86.78%	72.61%	74.00%	74.80%	73.50%	68.16%	62.70%	65.00%

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

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

CITY OF COVINGTON, LOUISIANA
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended December 31, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	$ 562,628	$ 391,704	$ 345,877	$ 360,161	$ 211,866	$ 239,287
Interest Cost	309,041	209,687	257,608	261,077	283,358	254,560
Difference between Expected and Actual Experience	(257,949)	375,352	(3,465,904)	605,657	284,397	(14,113)
Changes in Assumptions	641,842	(2,329,169)	1,090,383	1,330,103	2,049,743	(804,905)
Benefit Payments	(176,945)	(235,488)	(223,211)	(213,984)	(210,381)	(116,941)
Net Change in OPEB Liability	1,078,617	(1,587,914)	(1,995,247)	2,343,014	2,618,983	(442,112)
Total OPEB Liability - Beginning	8,395,209	9,983,123	11,978,370	9,635,356	7,016,373	7,458,485
Total OPEB Liability - Ending (a)	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	77,766	(55,540)	(6,660)	34,004	14,467	-
Administrative Expense	-	(4,480)	(4,643)	(3,543)	(21)	-
Net Change in Plan Fiduciary Net Position	77,766	(60,020)	(11,303)	30,461	14,446	1,050,000
Plan Fiduciary Net Position - Beginning	1,023,584	1,083,604	1,094,907	1,064,446	1,050,000	-
Plan Fiduciary Net Position - Ending (b)	1,101,350	1,023,584	1,083,604	1,094,907	1,064,446	1,050,000
Total OPEB Liability - Ending (a) - (b)	$ 8,372,476	$ 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	11.63%	12.19%	10.85%	9.14%	11.05%	14.96%
Covered-Employee Payroll	$ 8,383,500	$ 6,053,756	$ 5,877,433	$ 5,468,435	$ 5,258,110	$ 5,376,452
Net OPEB Liability as a Percentage of Covered-Employee Payroll	99.87%	121.77%	151.42%	199.02%	163.00%	110.97%
Notes to Schedule:						
Benefit Changes. There were no changes of benefit terms for the year ended December 31, 2023.						
Changes in Assumptions.						
The following discount rate was used in each period:	3.26%	3.72%	2.06%	2.12%	2.74%	4.10%

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Taxes				
Sales Taxes	$ 13,922,672	$ 13,922,672	$ 12,712,843	$ (1,209,829)
Property Taxes	2,551,015	2,551,015	2,799,530	248,515
Franchise Taxes	791,647	791,647	851,906	60,259
Licenses and Permits	1,500,000	1,500,000	1,559,220	59,220
Other Revenues	193,357	193,357	336,916	143,559
Fines and Forfeitures	67,100	67,100	137,345	70,245
Charges for Services	165,478	165,478	262,471	96,993
Intergovernmental Revenues	524,189	524,189	540,182	15,993
Interest and Penalties	65,392	65,392	671,232	605,840
State and Federal Grants	-	-	4,875	4,875
Total Revenues	19,780,850	19,780,850	19,876,520	95,670
Expenditures				
Current				
General Government	5,175,498	5,391,011	4,890,694	500,317
Public Safety - Police	5,974,972	6,189,249	6,035,932	153,317
Public Safety - Fire	2,948,969	2,959,211	2,843,015	116,196
Public Works	3,286,001	3,589,714	2,479,802	1,109,912
Culture and Recreation	1,073,026	1,084,334	904,025	180,309
Capital Outlay	2,468,500	6,954,096	3,916,087	3,038,009
Debt Service				-
Principal	437,538	437,538	261,785	175,753
Interest	-	-	15,295	(15,295)
Total Expenditures	21,364,504	26,605,153	21,346,635	5,258,518
Excess (Deficiency) of Revenues Over Expenditures	(1,583,654)	(6,824,303)	(1,470,115)	5,354,188
Other Financing Sources (Uses)				
Proceeds from Debt Issuance	-	-	400,000	400,000
Transfers In	15,947,967	15,947,967	17,020,761	1,072,794
Transfers Out	(18,292,506)	(19,292,506)	(16,508,012)	2,784,494
Total Other Financing Sources (Uses)	(2,344,539)	(3,344,539)	912,749	4,257,288
Net Change in Fund Balances	$ (3,928,193)	$ (10,168,842)	(557,366)	$ 9,611,476
Fund Balances, Beginning of Year			16,996,729	
Fund Balances, End of Year			$ 16,439,363	

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Annexation Area (A3) Sales Tax Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Taxes				
Sales Taxes	$ 4,275,380	$ 4,275,380	$ 4,306,738	$ 31,358
Interest and Penalties	68,192	68,192	395,304	327,112
Total Revenues	4,343,572	4,343,572	4,702,042	358,470
Expenditures				
General Government	48,368	48,368	58,514	(10,146)
Capital Outlay	1,510,000	5,436,916	1,307,544	4,129,372
Total Expenditures	1,558,368	5,485,284	1,366,058	4,119,226
Excess (Deficiency) of Revenues Over Expenditures	2,785,204	(1,141,712)	3,335,984	4,477,696
Other Financing Sources (Uses)				
Transfers Out	(2,122,783)	(2,122,783)	(1,612,749)	510,034
Total Other Financing Sources (Uses)	(2,122,783)	(2,122,783)	(1,612,749)	510,034
Net Change in Fund Balance	$ 662,421	$ (3,264,495)	1,723,235	$ 4,987,730
Fund Balance, Beginning of Year			8,199,930	
Fund Balance, End of Year			$ 9,923,165	

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
State and Federal Grants Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
State and Federal Grants	$ -	$ 7,643,370	$ 865,046	$ (6,778,324)
Total Revenues	-	7,643,370	865,046	(6,778,324)
Expenditures				
Public Safety - Police	-	100,000	100,000	-
Public Safety - Fire	-	-	2,599	(2,599)
Capital Outlay	-	15,734,782	105,806	15,628,976
Total Expenditures	-	15,834,782	208,405	15,626,377
Excess (Deficiency) of Revenues Over Expenditures	-	(8,191,412)	656,641	8,848,053
Other Financing Sources (Uses)				
Transfers Out	-	-	(817,090)	(817,090)
Total Other Financing Sources (Uses)	-	-	(817,090)	(817,090)
Net Change in Fund Balance	$ -	$ (8,191,412)	(160,449)	$ 8,030,963
Fund Balance, Beginning of Year			303,000	
Fund Balance, End of Year			$ 142,551	

See independent auditor's report.

Note 1. Budgetary Information

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

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

b) Public hearings are conducted at City Hall.

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

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

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

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

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

Note 2. Pension Schedules

Plan Changes in Benefit Terms

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

Note 2. Pension Schedules (Continued)

Changes of Assumptions

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

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

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF COVINGTON, LOUISIANA
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2023

	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	$ 603,470	$ 55,842	$ 36,832	$ -	$ -	$ -	$ -	$ 696,144
Equity in Pooled Cash	-	-	-	43,796	9,039	171,569	673,687	898,091
Certificates of Deposit	-	277,500	24,955	-	-	-	-	302,455
Receivables								
Property Taxes	480,617	-	-	-	-	-	-	480,617
Total Assets	$ 1,084,087	$ 333,342	$ 61,787	$ 43,796	$ 9,039	$ 171,569	$ 673,687	$ 2,377,307
Liabilities and Fund Balances								
Liabilities								
Accounts Payable	$ -	$ -	$ -	$ 889	$ -	$ -	$ -	$ 889
Due to Other Funds	3,800	-	32,387	-	-	-	-	36,187
Total Liabilities	3,800	-	32,387	889	-	-	-	37,076
Fund Balances								
Nonspendable								
Permanent Fund	-	-	24,955	-	-	-	-	24,955
Restricted for:								
Perpetual Care	-	-	4,445	-	-	-	-	4,445
Debt Services	1,080,287	333,342	-	-	-	-	-	1,413,629
Drug Forfeiture	-	-	-	42,907	-	-	-	42,907
Tree Mitigation	-	-	-	-	9,039	-	-	9,039
Committed								
Capital Outlay	-	-	-	-	-	171,569	673,687	845,256
Total Fund Balances	1,080,287	333,342	29,400	42,907	9,039	171,569	673,687	2,340,231
Total Liabilities and Fund Balances	$ 1,084,087	$ 333,342	$ 61,787	$ 43,796	$ 9,039	$ 171,569	$ 673,687	$ 2,377,307

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2023

	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								
Property Taxes	$ 590,633	$ -	$ -	$ -	$ -	$ -	$ -	$ 590,633
Fines and Forfeitures	-	-	-	23,168	-	-	-	23,168
Charges for Services	-	-	-	-	-	20,559	48,274	68,833
Interest and Penalties	177	6,899	792	1,775	342	6,089	24,819	40,893
Total Revenues	590,810	6,899	792	24,943	342	26,648	73,093	723,527
Expenditures								
Current								
General Government	440	-	-	23,170	8	142	582	24,342
Public Safety - Police	-	-	-	42	-	-	-	42
Debt Service								
Principal	385,000	-	-	-	-	-	-	385,000
Interest	31,307	-	-	-	-	-	-	31,307
Total Expenditures	416,747	-	-	23,212	8	142	582	440,691
Excess of Revenues Over Expenditures	174,063	6,899	792	1,731	334	26,506	72,511	282,836
Net Change in Fund Balances	174,063	6,899	792	1,731	334	26,506	72,511	282,836
Fund Balances, Beginning of Year	906,224	326,443	28,608	41,176	8,705	145,063	601,176	2,057,395
Fund Balances, End of Year	$ 1,080,287	$ 333,342	$ 29,400	$ 42,907	$ 9,039	$ 171,569	$ 673,687	$ 2,340,231

See independent auditor's report.

DEBT SERVICE FUNDS

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

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

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

PERMANENT FUND

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

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

SPECIAL REVENUE FUNDS

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

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

CAPITAL PROJECTS FUNDS

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

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

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Interest and Penalties	$ -	$ -	$ 145,147	$ 145,147
Total Revenues	-	-	145,147	145,147
Expenditures				
Current				
General Government	-	5,000,000	94,237	4,905,763
Total Expenditures	-	5,000,000	94,237	4,905,763
Excess (Deficiency) of Revenues Over Expenditures	-	(5,000,000)	50,910	5,050,910
Other Financing Sources (Uses)				
Proceeds from Debt	-	5,000,000	5,228,417	228,417
Total Other Financing Sources (Uses)	-	5,000,000	5,228,417	228,417
Net Change in Fund Balance	$ -	$ -	5,279,327	$ 5,279,327
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			$ 5,279,327	

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
General Obligation Debt Service Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Taxes				
Property Taxes	$ 416,307	$ 416,307	$ 590,633	$ 174,326
Interest and Penalties	-	-	177	177
Total Revenues	416,307	416,307	590,810	174,503
Expenditures				
Current				
General Government	440	440	440	-
Debt Service				
Principal	385,000	385,000	385,000	-
Interest	31,307	31,307	31,307	-
Total Expenditures	416,747	416,747	416,747	-
Excess (Deficiency) of Revenues Over Expenditures	(440)	(440)	174,063	174,503
Net Change in Fund Balance	$ (440)	$ (440)	174,063	$ 174,503
Fund Balance, Beginning of Year			906,224	
Fund Balance, End of Year			$ 1,080,287	

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Sales Tax Bond Debt Service Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Taxes				
Interest and Penalties	$ 50	$ 50	$ 6,899	$ 6,849
Total Revenues	50	50	6,899	6,849
Excess (Deficiency) of Revenues Over Expenditures	50	50	6,899	6,849
Net Change in Fund Balance	$ 50	$ 50	6,899	$ 6,849
Fund Balance, Beginning of Year			326,443	
Fund Balance, End of Year			$ 333,342	

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Garden of Pines Permanent Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Taxes				
Interest and Penalties	$ -	$ -	$ 792	$ 792
Total Revenues	-	-	792	792
Excess (Deficiency) of Revenues Over Expenditures	-	-	792	792
Net Change in Fund Balance	$ -	$ -	792	$ 792
Fund Balance, Beginning of Year			28,608	
Fund Balance, End of Year			$ 29,400	

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Drug Forfeiture Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Fines and Forfeitures	$ -	$ 40,000	$ 23,168	$ (16,832)
Interest and Penalties	302	302	1,775	1,473
Total Revenues	302	40,302	24,943	(15,359)
Expenditures				
Current				
General Government	-	81,074	23,170	57,904
Public Safety - Police	-	-	42	(42)
Total Expenditures	-	81,074	23,212	57,862
Excess (Deficiency) of Revenues Over Expenditures	302	(40,772)	1,731	(73,221)
Net Change in Fund Balance	$ 302	$ (40,772)	1,731	$ (73,221)
Fund Balance, Beginning of Year			41,176	
Fund Balance, End of Year			$ 42,907	

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Tree Mitigation Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Interest and Penalties	$ 74	$ 74	$ 342	$ 268
Total Revenues	74	74	342	268
Expenditures				
Current				
General Government	-	-	8	(8)
Total Expenditures	-	-	8	(8)
Excess (Deficiency) of Revenues Over Expenditures	74	74	334	260
Net Change in Fund Balance	$ 74	$ 74	334	$ 260
Fund Balance, Beginning of Year			8,705	
Fund Balance, End of Year			$ 9,039	

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Water Capacity Treatment Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Charges for Services	$ 40,000	$ 40,000	$ 20,559	$ (19,441)
Interest and Penalties	1,033	1,033	6,089	5,056
Total Revenues	41,033	41,033	26,648	(14,385)
Expenditures				
Current				
General Government	-	-	142	(142)
Total Expenditures	-	-	142	(142)
Excess (Deficiency) of Revenues Over Expenditures	41,033	41,033	26,506	(14,527)
Net Change in Fund Balance	$ 41,033	$ 41,033	26,506	$ (14,527)
Fund Balance, Beginning of Year			145,063	
Fund Balance, End of Year			$ 171,569	

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Budgetary Comparison Schedule
Waste-Water Capacity Treatment Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Charges for Services	$ 80,000	$ 80,000	$ 48,274	$ (31,726)
Interest and Penalties	4,650	4,650	24,819	20,169
Total Revenues	84,650	84,650	73,093	(11,557)
Expenditures				
Current				
General Government	-	-	582	(582)
Total Expenditures	-	-	582	(582)
Excess (Deficiency) of Revenues Over Expenditures	84,650	84,650	72,511	(12,139)
Net Change in Fund Balance	$ 84,650	$ 84,650	72,511	$ (12,139)
Fund Balance, Beginning of Year			601,176	
Fund Balance, End of Year			$ 673,687	

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Schedule of Council Compensation
For the Year Ended December 31, 2023

Council Members	Term of Office	Compensation
Joey Roberts	May 2018 - Current	$ 10,800
Larry Rolling	July 2015 - December 2023	10,800
Cody Ludwig	July 2019 - June 2023	5,400
Peter Lewis	July 2019 - Current	10,800
Mark Verret	July 2019 - Current	10,800
John Botsford	July 2019 - Current	10,800
Rick Smith	July 2015 - December 2023	10,800
James Inman	July 2023 - Current	5,400
Total Council Compensation		$ 75,600

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2023

Agency Head
Mark R. Johnson, Mayor

Purpose	Amount
Salary	$90,669
Benefits - Insurance	$9,223
Benefits - Retirement	$26,747
Benefits - Other	$4,615
Car Allowance	$9,000
Cell Phone	$600
Other	$64

See independent auditor's report.

CITY OF COVINGTON, LOUISIANA
Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session - Cash Basis Presentation
For the Six-Month Periods Ended June 30, 2022 and December 31, 2023

Entity Name	City of Covington
LLA Entity ID # (This is the ID number assigned to the entity by the Legislative Auditor for identification purposes.)	2165
Date that reporting period ended (mm/dd/yyyy)	Sunday, December 31, 2023

Cash Basis Presentation	**First 6 months ended 06/30/2023**	**Second 6 months ended 12/31/2023**
Beginning Balance of Amounts Collected (i.e. cash on hand)	-	-
Add: Collections		
Traffic Ticket Fees	92,173	120,190
Subtotal Collections	**92,173**	**120,190**
Less: Disbursements To Governments & Nonprofits: (*Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.*)		
LA Commission on Law Enforcement - Court Fees	785	1,022
Indigent Defender Board - Court Fees	17,685	23,026
Florida Parishes Juvenile Justice Commission - Court Fees	1,965	2,555
Trial Court Case Management Information System - Court Fees	1,179	1,533
Louisiana Traumatic Head and Sprinal Cord Injury Trust Fund - Court Fees	900	1,420
Crimestoppers, Inc - Court Fees	785	1,022
St. Tammany Sherrif - Court Fees	3,860	5,090
Louisiana Supreme Court - Court Fees	195	254
Crime Victim Rep Fund	53	15
Officer Witness Fee	350	950
Witness Protection	393	511
Less: Amounts Retained by Collecting Agency		
Court Fines	46,163	60,545
Police Report Fees	6,045	6,917
City Court Fee	11,790	15,330
NSF Fee	25	-
Subtotal Disbursements/Retainage	92,173	120,190
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	-	-
Ending Balance of "Partial Payments" Collected but not Disbursed (*only applies if collecting agency does not disburse partial payments until fully collected*) - *This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.*	-	-

See independent auditor's report.

STATISTICAL SECTION

CITY OF COVINGTON, LOUISIANA
Statistical Section
Table of Contents

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

Contents	**Tables**
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 **Table 1**

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Governmental Activities										
Net Investment in Capital Assets	$ 29,988,045	$ 32,803,778	$ 31,320,016	$ 30,292,215	$ 28,310,163	$ 25,477,548	$ 23,051,733	$ 21,362,467	$ 18,519,019	$ 17,029,735
Restricted	1,972,520	1,951,783	1,816,660	1,692,222	1,449,985	1,804,406	1,595,170	1,266,366	5,218,131	5,121,612
Unrestricted	13,472,326	7,852,073	(5,367,347)	(1,993,150)	(2,084,725)	(2,506,238)	62,767	385,497	(1,132,977)	4,953,099
Total Governmental Activities Net Position	$ 45,432,891	$ 42,607,634	$ 27,769,329	$ 29,991,287	$ 27,675,423	$ 24,775,716	$ 24,709,670	$ 23,014,330	$ 22,604,173	$ 27,104,446
Business-Type Activities										
Net Investment in Capital Assets	$ 28,538,205	$ 26,233,917	$ 24,579,024	$ 24,608,548	$ 24,405,436	$ 22,917,753	$ 22,689,820	$ 22,870,664	$ 22,311,124	$ 22,109,454
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	4,629,485	4,688,838	3,390,977	3,148,548	2,878,968	3,136,403	3,253,676	2,083,644	1,980,260	2,429,351
Total Business-Type Activities Net Position	$ 33,167,690	$ 30,922,755	$ 27,970,001	$ 27,757,096	$ 27,284,404	$ 26,054,156	$ 25,943,496	$ 24,954,308	$ 24,291,384	$ 24,538,805
Primary Government										
Net Investment in Capital Assets	$ 58,526,250	$ 59,037,695	$ 55,899,040	$ 54,900,763	$ 52,715,599	$ 48,395,301	$ 45,741,553	$ 44,233,131	$ 40,830,143	$ 39,139,189
Restricted	1,972,520	1,951,783	1,816,660	1,692,222	1,449,985	1,804,406	1,595,170	1,266,366	5,218,131	5,121,612
Unrestricted	18,101,811	12,540,911	(1,976,370)	1,155,398	794,243	630,165	3,316,443	2,469,141	847,283	7,382,450
Total Primary Government Net Position	$ 78,600,581	$ 73,530,389	$ 55,739,330	$ 57,748,383	$ 54,959,827	$ 50,829,872	$ 50,653,166	$ 47,968,638	$ 46,895,557	$ 51,643,251

Source: Annual Comprehensive Financial Reports

CITY OF COVINGTON, LOUISIANA **Table 2**

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Expenses										
Governmental Activities										
General Government	$ 6,848,186	$ 5,800,360	$ 5,526,762	$ 4,219,873	$ 4,034,415	$ 3,352,924	$ 4,038,234	$ 4,769,296	$ 4,668,943	$ 3,486,965
Public Safety - Police	6,416,791	5,306,532	4,814,817	4,534,911	4,773,793	4,663,107	4,563,093	5,006,714	3,882,644	4,040,778
Public Safety - Fire	3,100,332	2,879,337	2,506,187	2,525,136	2,367,913	2,147,667	2,305,524	2,526,229	1,879,036	1,889,585
Public Works	4,429,678	4,337,837	6,671,569	3,810,148	3,619,009	3,468,910	3,295,665	3,082,316	2,539,709	2,512,339
Culture and Recreation	1,045,610	884,378	628,483	747,883	844,901	900,389	1,095,418	541,513	458,504	547,055
Interest on Long-Term Debt	134,428	51,594	82,407	78,486	123,555	106,937	123,302	117,453	229,043	246,632
Total Governmental Activities Expense	21,975,025	19,260,038	20,230,225	15,916,437	15,763,586	14,639,934	15,421,236	16,043,521	13,657,879	12,723,354
Business-Type Activities										
Water	3,313,256	3,032,858	1,438,531	2,524,833	1,560,160	1,741,357	1,612,340	1,486,619	1,932,925	1,921,567
Sewer	1,786,787	1,491,862	2,591,764	2,826,649	2,459,697	2,396,349	2,399,537	2,280,164	1,565,892	1,582,093
Garbage	1,050,875	1,052,934	1,010,495	992,160	942,259	822,539	790,005	767,388	684,886	649,894
Total Business-Type Activities Expense	6,150,918	5,577,654	5,040,790	6,343,642	4,962,116	4,960,245	4,801,882	4,534,171	4,183,703	4,153,554
Total Primary Government Expenses	28,125,943	24,837,692	25,271,015	22,260,079	20,725,702	19,600,179	20,223,118	20,577,692	17,841,582	16,876,908
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	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	160,513	78,727	75,653	62,823	60,838	61,740	78,493	103,222	-	-
Public Works	68,833	83,311	83,311	104,446	101,817	-	21,907	19,329	26,468	27,349
Culture and Recreation	262,471	234,001	142,477	69,535	103,255	272,055	229,464	85,431	105,114	104,647
Operating Grants and Contributions										
General Government	4,875	-	4,959,226	-	33	51,414	4,711	21,128	13,724	-
Public Safety - Police	19,037	-	-	87,004	4,003	24,263	25,135	44,875	28,221	46,059
Public Safety - Fire	2,519	-	-	87,004	-	5,262	-	10,424	-	4,324
Public Works	-	-	-	-	13,455	56,451	18,410	173,124	-	-
Culture and Recreation	-	-	-	1,366	5,000	1,000	5,750	-	-	-
Capital Grants and Contributions										
General Government	-	-	-	-	230,992	-	-	75,005	25,000	142,207
Public Safety - Police	-	100,000	-	116,884	-	-	-	44,795	-	-
Public Safety - Fire	-	-	-	-	198,096	-	2,130	71,979	-	-
Public Works	843,490	633,297	500,000	14,000	8,541	3,097	590,078	81,883	472,944	50,853
Culture and Recreation	-	-	246,866	-	250,000	-	-	2,436	139,791	15,209
Total Governmental Activities Program Revenues	3,461,140	2,871,686	7,790,835	2,010,894	2,307,417	2,133,396	2,296,991	2,234,975	811,262	390,648
Business-Type Activities										
Charges for Services										
Water	2,390,688	2,216,801	2,064,623	1,750,857	1,751,694	1,568,834	1,462,483	1,438,457	1,406,118	1,329,090
Sewer	2,742,094	2,500,311	2,415,401	2,112,508	1,945,078	1,902,523	1,793,771	1,725,651	1,706,001	1,611,462
Garbage	1,032,278	1,059,743	1,028,268	976,460	953,630	884,599	836,508	799,028	774,651	734,984
Total Business-Type Activities Program Revenues	6,165,060	5,776,855	5,508,292	4,839,825	4,650,402	4,355,956	4,092,762	3,963,136	3,886,770	3,675,536

CITY OF COVINGTON, LOUISIANA **Table 2**

Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Total Primary Government Program Revenues	9,626,200	8,648,541	13,299,127	6,850,719	6,957,819	6,489,352	6,389,753	6,198,111	4,698,032	4,066,184
Net (Expense) Revenue										
Governmental Activities	(18,513,885)	(16,388,352)	(12,439,390)	(13,905,543)	(13,456,169)	(12,506,538)	(13,124,245)	(13,808,546)	(12,846,617)	(12,332,706)
Business-Type Activities	14,142	199,201	467,502	(1,503,817)	(311,714)	(604,289)	(709,120)	(571,035)	(296,933)	(478,018)
Total Primary Government Net Expense	(18,499,743)	(16,189,151)	(11,971,888)	(15,409,360)	(13,767,883)	(13,110,827)	(13,833,365)	(14,379,581)	(13,143,550)	(12,810,724)
General Revenues and Other Changes in Net Position:										
Governmental Activities										
Taxes										
Sales Taxes	17,019,581	17,373,758	16,131,917	13,664,106	12,862,905	12,429,707	11,973,167	10,874,639	10,750,947	10,796,315
Property Taxes	3,390,163	3,303,400	3,189,895	3,184,627	2,979,826	2,866,280	2,852,243	2,774,300	2,638,760	2,619,670
Franchise Taxes	851,906	943,484	768,835	672,277	788,684	825,019	763,357	774,406	786,218	775,089
Licenses and Permits	-	-	-	-	-	-	-	-	1,433,599	1,311,592
Fines and Forfeitures	-	-	-	-	-	-	-	-	86,020	481,808
Interest	1,252,576	361,522	69,590	74,683	368,914	197,327	88,099	57,007	32,197	82,585
Other General Revenues	336,916	284,304	291,241	399,764	581,834	761,177	518,983	805,950	475,066	31,401
Special Item - Loss/Gain on Disposed Assets	-	-	-	-	8,531	48,042	-	(142,591)	-	-
Special Item - Law Suit Settlement	-	-	-	-	-	-	-	-	1,469,800	-
Non-Employer Contribution Revenue	405,090	373,687	251,876	304,460	279,032	299,191	292,756	280,471	278,908	-
Benefit Payments	-	-	-	-	-	100,135	-	-	-	-
Transfers	(1,917,090)	(2,208,658)	288,769	(2,118,510)	(1,513,850)	(2,350,837)	(1,669,020)	(1,205,479)	(1,275,484)	(1,189,453)
Total Governmental Activities	21,339,142	20,431,497	20,992,123	16,181,407	16,355,876	15,176,041	14,819,585	14,218,703	16,676,031	14,909,007
Business-Type Activities										
Interest	278,651	65,668	1,141	-	-	-	-	-	-	-
Transfers	1,917,090	2,208,658	(288,769)	2,116,735	-	-	1,669,020	1,205,479	1,275,484	1,189,453
Non-Employer Contribution Revenue	35,052	31,006	33,031	31,385	28,112	29,711	29,288	28,480	29,276	-
Benefit Payments	-	-	-	-	-	16,807	-	-	-	-
Capital Contributions	-	-	-	(171,611)	1,513,850	1,300,837	-	-	-	-
Total Business-Type Activities	2,230,793	2,305,332	(254,597)	1,976,509	1,541,962	1,347,355	1,698,308	1,233,959	1,304,760	1,189,453
Total Primary Government	23,569,935	22,736,829	20,737,526	18,157,916	17,897,838	16,523,396	16,517,893	15,452,662	17,980,791	16,098,460
Change in Net Position										
Governmental Activities	2,825,257	4,043,145	8,552,733	2,275,864	2,899,707	2,669,503	1,695,340	410,157	3,829,414	2,576,301
Business-Type Activities	2,244,935	2,504,533	212,905	472,692	1,230,248	743,066	989,188	662,924	1,007,827	711,435
Total Primary Government	$ 5,070,192	$ 6,547,678	$ 8,765,638	$ 2,748,556	$ 4,129,955	$ 3,412,569	$ 2,684,528	$ 1,073,081	$ 4,837,241	$ 3,287,736

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
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
2015	10,750,947	2,638,760	13,389,707
2014	10,796,315	2,619,670	13,415,985

Source: Annual Comprehensive Financial Reports

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

Table 4

	Fiscal Year									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
General Fund										
Nonspendable	$ 82,285	$ 82,265	$ 82,260	$ 80,260	$ 87,549	$ 102,447	$ 79,509	$ -	$ -	$ -
Restricted	252,709	255,362	252,529	284,522	254,243	253,254	255,515	253,853	287,655	521,987
Committed	-	-	-	-	-	-	-	-	1,209,809	176,089
Assigned	5,531,876	5,568,305	5,568,305	4,820,741	4,649,413	3,590,934	6,347,449	5,594,298	2,102,610	2,036,859
Unassigned	10,572,493	11,090,797	9,747,018	5,969,184	5,782,918	7,874,558	4,841,225	3,319,642	5,351,571	4,379,657
Total General Fund	$ 16,439,363	$ 16,996,729	$ 15,650,112	$ 11,154,707	$ 10,774,123	$ 11,821,193	$ 11,523,698	$ 9,167,793	$ 8,951,645	$ 7,114,592
All Other Governmental Funds										
Nonspendable	$ 24,955	$ 24,955	$ 24,955	$ 24,955	$ 24,955	$ 24,955	$ 24,955	$ 24,955	$ 24,955	$ 24,955
Restricted	6,891,898	1,589,201	1,456,916	1,262,485	1,083,238	1,423,750	1,235,191	1,012,513	4,930,476	4,845,653
Committed	10,768,421	8,946,169	7,185,259	5,385,040	5,252,822	3,149,972	2,619,805	1,536,553	2,332,731	1,751,713
Unreserved, Reported in:										
Special Revenue	-	-	-	-	-	-	-	3,757,786	-	-
Other	-	-	-	-	-	-	1,245,844	-	-	-
Total All Other Governmental Funds	$ 17,685,274	$ 10,560,325	$ 8,667,130	$ 6,672,480	$ 6,361,015	$ 4,598,677	$ 5,125,795	$ 6,331,807	$ 7,288,162	$ 6,622,321

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									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Revenues										
Sales Tax	$ 17,019,581	$ 17,373,758	$ 16,131,917	$ 13,664,106	$ 12,862,905	$ 12,429,707	$ 11,973,167	$ 10,874,639	$ 10,750,947	$ 10,796,315
Property Taxes	3,390,163	3,303,400	3,189,895	3,184,627	2,979,826	2,866,280	2,852,243	2,774,300	2,638,760	2,619,670
Franchise Tax	851,906	943,484	768,834	672,277	788,684	825,019	763,357	774,406	786,218	775,089
Licenses and Permits	1,559,220	1,430,081	1,585,952	1,450,972	1,315,026	1,658,114	1,320,913	1,501,344	1,433,599	1,311,592
Other Revenues	336,916	277,746	291,241	212,726	398,369	459,132	251,211	544,009	258,747	288,327
Fines and Forfeitures	160,513	85,285	75,653	62,823	60,838	61,740	78,493	103,222	86,020	82,585
Charges for Service	331,304	317,312	225,788	190,841	221,433	272,055	251,371	104,760	131,582	131,996
Intergovernmental Revenue	540,182	312,269	197,350	187,038	183,456	250,160	243,152	247,058	216,097	192,061
Interest and Penalties	1,252,576	361,522	69,590	99,499	368,914	197,327	88,099	57,007	32,197	31,401
Assessments	-	-	-	-	-	-	-	-	-	1,420
State and Federal Grants	869,921	733,297	5,706,092	306,258	479,137	142,007	722,116	525,649	654,680	117,652
Capital Contributions	-	-	-	-	-	-	-	-	25,000	141,000
Refunding Bonds Issued	-	-	-	-	-	-	-	3,890,000	-	-
		-								
Total Revenues	26,312,282	25,138,154	28,242,313	20,031,167	19,658,588	19,161,541	18,544,122	21,396,394	17,013,847	16,489,108
Expenditures										
Current										
General Government	5,067,787	4,236,374	3,602,014	3,492,483	3,330,355	3,303,834	3,055,652	3,539,055	3,687,722	3,154,400
Public Safety - Police	6,135,974	5,048,737	4,814,817	4,085,820	4,147,875	4,221,709	3,979,187	4,129,928	3,708,863	3,833,969
Public Safety - Fire	2,845,614	2,619,735	2,506,187	2,113,584	2,062,857	1,988,244	1,993,993	1,916,090	1,810,928	1,791,226
Public Works	2,479,802	2,503,279	6,671,569	2,170,629	2,104,898	2,006,127	2,034,887	1,849,987	1,819,738	1,872,988
Culture and recreation	904,025	766,222	628,483	605,145	698,334	751,614	860,503	301,743	361,491	329,695
Sewer Department	-	-	-	-	-	44,327	18,785	17,245	-	-
Water Department	-	-	-	-	-	18,100	-	1,463	-	-
Garbage Department	-	-	-	-	-	-	-	178,958	-	-
Capital Outlay	5,329,437	3,825,034	2,840,588	3,703,972	5,015,166	3,911,767	2,967,045	4,323,372	2,486,317	3,829,821
Capital Lease										
Principal	-	-	189,248	208,155	177,608	-	-	-	-	-
Interest	-	-	18,907	-	30,547	-	-	-	-	-
Debt Service										
Principal	646,785	635,502	797,000	774,000	746,000	722,000	693,000	693,673	600,000	575,000
Interest	46,602	54,807	70,875	66,820	81,180	94,974	116,777	139,109	231,739	249,103
Payments on Claims and Judgements	-	-	-	-	-	30,000	30,000	30,000	30,000	137,410
Payment to Escrow Account	-	-	-	-	-	-	-	3,825,382	-	-
Total Expenditures	23,456,026	19,689,690	22,139,688	17,220,608	18,394,820	17,092,696	15,749,829	20,946,005	14,736,798	15,773,612
Excess (Deficiency) of Revenues Over Expenditures	2,856,256	5,448,464	6,102,625	2,810,559	1,263,768	2,068,845	2,794,293	450,389	2,277,049	715,496

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									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Other Financing Sources (Uses)										
Transfers In	17,020,761	17,335,973	21,810,672	1,735,063	1,956,664	11,552,430	12,060,133	7,269,605	7,101,607	7,022,566
Transfers Out	(18,937,851)	(19,544,631)	(21,521,903)	(3,853,573)	(3,470,514)	(13,903,266)	(13,729,153)	(8,475,084)	(8,377,091)	(8,212,019)
Proceeds from the Sale of Capital Assets	-	-	-	-	18,156	52,368	24,620	14,883	31,529	88,430
Proceeds on Debt Issuance	5,628,417	-	-	-	-	-	-	-	-	-
Lawsuit Settlement	-	-	-	-	-	-	-	-	1,469,800	-
Proceeds from Capital Lease	-	-	-	-	947,194	-	-	-	-	-
Total Other Financing Sources (Uses)	3,711,327	(2,208,658)	288,769	(2,118,510)	(548,500)	(2,298,468)	(1,644,400)	(1,190,596)	225,845	(1,101,023)
Net Change in Fund Balances	$ 6,567,583	$ 3,239,806	$ 6,391,394	$ 692,049	$ 715,268	$ (229,623)	$ 1,149,893	$ (740,207)	$ 2,502,894	$ (385,527)
Debt Service as a Percentage of Non-Capital Expenditures	3.83%	4.40%	6.22%	6.18%	6.20%	6.33%	5.01%	6.79%	6.90%	7.08%

Source: Annual Comprehensive Financial Reports

CITY OF COVINGTON, LOUISIANA **Table 6**
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
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
2015	103,511,814	23,143,457	126,655,271	21.50
2014	100,278,064	23,606,777	123,884,841	21.80

Source: Information obtained from 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
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
2015	17.50	4.00	21.50	37.47	37.47	47.28	20.9	68.18	1.50	128.65
2014	17.50	4.30	21.80	35.91	35.91	47.28	20.9	68.18	1.50	127.39

Source: St. Tammany Parish Assessor's Office

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

Table 8

		December 31, 2023			December 31, 2014		
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	$ 3,564,270	1	18.88%	$ 4,115,820	1	32.11%
CX Regan Crossing LLC	Apartments	2,918,586	2	15.46%			
Hancock Whitney Bank #1116	Banking	2,462,243	3	13.04%	556,110	10	4.34%
Capital One NA.	Banking	1,912,867	4	10.13%			
Atmos Energy Corporation	Natural Gas	1,554,948	5	8.24%	779,196	5	6.08%
United Rentals	Rentals	1,489,333	6	7.89%			
Bell South Communications	Telecommunications	1,425,946	7	7.55%			
Mele Printing	Printing	1,270,878	8	6.74%			
Gulf Coast Bank and Trust Co	Banking	1,157,271	9	6.13%			
Testiga Properties, LLC	Real Estate	1,121,476	10	5.94%	725,735	7	5.67%
AT&T Southeast Tax Dept.					2,658,371	2	20.73%
Volvo Ce Rents, Inc.					943,910	3	7.37%
Delta Supply Chain Operations					941,300	4	7.35%
WHS LLC					747,241	6	5.83%
Medstate, LLC					691,669	8	5.40%
RobCo LLC	Real Estate				655,480	9	5.12%
Total		$ 18,877,818		100.00%	$ 12,814,832		100.00%

Source: St. Tammany Parish Assessor's Office

CITY OF COVINGTON, LOUISIANA **Table 9**
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
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
2015	2,720,372	2,631,109	96.7	7,651	2,638,760	97.0
2014	2,700,691	2,612,608	96.7	7,062	2,619,670	97.0

Sources: 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, 2023			December 31, 2014		
Taxpayer	**Sales Tax Collections**	**Rank**	**Percentage of Total Sales Tax Collections**	**Sales Tax Collections**	**Rank**	**Percentage of Total Sales Tax Collections**
Motor Vehicles	$2,189,024	1	12.21%	$ 408,101	1	12.38%
Internet/Retailer	1,122,301	2	6.26%			
Grocery/Discount Retailer	317,327	3	1.77%	415,658	2	2.83%
Grocery/Discount Retailer	313,742	4	1.75%	391,906	3	2.13%
Internet/Retailer	285,057	5	1.59%			
Grocery/Discount Retailer	234,858	6	1.30%	346,562	4	1.81%
Building Materials	218,723	7	1.22%			1.28%
Grocery/Discount Retailer	216,930	8	1.21%	317,412	5	1.80%
Grocery/Discount Retailer	213,344	9	1.19%	304,456	6	1.32%
Grocery/Discount Retailer	147,010	10	0.82%	206,210	8	1.20%
Retail Pharmacies and Drug Stores				209,449	7	
Full-Service Restaurants				158,706	9	0.96%
Grocery/Discount Retailer				126,317	10	0.70%
Total	$5,258,316		29.32%	$2,884,777		26.41%

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

Note: The sales tax rate is calculated at 8.70%

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
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
2015	4,856,000	1,790,000	-	6,646,000	1.23%	27.04
2014	5,196,000	2,050,000	-	7,246,000	1.48%	29.90

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
2023	$ 6,410,000	$ 6,359,614	$ 50,386	551.73	0.03%
2022	2,045,000	906,224	1,138,776	109.59	0.75%
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	714,677	2,641,323	253.14	1.81%
2018	3,797,000	707,122	3,089,878	292.25	2.17%
2017	4,229,000	715,560	3,513,440	351.94	2.57%
2016	4,637,000	677,950	3,959,050	404.15	2.97%
2015	4,856,000	637,097	4,218,903	443.93	3.33%
2014	5,196,000	632,874	4,563,126	511.40	3.67%

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 **Table 13**
Computation of Direct and Overlapping
Governmental Activities Debt
December 31, 2023
(Unaudited)

Governmental Unit	(2) Gross Debt Outstanding	(1) Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
St. Tammany Parish	$ 4,295,000	5%	$ 214,750
St. Tammany Parish School Board	352,078,202	5%	17,603,910
Subtotal Overlapping Debt			17,818,660
City of Covington Direct Debt	6,410,000	100%	6,410,000
Total Direct and Overlapping Debt			$ 24,228,660

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, 2023 for St. Tammany Parish and June 30, 2023 for St. Tammany Parish School Board.

CITY OF COVINGTON, LOUISIANA **Table 14**
Computation of Legal Debt Margin Information
December 31, 2023
(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
2023	$ 174,976,356	$ 61,241,725	$ 6,870,476	$ 54,371,249	88.78%
2022	171,700,513	60,095,180	1,293,165	58,802,015	97.85%
2021	164,488,307	57,570,907	1,712,922	55,857,985	97.02%
2020	164,073,967	57,425,888	2,182,323	55,243,565	96.20%
2019	146,491,532	51,272,036	2,648,878	48,623,158	94.83%
2018	141,797,283	49,629,049	3,081,440	46,547,609	93.79%
2017	138,439,642	48,453,875	3,551,050	44,902,825	92.67%
2016	134,656,513	47,129,780	3,999,903	43,129,877	91.51%
2015	126,655,271	44,329,345	4,223,126	40,106,219	90.47%
2014	123,884,841	43,359,694	4,549,393	38,810,301	89.51%

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 **Table 15**
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Unaudited)

	Sales Tax Bonds				
Fiscal Year	Sales Tax Revenue	Debt Service Principal	Debt Service Interest	Total	Coverage
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
2015	10,750,947	260,000	42,845	302,845	35.50
2014	10,796,315	250,000	48,070	298,070	36.22

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
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	*
2015	9,513	245,829	539,053,515	56,665	5.7%	38,193	*
2014	8,896	242,333	489,120,092	54,982	5.1%	38,044	*

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

* Information not available.

Sources:

(1) St. Tammany Parish Economic Development Foundation

(2) Estimates - Louisiana Tech University for the U.S. Bureau of Census

(3) Louisiana Department of Labor

(4) St. Tammany Parish School Board - October 1 enrollment

CITY OF COVINGTON, LOUISIANA **Table 17**
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

		2023			2014		
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	5,811	1	5.00%	5,399	1	5.08%
St. Tammany Health System	Covington	2,500	2	2.15%	1,715	2	1.61%
Lakeview Regional Medical Center	Mandeville	950	3	0.82%	807	6	0.76%
St. Tammany Parish Sheriff's Office	Parish Wide	802	4	0.69%	747	7	0.70%
St. Tammany Parish Government	Parish Wide	636	5	0.55%	718	8	0.68%
Ochsner Health System - Northshore	Parish Wide	565	6	0.49%			
Rotolo Consultants	Slidell	450	7	0.39%			
Pool Corp	Covington	429	8	0.37%			
City of Slidell	Slidell	339	9	0.28%			
Cross Gates Family Fitness	Slidell	308	10	0.26%			
Slidell Memorial Hospital	Slidell				1,186	3	1.11%
Walmart	Parish Wide				1,125	4	1.06%
Ochsner Health System	Mandeville				1,091	5	1.03%
Southeast Louisiana Hospital	Mandeville				592	9	0.55%
Chevron	Mandeville				550	10	0.52%
TOTAL - 10 LARGEST EMPLOYERS		12,790		11.00%	13,930		13.10%
TOTAL - ALL OTHER EMPLOYERS		103,499		89.00%	92,394		86.90%
TOTAL - ALL EMPLOYERS		116,289		100.00%	106,324		100.00%

Note: Information listed is for St. Tammany Parish.

Sources:

2023 information: Book of Lists 2022-2023, New Orleans City Business

2014 information: Book of Lists 2013-2014, 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,									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
General Government										
Council	8	8	8	8	8	8	8	8	8	8
Administrative (1)	11	11	14	20	16	13	12	11	11	10
Facilities	4	4	4	3	1	5	4	*	*	*
Permits	3	3	2	2	1	2	2	2	2	2
Planning	2	2	2	1	1	2	2	2	2	2
Economic Development	-	-	-	-	-	-	-	7	9	8
Engineer	5	4	2	2	1	2	2	2	2	2
Code Enforcement	2	1	1	2	1	1	1	1	1	1
Public Safety - Police										
Police Employees	49	46	44	44	41	46	46	46	44	45
Public Safety - Fire										
Firefighters	23	22	29	21	28	16	16	16	16	16
Dispatchers	-	-	-	3	-	5	5	5	5	4
Public Works										
Public Operations (2)	24	24	24	24	24	24	24	24	22	22
Public Utility (3)	25	24	20	16	22	26	26	26	26	26
Recreation and Culture	6	5	4	5	4	4	4	1	1	2
Total	162	154	154	151	148	154	152	151	149	148

Source: Adopted 2014 - 2023 Budgets City of Covington

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

(1) Includes Mayor, Finance Administration, Accounts Payable, Purchasing, and Payroll.
(2) Includes Streets, Bridges, Drainage, and General Maintenance.
(3) Includes Public Utility Administration, Waste-Water Treatment Plant, Waste-Water Collection, and Water Maintenance.

* Information not available.

CITY OF COVINGTON, LOUISIANA **Table 19**
Operating Indicators by Function
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
Function	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Public Safety - Police										
Total Arrests	644	396	543	346	462	557	492	647	577	537
Parking Tickets	74	70	13	39	77	102	91	83	108	194
Traffic Violations	1,522	788	915	756	603	383	409	569	860	851
Public Safety - Fire										
Number of Calls	2,605	2,274	2,250	1,956	1,909	1,746	1,758	1,639	1,703	1,528
Average Response Times	3:88	3:54	3:57	3:57	3:48	3:48	3:32	3:21	3:05	3:27
Public Works										
Potholes Repaired	62	51	42	49	68	71	68	88	83	134
Trees Cut	125	112	134	78	63	76	69	75	75	77
Public Utility										
Water and Sewer										
Number of Billed Accounts	5,504	5,470	5,476	5,407	5,347	5,329	5,278	5,175	5,076	4,940
New Meter Connections	69	124	1,156	53	44	32	112	114	134	152
Building Permits										
New Residential	63	39	61	39	42	42	76	128	142	111
Residential Additions	18	18	19	18	12	23	31	31	11	6
Residential Renovations	33	47	54	32	25	41	47	160	32	14
New Commercial	10	14	6	92	11	13	11	26	12	6
Commercial Additions	1	1	5	7	2	5	2	4	2	4
Commercial Renovations	23	36	36	20	25	32	22	32	26	23
Recreation and Culture										
Number of Teams in Softball League	-	-	-	-	-	-	-	-	2	2
Number of Teams in Baseball League	11	5	3	6	5	8	12	9	12	14
Number of Teams in Basketball League	11	4	1	4	5	8	12	15	16	14
Number of Teams in Football League	4	4	-	-	3	3	3	4	4	4
Number of Teams in Cheer League	1	*	*	*	*	*	*	*	*	*

Source: Various City of Covington departments.

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

* Information not available.

CITY OF COVINGTON, LOUISIANA **Table 20**
Capital Assets Statistics by Function
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
Function	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
General Government										
Vehicles	16	16	14	15	14	12	12	10	8	7
Office Furniture and Equipment	72	71	66	62	60	37	45	43	47	36
Tools and Equipment	28	26	26	25	23	20	19	18	16	18
Improvements	6	5	3	2	*	*	*	*	*	*
Cemetery	2	2	2	2	2	2	2	2	2	1
Public Safety - Police										
Vehicles	65	61	58	56	51	41	49	47	48	45
Office Furniture and Equipment	45	45	43	40	39	26	26	26	27	30
Tools and Equipment	96	94	88	88	88	51	48	49	48	47
Stations	2	1	1	1	1	1	1	1	1	1
Public Safety - Fire										
Vehicles	11	14	13	14	11	14	15	14	12	12
Office Furniture and Equipment	5	7	5	5	5	2	2	2	2	1
Tools and Equipment	83	89	87	86	78	34	38	38	35	33
Improvements	13	10	1	6	*	*	*	*	*	*
Fire Houses	2	2	2	2	2	2	2	2	2	2
Public Works										
Vehicles	32	32	32	35	34	39	38	36	33	36
Office Furniture and Equipment	2	2	2	2	2	2	3	2	2	2
Improvements	12	12	1	2	*	*	*	*	*	*
Infrastructure	48	41	30	22	*	*	*	*	*	*
Tools and Equipment	81	74	73	73	71	68	73	66	62	55
Public Utility										
Water										
Vehicles	15	17	12	13	13	13	14	13	14	15
Machinery, Equipment, and Improvements	169	164	157	154	154	153	150	140	133	124
Water Tower	1	1	1	1	1	1	1	1	1	1
Infrastructure	5	4	4	4	*	*	*	*	*	*
Pumping Stations	10	10	10	10	10	10	10	10	10	10
Sewer										
Vehicles	14	14	14	14	14	12	16	16	16	17
Building	2	2	2	2	*	*	*	*	*	*
Machinery, Equipment, and Improvements	280	272	258	250	239	228	213	200	187	163
Recreation and Cultural Arts										
Vehicles	2	2	2	2	2	-	-	-	3	2
Tools and Equipment	32	30	28	28	28	25	19	16	21	19
Improvements	4	3	1	1	*	*	*	*	*	*
Number of Parks	10	10	10	10	10	10	10	10	10	10

Source: Various city departments

* Information not available.

SINGLE AUDIT SECTION

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Covington, Louisiana (the City), as of and for the year ended December 31, 2023, 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 25, 2024.

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

LaPorte

A Professional Accounting Corporation

Covington, LA
June 25, 2024

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Covington, Louisiana's (the City), compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

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

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

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

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

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

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

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

A Professional Accounting Corporation

Covington, LA
June 25, 2024

CITY OF COVINGTON, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity's Identifying Number	Expenditures
U.S. Department of Treasury			
Coronavirus State and Local Fiscal Recovery Funds	21.027	None	$ 817,090
Total U.S. Department of Treasury			817,090
Department of Homeland Security			
Passed through State of Louisiana - Governor's Office of Homeland Security and Emergency Preparedness			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	None	3,697
Total Department of Homeland Security			3,697
Total Expenditures of Federal Awards			$ 820,787

CITY OF COVINGTON, LOUISIANA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

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, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as current assets. Expenditure are generally recognized when the liability 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 10% de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF COVINGTON, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

A. Summary of Auditor's Results

Financial Results

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

Federal Awards

3. Internal control over major programs	
a) Material weaknesses identified?	No
b) Significant deficiencies identified not considered to be material weaknesses?	None reported
4. Type of auditor's report issued on compliance for each major program	Unmodified
5. Audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)	None
6. Identification of major programs	
Disaster Grants - Public Assistance 21.027	
7. Dollar threshold used to distinguish between Type A and B programs	$750,000
8. Auditee qualified as a low-risk auditee under Section 2 CFR 200.520	No

B. Financial Statement Findings

None.

C. Compliance and Other Matters

None.

CITY OF COVINGTON, LOUISIANA
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2023

Findings - Compliance and Other Matters

None.