

CITY OF COVINGTON, LOUISIANA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended December 31, 2014

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CITY OF COVINGTON, LOUISIANA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended December 31, 2014

Submitted by:

Department of Administration

Gina Hayes
Director

**CITY OF COVINGTON, LOUISIANA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 As of and for the Year Ended December 31, 2014**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal.....	iv
Government Finance Officers Association Certificate of Excellence in Financial Reporting.....	viii
Principal Elected and Appointed Officials.....	ix
Organization Chart	x
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT.....	1
REQUIRED SUPPLEMENTARY INFORMATION	
Management’s Discussion and Analysis.....	4
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities.....	15
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	19
Proprietary Funds:	
Statement of Net Position.....	20
Statement of Revenues, Expenses, and Changes in Net Position.....	21
Statement of Cash Flows	22
Notes to the Financial Statements	23

**CITY OF COVINGTON, LOUISIANA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 As of and for the Year Ended December 31, 2014**

TABLE OF CONTENTS (CONTINUED)

Page

FINANCIAL SECTION (CONTINUED)

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT’S
 DISCUSSION AND ANALYSIS**

Schedule of Funding Progress – Other Post-Employment Benefits	55
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	56
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – 1982 Sales Tax Fund.....	64
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – 1957 Sales Tax Fund.....	65
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Annexation Area Sales Tax Fund.....	66
Note to Required Supplementary Information.....	67

OTHER SUPPLEMENTARY INFORMATION

Governmental Funds:

Non-major Governmental Funds.....	68
Combining Balance Sheet – Non-Major Governmental Funds.....	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Governmental Funds	70
Schedule of Council Compensation.....	71
Schedule of Compensation, Benefits and Other Payments to Agency Head	72

STATISTICAL SECTION – UNAUDITED

Table of Contents	73
Table 1 – Net Position by Component	74
Table 2 – Changes in Net Position	75
Table 3 – General Governmental Tax Revenues by Source	77
Table 4 – Fund Balances of Governmental Funds.....	78
Table 5 – Changes in Fund Balances of Governmental Funds	79
Table 6 – Assessed Value and Estimated Actual Value of Taxable Property	80
Table 7 – Property Tax Rates Direct and Overlapping Governments	81
Table 8 – Principal Property Taxpayers	82
Table 9 – Property Tax Levies and Collections.....	83
Table 10 – Principal Sales Taxpayers	84
Table 11 – Ratios of Outstanding Debt by Type	85
Table 12 – Ratios of General Bonded Debt Outstanding.....	86

**CITY OF COVINGTON, LOUISIANA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 As of and for the Year Ended December 31, 2014**

TABLE OF CONTENTS (CONTINUED)

Page

STATISTICAL SECTION – UNAUDITED (CONTINUED)

Table 13 – Direct and Overlapping Governmental Activities Debt	87
Table 14 – Legal Debt Margin Information.....	88
Table 15 – Pledged-Revenue Coverage	89
Table 16 – Demographic and Economic Statistics	90
Table 17 – Principal Employers	91
Table 18 – Full-time Equivalent City Government Employees by Function.....	92
Table 19 – Operating Indicators by Function	93
Table 20 – Capital Assets Statistics by Function.....	94

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	95
Schedule of Findings and Questioned Costs.....	97
Summary Schedule of Prior Year Findings and Questions Costs.....	98

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INTRODUCTORY SECTION



MIKE COOPER
Mayor

CITY OF COVINGTON

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Post Office Box 778
Covington, Louisiana 70434
phone 985.892.1811
fax 985.898.4723
www.covla.com

June 2, 2015

To the Honorable Mayor Michael B. "Mike" Cooper, 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 Comprehensive Annual Financial Report of the Covington City Government (the "City") for the year ended December 31, 2014.

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

Carr, Riggs & Ingram, LLC, a firm of licensed certified public accountants, has audited the City's financial statements and has issued an unmodified ("clean") opinion on the City of Covington's financial statements for the year ended December 31, 2014. 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 7.98 square miles. Covington is the Parish seat and houses the 22nd Judicial District Court, also known as the St. Tammany Parish Courthouse.

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

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

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

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

Budget-to-actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. For General Fund and the Sales Tax Funds, this comparison is presented on pages 56 to 66.

Factors Affecting Financial Condition

Local Economy

Although Covington has a residential population of approximately 8,765 people, the population swells to approximately 20,000 during the day due to the Courthouse and St. Tammany Parish Hospital. Additionally, after Hurricane Katrina in 2005, the City experienced a significant increase in sales tax (approximately 36%) from 2005 to 2006. Sales tax remained stable through 2008. The City began to see a decline in sales tax in 2009 and 2010. However, in 2012, 2013 and 2014 the City experienced an increase of approximately 3.5%, 11.9% and 5.8% respectively. The City is optimistic that sales tax will continue to increase in 2015.

Long-term Financial Planning

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

Major Initiatives

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

- 2015 Street Resurfacing Project
- Sewerage collection rehabilitation in Ozone, River Forest and other neighborhoods as needed
- Wastewater Treatment Plant Number 2 upgrades, rehabilitation and addition of equalizer basin
- Drainage and Street repairs in River Forest Subdivision
- Comprehensive Sidewalk Project
- First Ave lift station upgrade
- Old Landing lift station upgrade
- Miscellaneous lift station upgrades and modifications
- Jahncke Ave waterline upgrade
- Miscellaneous waterline extensions and upgrades

Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Covington for its comprehensive annual financial report for the fiscal year ended December 31, 2013. This was the 3rd consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

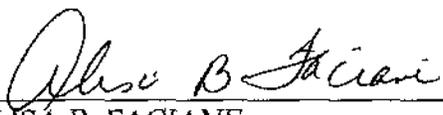
We would like to thank the City Council, especially Council President, R.S. "Sam" O'Keefe, for their unfailing support for elevating and maintaining the highest standards of professionalism in the management of the City's finances.

Finally, and most importantly, we would like to thank Mayor Michael B. "Mike" Cooper for his continued leadership and confidence in us. We look forward to continuing to assist him in accomplishing all of his goals as Mayor of his hometown.

Respectfully submitted,



GINA T. HAYES
Director of Administration



ALISA B. FACIANE
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Covington
Louisiana**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

**CITY OF COVINGTON
PRINCIPAL ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2014**

MAYOR

Mike Cooper - Mayor

COUNCIL MEMBERS

Lee Alexius – Councilman at Large

R.S. “Sam” O’Keefe – Councilman at Large

John Callahan – Councilman District A

Jerry Coner – Councilman District B

Mark Wright – Councilman District C

Larry Rolling – Councilman District D

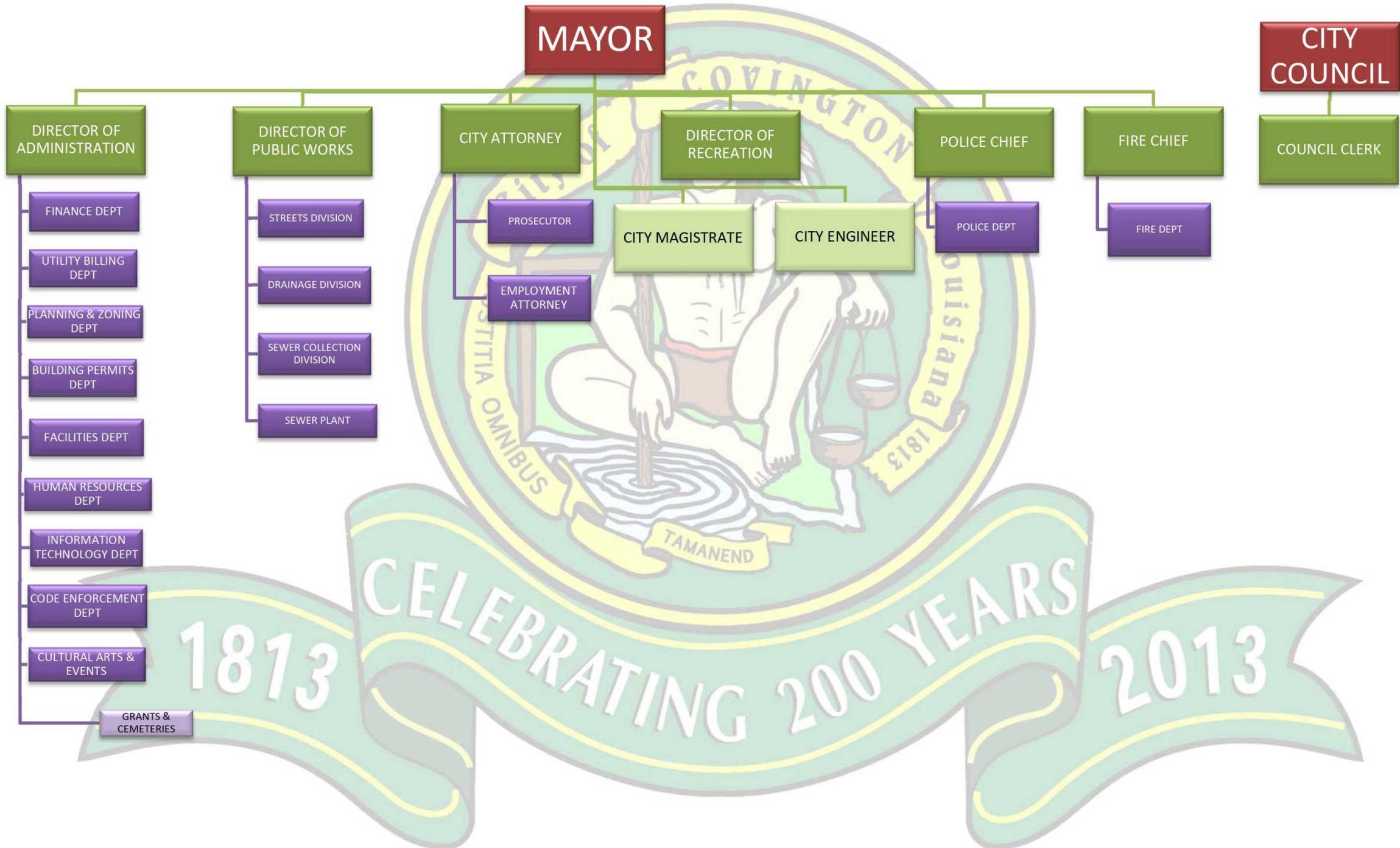
Rick Smith – Councilman District E

CHIEF OF POLICE

Timothy Lentz - Police Chief

FIRE CHIEF

Richard Badon – Fire Chief



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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

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

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress – Other Post-Employment Benefits, and budgetary comparison information and on pages 4-13 and 55-66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements and schedules that collectively comprise the City's basic financial statements. The combining nonmajor fund statements and schedules, Introductory and statistical sections, Schedule of Council Compensation, and Schedule of Compensation, Benefits, and Other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, Schedule of Council Compensation, and Schedule of Compensation, Benefits, and Other Payments to Agency Head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund statements and schedules, Schedule of Council Compensation, and Schedule of Compensation, Benefits, and Other Payments to Agency Head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Carr, Riggs, & Ingram, LLC

June 2, 2015

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF COVINGTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014**

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 ending December 31, 2014. Please review in conjunction with the Transmittal Letter on page iv and the City's Basic Financial Statements, which begin on page 14.

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 14 and 15) 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 16. 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 4. 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 expenses are taken into account regardless of when cash is received or paid.

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

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

- Governmental activities—Most of the City's basic services are reported here, including the police, fire, public works, and recreation and culture departments, and general administration. Sales and use taxes, property taxes, and franchise fees finance most of these activities.

CITY OF COVINGTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended December 31, 2014

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

Fund Financial Statements

Our analysis of the City's major funds begins on page 5. The fund financial statements begin on page 16 and provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City establishes other funds to help it control and manage money for particular purposes or to account for it to meet legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds—governmental and proprietary—use different accounting approaches.

- **Governmental funds**—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations on page 17 and 19 of the Basic Financial Statements.
- **Proprietary funds**—When the City charges customers for the services it provides these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information such as cash flows for the proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 23 of this report.

CITY OF COVINGTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended December 31, 2014

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, 1957 Sales Tax Fund, 1982 Sales Tax Fund, and A3 Sales Tax Annex Fund. Required supplementary information can be found on pages 55 to 68 of this report.

The combining statements of non-major governmental funds are presented immediately following the Required Supplementary Information. Combining statements and schedules can be found on pages 69 to 70 of this report.

Financial Highlights

After this year's operations, the City's ending net position is as follows: Net position of business-type activities was \$24,538,805 and net position of governmental activities was \$27,104,446.

- The current year's expense total was \$12,723,354 as compared to the \$15,299,655 generated in fees and charges, grants, general revenues, and taxes for governmental programs (before special items). In the previous year, expenses were \$12,941,700 as compared to the \$18,261,713 generated in tax and other revenues for governmental programs (before special items).
- For business-type activities. City revenues were \$3,675,536. Expenses were \$4,153,554.

The annual cost of all City programs was \$16,876,908. The previous year's cost was \$17,149,768.

Table 1
Net Position
(in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Current and Other Assets	\$ 15,230	\$ 15,360	\$ 2,877	\$ 2,183	\$ 18,107	\$ 17,543
Capital Assets, net	24,276	21,872	22,110	22,034	46,386	43,906
Total Assets	39,506	37,232	24,987	24,217	64,493	61,449
Deferred loss on refunding	19	22	-	-	19	22
Long-term liabilities	9,798	10,048	-	-	9,798	10,048
Other liabilities	2,483	2,568	448	390	2,931	2,958
Total Liabilities	12,281	12,616	448	390	12,729	13,006
Advance Collections	140	110	-	-	140	110
Net Position						
Net investment in capital assets	17,030	14,052	22,109	22,034	39,139	36,086
Restricted	5,121	5,492	-	-	5,121	5,492
Unrestricted	4,953	4,984	2,430	1,793	7,381	6,777
Total Net Position	\$ 27,104	\$ 24,528	\$ 24,539	\$ 23,827	\$ 51,643	\$ 48,355

CITY OF COVINGTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended December 31, 2014

* In 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

Government-Wide Financial Analysis

The City's combined net position from the previous year was \$48,355,515 as compared to \$51,643,251 this year. However, net position and expenses 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 \$27,104,446 this year as compared to \$24,528,145 last year. Unrestricted net position was \$4,953,099 this year as compared to \$4,984,304 last year. Unrestricted net position is those that can be used to finance everyday operations without restrictions set by legislation, debt covenants, or other legal regulations. Unrestricted net position remained relatively consistent with prior year as there were no major changes from prior year.

The net position of the City's business-type activities was \$24,538,805 this year as compared to \$23,827,370 last year.

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

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

City revenues (excluding special items) for the current year were \$20,164,644 as compared to \$21,919,096 in the previous year. The total yearly cost of all programs and services was \$16,876,908 as compared to \$17,149,768 in the previous year.

CITY OF COVINGTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended December 31, 2014

Table 2
Changes in Net Position
(in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenues						
Program Revenues						
Charges for Services	\$ 132	\$ 104	\$ 3,676	\$ 3,657	\$ 3,808	\$ 3,761
Restricted Operating Grants	50	2,493	-	-	50	2,493
Restricted Capital Grants	208	270	-	-	208	270
General Revenues						
Property Taxes	2,620	2,497	-	-	2,620	2,497
Sales Taxes	10,796	10,357	-	-	10,796	10,357
Other Taxes	775	748	-	-	775	748
Interest and Investment Income	31	38	-	-	31	38
Other General Revenues	1,877	1,755	-	-	1,877	1,755
Total Revenues	16,489	18,262	3,676	3,657	20,165	21,919
Program Expenses						
General Government	3,487	3,794	-	-	3,487	3,794
Public Safety	5,931	5,634	-	-	5,931	5,634
Public Works	2,512	2,313	-	-	2,512	2,313
Culture and Recreation	547	758	-	-	547	758
Interest on Long-Term Debt	247	443	-	-	247	443
Water and Sewer	-	-	3,503	3,548	3,503	3,548
Other Utilities	-	-	650	660	650	660
Total Expenses	12,724	12,942	4,153	4,208	16,877	17,150
Excess (Deficit) Before Special Items and Transfers	3,765	5,320	(477)	(551)	3,288	4,769
Capital Contributions	-	-	-	-	-	-
Transfers	(1,189)	(588)	1,189	588	-	-
Special Items	-	-	-	-	-	-
Change in Net Position	2,576	4,732	712	37	3,288	4,769
Net Position – Beginning	24,528	19,796	23,827	23,790	48,355	43,586
Net Position – Ending	\$ 27,104	\$ 24,528	\$ 24,539	\$ 23,827	\$ 51,643	\$ 48,355

Governmental Activities

This year's governmental activities revenues were \$16,489,108 as compared to \$18,261,713 last year. Total revenues decreased by \$1,772,605 or 9.7%. The key elements of the decrease are the Community disaster loan being forgiven in the amount of \$2,247,659, which contains \$1,800,900 of principal and \$446,759 of interest in prior year.

This year's governmental activities cost was \$12,723,354 as compared to \$12,941,700 in the previous year. Total expenses decreased by \$218,346 or 1.7%.

Business-Type Activities

This year's business-type activities revenues were \$3,675,536 as compared to \$3,657,383 last year. Total revenues increased by \$18,153 or .5%.

CITY OF COVINGTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended December 31, 2014

This year's expenses were \$4,153,554 as compared to \$4,208,068 in the previous year. Total expenses decreased by \$54,514 or 1.3%.

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

Table 3
 Governmental Activities
(in Thousands)

	Total Cost of Services		Net Cost of Services	
	Current Year	Previous Year	Current Year	Previous Year
Police Department	\$ 4,041	\$ 3,886	\$ 3,995	\$ 3,710
Fire Department	1,890	1,748	1,885	1,696
Public Works	2,512	2,313	2,434	2,056
Parks and Recreation	547	758	427	671
All Others	3,733	4,237	3,591	1,942
Totals	<u>\$ 12,723</u>	<u>\$ 12,942</u>	<u>\$ 12,332</u>	<u>\$ 10,075</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,736,913, a decrease of \$385,527 in comparison with the prior year.

Approximately 32% of the ending fund balance of \$4,379,657 constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending. Approximately 14% is assigned, 14% is committed, 39% is restricted and less than 1% is nonspendable.

The fund balance of the general fund increased by \$752,192 in the current year, and increased by \$890,029 in the prior year.

Total revenue in the general fund increased by \$111,496 or 2%. Revenue from sales taxes increased \$120,178 primarily due to increase in business within the City of Covington.

CITY OF COVINGTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended December 31, 2014

Expenditures in the general fund increased \$527,421 or 5%. Expenses in general government increased by \$127,394 primarily due to an increase in salaries and benefits and adding an IT position. Public safety expenses increased by \$307,945 primarily due to the police department being more staffed than previous years and the increase in retirement and health insurance. Public Works had an increase in expenses of \$159,823 primarily due to gaining two employees from the recreation department. There was a decrease in culture and recreation expenses of \$206,684 primarily due to two employees moving to Public Works and decrease in part-time workers. There was \$138,943 more expenses in the current year as in comparison with prior year.

Transfers between funds consist primarily of sales tax revenues transferred out of the 1957 and 1982 Sales Tax Funds to the particular funds for which the sales tax revenue was used. Most of the monies are deposited into the general fund.

The fund balance of the 1957 sales tax remained consistent with prior year.

Total revenues in the 1957 sales tax fund increased \$133,938 or 3% and the 1982 sales tax fund increased by \$143,823 or 4% due to an increase in sales in the city for the current year.

The A3 Sales Tax Fund accounts for the special annexation sales tax. Total revenues increased \$161,944 or 6% due to an increase in sales tax collections in the growth management areas for the current year.

General Fund Budgetary Statements

The City Council revised the 2014 original adopted budget numerous times throughout the year as revenues and expenditures changed. The original budget was voted and approved on November 19, 2013 and the amended budget was voted and approved on March 18, 2014, May 6, 2014 and August 5, 2014. The budget amendment increased expenditures by \$149,236.

By budgetary policy, revenue estimates are prepared with a conservative bias. Overall, general fund revenue in 2014 experienced a positive variance of \$368,960 (8%) from the amount in the final adopted budget.

The final budget for expenditures increased \$149,236 (1%) from the original budget for 2014. Actual expenditures were \$595,883 less than the original adopted budget and \$745,119 less than the final adopted budget. The decrease in expenditures between the final adopted budget and actual expenditures is due to Public Works and Recreation not being completely staffed for the entire year.

CITY OF COVINGTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended December 31, 2014

Capital Assets

Table 4
 Capital Assets at Year-End
 (Net of Depreciation, in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Land	\$ 758	\$ 617	\$ -	\$ -	\$ 758	\$ 617
Building and Improvements	9,248	9,327	-	-	9,248	9,327
Equipment	1,520	1,663	4,657	4,684	6,177	6,347
Infrastructure	9,507	8,921	16,736	17,147	26,243	26,068
Construction in Progress	3,243	1,344	716	203	3,959	1,547
Total	\$ 24,276	\$ 21,872	\$ 22,109	\$ 22,034	\$ 46,385	\$ 43,906

At the close of the year, the City had invested \$46,385,189 (see Table 4). \$43,906,526 was invested in similar assets last year.

The current year's capital asset additions included:

- Governmental Activities: Capital asset additions included GCC Root improvements, 5 vehicles, forklift, Boston Street beautification, 8th Ave Road widening, 23rd Ave Bridge widening, 35th Ave resurfacing, 10th Ave widening, Barkley Parc Phase I drainage improvements, Covington Point Bridge drainage, roadway improvements and overlays, sidewalk improvements, LA 21 street widening and drainage improvements
- Business-Type Activities: Capital asset additions included 3 vehicles, 2014 Compact Excavator, various pumps, inserta valves, lift station improvements, waterline extensions, effluent pumps – WWTP, sewer pipe lining, WWTP digester cleaning and repair and WWTP effluent pumps.

More detailed information about the City's capital assets is presented in Note 12 to the financial statements.

Debt Management

At the close of the year, the City had \$7,246,000 in outstanding bonds and notes as compared to \$7,821,000 in the previous year (see Table 5). This decrease in debt of \$575,000 is due to regularly scheduled principal payments.

CITY OF COVINGTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended December 31, 2014

Debt Management

Table 5
 Outstanding Debt at Year-End
(in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Current Year
General Obligation Bonds (Backed by the City)	\$ 5,196	\$ 5,521	\$ -	\$ -	\$ 5,196	\$ 5,521
Revenue Bonds and Notes (Backed by Specific Tax and Fee Revenues)	2,050	2,300	-	-	2,050	2,300
Total	\$ 7,246	\$ 7,821	\$ -	\$ -	\$ 7,246	\$ 7,821

The City defeased \$745,000 of the General Obligation Bonds and refunded \$2,737,878 in Revenue Bonds in 2011. More detailed information about the City's long-term liabilities is presented in Note 14 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.

Over 58% of the City's operating revenues are derived from sales taxes. We budgeted \$11,132,000 in sales tax collections for 2015, which represents an 8% increase from 2014 budgeted.

Approximately \$5,700,705 from the 1957 and 1982 Sales Tax Fund will be transferred to the General Fund for the purpose of providing public safety, public works improvements, the maintenance thereof, and for the administration of all municipal services.

Another \$1,376,000 will be transferred from the Growth Management Area (GMA) Sales Tax Fund to the General Fund for the purpose of maintaining roads, bridges and drainage in areas where it benefits residents of St. Tammany Parish Sales Tax District 3. An additional \$1,438,000 of revenue in the GMA Sales Tax is dedicated to the construction and maintenance of roads, bridges and drainage projects in St. Tammany Parish Sales Tax District 3.

An estimated \$2,313,000 derived from the 1982 Sales Tax is dedicated to the Capital Fund and \$303,000 will go to the Sales Tax Bond Sinking Fund for bond payments.

Ad Valorem Tax is anticipated to generate just over \$2,084,597 in revenue for the General Fund. This represents about a 6.59% increase from 2014 budgeted and is based upon an assessed valuation of \$123,976,723. It should be noted that property taxes represent 17% of the 2015 Operating Budget. The City of Covington currently has the following ad valorem tax assessments: 21.8 mills comprised of 4.3 mills for retiring general obligation bonds, 7.5 mills to general fund revenues, and 10.00 mills for operation and maintenance of the Fire Department. It

**CITY OF COVINGTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended December 31, 2014**

is important to note that the Fire Department millage for operation and maintenance of the Fire Department was renewed by the voters in 2014.

The administration recognizes that the amount of revenues generated does not cover the amount of expenses proposed in the operating budget. In order to subsidize this difference, funds are taken from the General Fund Balance. The City's General Fund Balance has an accumulated balance that provides a cushion for operating expenses. This budget, while balanced, provides for a \$3,846,663 unassigned General Fund Balance. An additional \$2,009,640 is in Committed Fund Balance for the GFOA recommended 2 months of operating expenditures or revenue range to cover emergencies and unexpected expenditures.

Contact Information

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

Gina Hayes
317 N. Jefferson Ave.
Covington, LA 70433
Phone: 985-892-1811
Fax: 985-898-4723
ghayes@covla.com

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BASIC FINANCIAL STATEMENTS

CITY OF COVINGTON, LOUISIANA
STATEMENT OF NET POSITION
December 31, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 9,046,282	\$ 400	\$ 9,046,682
Certificates of deposit	302,454	-	302,454
Investments	4,005,358	-	4,005,358
Receivables, net	4,325,286	422,667	4,747,953
Internal balances	(2,448,757)	2,448,757	-
Capital assets not being depreciated	4,000,037	715,719	4,715,756
Capital assets being depreciated net of accumulated depreciation	20,275,698	21,393,735	41,669,433
TOTAL ASSETS	39,506,358	24,981,278	64,487,636
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	19,099	-	19,099
TOTAL DEFERRED OUTFLOWS	19,099	-	19,099
LIABILITIES			
Accounts payable	1,024,294	72,203	1,096,497
Accrued payroll expenses	241,542	37,387	278,929
Customer deposits	-	329,505	329,505
Accrued interest	75,742	-	75,742
Unearned revenue	-	3,378	3,378
Compensated absences	511,111	-	511,111
Claims and judgements:			
Due within one year	30,000	-	30,000
Due in more than one year	90,000	-	90,000
Revenue bonds payable:			
Due within one year	260,000	-	260,000
Due in more than one year	1,790,000	-	1,790,000
General obligations bond payable:			
Due within one year	340,000	-	340,000
Due in more than one year	4,856,000	-	4,856,000
Net other post-employment benefit obligation	3,061,973	-	3,061,973
TOTAL LIABILITIES	12,280,662	442,473	12,723,135
DEFERRED INFLOWS OF RESOURCES			
Advanced Collections	140,349	-	140,349
TOTAL DEFERRED INFLOWS	140,349	-	140,349
NET POSITION			
Net investment in capital assets	17,029,735	22,109,454	39,139,189
Restricted for:			
Debt service	983,654	-	983,654
Perpetual care	33,822	-	33,822
FHA loan program	242,837	-	242,837
Fire department	23,162	-	23,162
Capital outlay	3,838,137	-	3,838,137
Unrestricted	4,953,099	2,429,351	7,382,450
TOTAL NET POSITION	\$ 27,104,446	\$ 24,538,805	\$ 51,643,251

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 3,486,965	\$ -	\$ -	\$ 142,207	\$ (3,344,758)	\$ -	\$ (3,344,758)
Public safety - Police	4,040,778	-	46,059	-	(3,994,719)	-	(3,994,719)
Public safety - Fire	1,889,585	-	4,324	-	(1,885,261)	-	(1,885,261)
Public works	2,512,339	27,349	-	50,853	(2,434,137)	-	(2,434,137)
Culture and recreation	547,055	104,647	-	15,209	(427,199)	-	(427,199)
Interest on long-term debt	246,632	-	-	-	(246,632)	-	(246,632)
Total Governmental Activities	12,723,354	131,996	50,383	208,269	(12,332,706)	-	(12,332,706)
Business-Type Activities							
Water	1,921,567	1,329,090	-	-	-	(592,477)	(592,477)
Sewer	1,582,093	1,611,462	-	-	-	29,369	29,369
Garbage	649,894	734,984	-	-	-	85,090	85,090
Total Business-Type Activities	4,153,554	3,675,536	-	-	-	(478,018)	(478,018)
Total	\$ 16,876,908	\$ 3,807,532	\$ 50,383	\$ 208,269	\$ (12,332,706)	\$ (478,018)	\$ (12,810,724)
		General Revenues					
		Taxes:					
					10,796,315	-	10,796,315
					2,619,670	-	2,619,670
					775,089	-	775,089
					1,311,592	-	1,311,592
					481,808	-	481,808
					82,585	-	82,585
					31,401	-	31,401
					(1,189,453)	1,189,453	-
				Total General Revenues and Transfers	14,909,007	1,189,453	16,098,460
				Change in net position	2,576,301	711,435	3,287,736
				Net position - beginning of year	24,528,145	23,827,370	48,355,515
				Net position - end of year	\$ 27,104,446	\$ 24,538,805	\$ 51,643,251

The accompanying notes are an integral part of this statement.

**CITY OF COVINGTON
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014**

	General Fund	Capital Projects		Special Revenue Funds		Non-Major Governmental Funds	Total Governmental Funds
		1982 Sales Tax Fund	1957 Sales Tax Fund	A3 Sales Tax Fund			
ASSETS							
Cash and cash equivalents	\$ 8,733,980	\$ -	\$ -	\$ -	\$ 312,302	\$ 9,046,282	
Equity in pooled cash	-	3,805,081	-	1,910,553	130,461	5,846,095	
Investments	4,005,358	-	-	-	-	4,005,358	
Certificates of deposits	-	-	-	-	302,454	302,454	
Receivables:							
Property taxes	2,215,595	-	-	-	503,947	2,719,542	
Sales tax	-	480,443	480,443	292,424	-	1,253,310	
Notes receivable	74,251	-	-	-	-	74,251	
Grant receivable	87,225	-	-	-	55,391	142,616	
Accrued interest	-	-	-	-	286	286	
Other	135,281	-	-	-	-	135,281	
Due from other funds	91,880	-	-	-	-	91,880	
TOTAL ASSETS	\$ 15,343,570	\$ 4,285,524	\$ 480,443	\$ 2,202,977	\$ 1,304,841	\$ 23,617,355	
LIABILITIES							
Accounts payable	\$ 122,316	\$ 447,387	\$ -	\$ 451,264	\$ 3,327	\$ 1,024,294	
Equity in pooled cash	7,797,771	-	480,443	-	-	8,278,214	
Accrued payroll expenses	241,542	-	-	-	-	241,542	
Due to other funds	22,000	-	-	-	86,518	108,518	
TOTAL LIABILITIES	8,183,629	447,387	480,443	451,264	89,845	9,652,568	
DEFERRED INFLOWS OF RESOURCES							
Advanced collections	45,349	-	-	-	95,000	140,349	
Unavailable revenues	-	-	-	-	87,525	87,525	
TOTAL DEFERRED INFLOWS OF RESOURCES	45,349	-	-	-	182,525	227,874	
FUND BALANCE							
Nonspendable:							
Permanent fund	-	-	-	-	24,955	24,955	
Restricted:							
Perpetual care	-	-	-	-	33,822	33,822	
Capital outlay	-	3,838,137	-	-	-	3,838,137	
Debt service	9,960	-	-	-	973,694	983,654	
FHA loan program	242,837	-	-	-	-	242,837	
Recreation	246,028	-	-	-	-	246,028	
Fire department (dedication)	23,162	-	-	-	-	23,162	
Committed:							
Capital outlay	-	-	-	1,751,713	-	1,751,713	
2014 operating budget	176,089	-	-	-	-	176,089	
Assigned:							
Contingency	2,036,859	-	-	-	-	2,036,859	
Unassigned:	4,379,657	-	-	-	-	4,379,657	
TOTAL FUND BALANCE	7,114,592	3,838,137	-	1,751,713	1,032,471	13,736,913	
TOTAL LIABILITIES AND FUND BALANCE	\$ 15,343,570	\$ 4,285,524	\$ 480,443	\$ 2,202,977	\$ 1,304,841	\$ 23,617,355	

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2014

Fund Balances - Total Governmental Funds	\$	13,736,913
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		36,390,264
Less: accumulated depreciation		(12,114,529)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Accrued interest on bonds		(75,742)
Compensated absences		(511,111)
Contingent liabilities		(120,000)
Revenue bonds, net		(2,050,000)
General obligations bonds, net		(5,196,000)
Net other post-employment benefit obligation		(3,061,973)
Unavailable revenues		87,525
Deferred loss on refunding		19,099
Net Position of Governmental Activities	\$	27,104,446

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	Capital					Total Governmental Funds
	General Fund	Projects Fund	Special Revenue Funds		Non-Major Governmental Funds	
	1982 Sales Tax Fund	1957 Sales Tax Fund	A3 Sales Tax Fund			
REVENUES						
Taxes						
Sales taxes	\$ -	4,073,775	\$ 4,063,890	\$ 2,658,650	\$ -	\$ 10,796,315
Property taxes	2,111,384	-	-	-	508,286	2,619,670
Franchise taxes	775,089	-	-	-	-	775,089
Licenses and permits	1,311,592	-	-	-	-	1,311,592
Other revenues	288,327	-	-	-	-	288,327
Fines and forfeitures	82,585	-	-	-	-	82,585
Charges for services	131,996	-	-	-	-	131,996
Intergovernmental revenues	192,061	-	-	-	-	192,061
Interest and penalties	30,525	-	-	-	876	31,401
Assessments	1,420	-	-	-	-	1,420
State and federal grants	-	-	-	-	117,652	117,652
Total Revenues	<u>4,924,979</u>	<u>4,073,775</u>	<u>4,063,890</u>	<u>2,658,650</u>	<u>626,814</u>	<u>16,348,108</u>
EXPENDITURES						
Current						
General government	3,154,000	-	-	-	400	3,154,400
Public safety - Police	3,779,930	-	-	-	54,039	3,833,969
Public safety - Fire	1,786,902	-	-	-	4,324	1,791,226
Public works	1,872,988	-	-	-	-	1,872,988
Culture and recreation	329,695	-	-	-	-	329,695
Capital outlay	152,943	1,470,364	-	2,185,583	20,931	3,829,821
Debt service						
Principal	-	-	-	-	575,000	575,000
Interest	-	-	-	-	249,103	249,103
Payments on claims and judgements	30,000	53,705	53,705	-	-	137,410
Total Expenditures	<u>11,106,458</u>	<u>1,524,069</u>	<u>53,705</u>	<u>2,185,583</u>	<u>903,797</u>	<u>15,773,612</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,181,479)</u>	<u>2,549,706</u>	<u>4,010,185</u>	<u>473,067</u>	<u>(276,983)</u>	<u>574,496</u>
OTHER FINANCING SOURCES (USES)						
Proceeds of sale of equipment	88,430	-	-	-	-	88,430
Capital contributions	141,000	-	-	-	-	141,000
Transfers in	6,712,285	-	-	-	310,281	7,022,566
Transfers out	(8,044)	(2,926,325)	(4,010,185)	(1,217,442)	(50,023)	(8,212,019)
Total Other Financing Sources (Uses)	<u>6,933,671</u>	<u>(2,926,325)</u>	<u>(4,010,185)</u>	<u>(1,217,442)</u>	<u>260,258</u>	<u>(960,023)</u>
Changes in Fund Balance	752,192	(376,619)	-	(744,375)	(16,725)	(385,527)
Fund Balance, Beginning of Year	6,362,400	4,214,756	-	2,496,088	1,049,196	14,122,440
Fund Balance, End of Year	<u>\$ 7,114,592</u>	<u>\$ 3,838,137</u>	<u>\$ -</u>	<u>\$ 1,751,713</u>	<u>\$ 1,032,471</u>	<u>\$ 13,736,913</u>

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

Changes in Fund Balances - Total Governmental Funds	\$ (385,527)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which capital outlay charged exceeded depreciation in the current period.	
Capital outlay	3,828,969
Depreciation expense	(1,421,011)
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, however, has any effect on the net position.	
Change in compensated absences	223,091
Claims & judgements paid	137,410
Loss on the disposal of equipment	(4,893)
Debt principal payments	575,000
Change in net other post-employment benefit obligation	(379,504)
Amortization of loss on refunding	(2,500)
Difference in interest cost on the modified accrual basis as reported in the fund statements versus interest expense on the full accrual basis.	5,266
Changes in Net Position of Governmental Activities	\$ 2,576,301

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2014

ASSETS

Current assets		
Cash and cash equivalents	\$	400
Equity in pooled cash		2,432,119
Receivables		
Accounts receivable, net of uncollectible \$36,821		422,667
Due from other funds		22,000
Total current assets		<u>2,877,186</u>
Capital assets, net of accumulated depreciation		<u>22,109,454</u>
TOTAL ASSETS		<u>24,986,640</u>

LIABILITIES

Current liabilities		
Accounts payable		72,203
Accrued payroll expense		37,387
Customer deposits		329,505
Unearned revenues		3,378
Due to other funds		5,362
TOTAL CURRENT LIABILITIES		<u>447,835</u>

NET POSITION

Investment in capital assets		22,109,454
Unrestricted net position		<u>2,429,351</u>
TOTAL NET POSITION	\$	<u><u>24,538,805</u></u>

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended December 31, 2014

	2014
OPERATING REVENUES	
Sewer maintenance fees	\$ 1,586,935
Water revenues	1,213,145
Garbage collection fees	734,984
Miscellaneous	3,135
Connection fees	43,023
Water installations	69,787
DHH fee	15,677
Sewer installations	8,850
Total Operating Revenues	3,675,536
OPERATING EXPENSES	
Sewer department expenses	1,290,052
Water department expenses	1,099,758
Garbage department expenses	649,894
Depreciation	1,113,850
Total Operating Expenses	4,153,554
Operating Loss	(478,018)
Operating transfers	1,189,453
Total Operating Transfers and Contributions	1,189,453
Changes in Net Position	711,435
Net Position, Beginning of Year	23,827,370
Net Position, End of Year	\$ 24,538,805

The accompanying notes are an integral part of this statement.

CITY OF COVINGTON, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended December 31, 2014

	2014
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 3,670,859
Other receipts	24,835
Payments to suppliers	(3,000,974)
Payments to employees	(158)
	694,562
 Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(1,189,453)
Transfer in	1,189,453
	-
 Net Cash Provided by Operating Activities	694,562
 Net Cash Used in Capital and Related Financing Activities	-
 Net increase in cash and cash equivalents	694,562
 Cash and cash equivalents, beginning of year	1,737,957
 Cash and cash equivalents, end of year	\$ 2,432,519
 Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities	
Operating loss	\$ (478,018)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities	
Depreciation	1,113,850
Changes in assets and liabilities	
(Increase) Decrease in:	
Accounts receivable	(6,707)
Due from other funds	12,939
Increase (decrease) in:	
Accounts payable	38,730
Accrued payroll expenses	(158)
Customer deposits	14,015
Due to other funds	(89)
	694,562
 Net Provided by Operating Activities	\$ 694,562

The accompanying notes are an integral part of this statement.

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CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Covington, Louisiana (the "City") have been prepared in conformity with generally accepted accounting principles (GAAP); these financial statements present the City as the primary government. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. REPORTING ENTITY

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 ending in 2015. The council members are elected by majority vote. The City covers an approximately seven square mile area and has approximately 8,896 residents. The city has approximately 148 employees who encompass police, fire, public works and general administration employees. The City operates a water department and a sewerage department.

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name).
- The City holds the corporate powers of the organization.
- The City appoints a voting majority of the organization's board.
- The City is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the City.
- There is a fiscal dependency by the organization on the City.

Based on the aforementioned criteria, the City has no component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 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.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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.

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 City 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 are recorded only when payment is due.

Revenues from taxes consist primarily of sales and use and property taxes. Property tax revenues are recognized as revenue primarily as received except at year end when they are accrued for a period not exceeding 60 days. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Generally, investment earnings are recorded as earned since they are measurable and available.

Grant funds are considered to be earned when qualifying expenditures are made and all other grant requirements have been met and accordingly, when such funds are received, they are recorded as deferred revenue until earned.

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City reports the following major governmental funds:

- *General Fund* - The General Fund is the general operating fund of the City. It is used to account for and report all financial resources not accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal grants, licenses, permits, charges for service, and interest income. At December 31, 2014, there was a minimum fund balance of \$2,009,640 which consists of approximately two months of expenditures.
- *1982 Sales Tax Capital Projects Fund* - The 1982 Sales Tax Capital Projects Fund is used to account for the proceeds of the 1982 sales tax. The 1% 1982 sales tax is used to retire the 2011 Public Imp. Refunding Bonds. Any proceeds remaining in the 1982 Sales Tax Capital Projects Fund on the last day of each month after satisfying all sinking and reserve fund requirements are dedicated as follows for construction, operations and maintenance:

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

- *1957 Sales Tax Special Revenue Fund* - The 1957 Sales Tax Special Revenue Fund is used to account for the receipt and use of proceeds of the City's 1957 1% sales and use tax. This tax was rededicated by the voters on November 6, 2012 for the purpose of any lawful corporate purpose of the City, including, but not limited to, funding into bonds as authorized at the election held on July 21, 2001, constructing, improving, extending and maintaining and/or operating: playgrounds and recreational facilities, public roads, streets, bridges and crossings, sewer, garbage disposal, waterworks, public safety operations and facilities and other public improvement and facilities in the City, title to which shall be in the public's name. The City Council passed a resolution declaring the result of the special election held and to authorize the rededication on December 4, 2012.
- *A3 Special Revenue Sales Tax* – The A3 Special Revenue Sales Tax fund was created to track the revenues and expenditures of the annexation sales taxes.

The City has one proprietary fund to account for the water, sewer, and garbage services it provides to the residents and businesses of the City. It is reported as a major fund.

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided, operating grants and contributions, and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues for the City's proprietary fund consist of charges to customers and users of its water, sewer and garbage services. Operating expenses for the City's proprietary fund 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.

D. BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the required supplemental information and other supplemental information:

1. At or prior to the first City Council meeting in September, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall.
3. Prior to the last meeting of the current fiscal year, the budget is legally enacted through passage of an ordinance.
4. The Mayor may transfer part or all of any unencumbered appropriation balance among programs within a department, office or agency. An unencumbered appropriation balance may be transferred from one department, office, or agency to another only upon action of the City Council by ordinance.

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Formal budgetary integration is employed as a measurement control device during the year for the General Fund, Special Revenue Funds, Enterprise Fund, and the Debt Service Funds.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Debt Service Funds, the Capital Project Funds, and the Permanent Fund. Budgeted amounts are as originally adopted, or as amended by the City Council.
7. Budgets are amended as necessary throughout the year.
8. All unencumbered appropriations, except capital outlay, lapse at year end.

E. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary accounting in the General Fund, Special Revenue Funds, and Capital Project Funds. Encumbrances lapse at year-end, however, it is the City's intention to honor these encumbrances under authority provided in the subsequent year's budget.

Major Funds	
General Fund	\$ 73,699
1982 Sales Tax Fund	1,161,138
A3 Sales Tax Fund	326,030
State and Federal Grants Fund	<u>10,779</u>
Total	<u>\$ 1,571,646</u>

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less.

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

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. INVESTMENTS

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

Investments are stated at fair value in accordance with the Governmental Accounting Standards Board Statement (GASB) No. 31 *“Accounting and Financial Reporting for Certain Investments and for External Investment Pools”*.

H. INTERFUND TRANSACTIONS

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds”. Short-term interfund loans are reported as “interfund receivables and payables”. Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds”. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

The permanent reallocations of resources between funds of the City are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated. Interfund services provided and used are not eliminated in the process of consolidation.

I. ACCOUNTS RECEIVABLE

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available that would indicate the uncollectibility of the particular receivable. The allowance for doubtful accounts is \$36,821 at December 31, 2014.

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. ACCOUNTS RECEIVABLE (CONTINUED)

At December 31, 2014, the aging of utility receivables is as follows:

Under 30 days	\$	409,699
Over 31 under 60 days		1,762
Over 61 under 90 days		1,145
Over 91 days		46,882
Less Allowance		<u>(36,821)</u>
Total		<u>\$ 422,667</u>

J. 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 columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost, if historical costs are not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$2,500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the government-wide and proprietary fund financial statements, to the extent that the City's capitalization threshold is met. In accordance with GASB Statement No. 34, the City has elected to not capitalize infrastructure retroactively. Interest incurred during construction will be capitalized on a government-wide basis. Interest attributable to capitalized assets as of December 31, 2014 was immaterial to the financial statements. Depreciation is recorded on capital assets on a government-wide basis. Capital outlays of the Proprietary Funds are recorded as capital assets and depreciated over their estimated useful lives on a straight-line basis on both the fund basis and the government-wide basis.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Asset Description</u>	<u>Asset Life in Years</u>
Roads, Bridges, and Infrastructure	20 to 40
Utility System	30 to 40
Buildings and Building Improvements	20 to 40
Furniture and Fixtures	5 to 10
Vehicles	5 to 10
Equipment	5 to 15

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. COMPENSATED ABSENCES

City employees are not allowed to carry over vacation time but are allowed to carry over sick time up to a maximum of 720 hours. Civil service employees of the City are allowed to accrue both vacation and sick time up to a maximum of 500 hours of each. Sick time is only paid out to civil service employees if they retire or pass away while still employed. At termination, employees are paid for any accumulated annual leave. The amount of accumulated annual leave payable in the government-wide financial statements at December 31, 2014, is \$511,111.

L. LONG-TERM DEBT

In the government-wide and proprietary fund financial statements, debt principal payments are reported as decreases in the balance of the liability on the Statement of Net Position. In the governmental fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

M. AD VALOREM TAXES

Ad Valorem taxes are due on December 31st and 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, 2014, was \$2,619,670 and is recorded in the funds as follows:

General Fund	\$ 2,111,384
Debt Service Fund	<u>508,286</u>
Total	<u>\$ 2,619,670</u>

N. NET POSITION CLASSIFICATIONS

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

- a. 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

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

- b. Restricted net position - consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation. Restricted for other purposes on the Statement of Net Position consist of grant related cash and workers compensation investments.
- c. Unrestricted net position - all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

O. FUND BALANCE

On January 1, 2011, the City adopted GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which significantly changed the reporting of fund balance in the balance sheets of governmental type funds. In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

- 1. Nonspendable - This component includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
- 2. Restricted – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or 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.

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Committed - This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority which include the ordinances of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action ordinance it employed previously to commit those amounts.
4. Assigned - This component consists of amounts that are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Mayor or the Council's designee established in the City's Fund Balance Policy.
5. Unassigned – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. When both restricted and unrestricted resources are available for use, it is the City Council's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the City Council's policy to use committed resources first, then assigned, and then unassigned as they are needed.

P. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

Q. ACCOUNTING PRONOUNCEMENTS

The following statement of the Governmental Accounting Standards Board will be effective for the City's 2015 fiscal years:

1. Statement No. 68 – *Accounting and Financial Reporting for Pensions* (2015).
2. Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date* (2015).

The City is currently assessing the impact of GASB 68 and GASB 71 on the financial statements for the year ended December 31, 2015.

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deposits and Investment Laws and Regulations

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, 2014.

Compliance with Debt Covenants

As of December 31, 2014, the City was in compliance with all debt covenants.

NOTE 3 - CASH AND CASH EQUIVALENTS

The City's deposits are categorized as follows at December 31, 2014:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Demand Deposits	\$ 9,046,682	\$ 9,273,250
Certificates of Deposit	<u>302,454</u>	<u>302,455</u>
Total	<u>\$ 9,349,136</u>	<u>\$ 9,575,705</u>

These deposits are stated at cost, which approximates fair value.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to the City. As of December 31, 2014, the City's bank balance was not exposed to custodial credit risk. \$558,778 of deposits was secured by federal deposit insurance coverage, while the remaining \$9,016,927 of deposits were secured by the pledge of securities owned by the fiscal agent bank.

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.

NOTE 4 – INVESTMENTS

Investments of \$4,005,358, which are stated at fair value using published market quotes at December 31, 2014, consist of shares in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool.

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 4 – INVESTMENTS (CONTINUED)

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

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

LAMP is a money market like investment pool. The following facts are relevant for money market like investment pools:

- Credit risk: LAMP is rated AAA 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: Money market-like investment pools are excluded from this disclosure requirement, per paragraph 15 of GASB Statement No. 40.
- Foreign currency risk: Not applicable to money market-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value 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 value of the pool shares.

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

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 5 – RETIREMENT PLANS

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

- A. Municipal Employees Retirement System of Louisiana (the System) - The System is composed of two distinct plans. Plan A and Plan B, with separate assets and benefit provisions. All employees of the City, other than Police and Fire, are members of Plan A.

Plan Description

Any member of Plan A who was hired before January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with five (5) years of creditable service eligible for disaster benefits.
4. Survivor's benefits require five (5) years creditable service at death of member.
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Eligibility for Retirement for Plan A hired on or after January 1, 2013 is as follows:

1. Age 67 with seven (7) or more years of creditable service
2. Age 62 with ten (10) or more years of creditable service
3. Age 55 with thirty (30) or more years of creditable service
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused side leave. However, any member retiring under the subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three 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 specified amounts.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809 or by calling (225) 925-4810.

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 5 – RETIREMENT PLANS (CONTINUED)

Funding Policy

Under Plan A, members are required by State statute to contribute 9.50% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 19.75% of annual covered payroll. Contributions to the System also include one-fourth of one percent (except in Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B proportionately on the salaries of the active members

of each plan. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The City's contributions to the System under Plan A for the years ending December 31, 2014, 2013, and 2012, were \$516,658, \$612,068, and \$586,780, respectively, equal to the required contributions for each year.

A. Municipal Police Employees Retirement System of Louisiana (the Police System)

Plan Description

Membership Prior to January 1, 2013:

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years of creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest consecutive 36 months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 5 – RETIREMENT PLANS (CONTINUED)

Membership Commencing January 1, 2013:

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the system for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

The Police System issues an annual publicly available financial report that includes financial statements and required supplementary information for the Police System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809-2250, or by calling (225) - 929-7411.

Funding Policy

Members are required by State statute to contribute 10% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 31.5% for hazardous duty hired after January 1, 2013 and all hired prior to January 1, 2013 and 33.5% for non-hazardous duty hired after January 1, 2013 of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the Police System for the years ending December 31, 2014, 2013, and 2012, were \$615,230, \$605,863, and \$611,075, respectively, equal to the required contributions for each year.

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 5 – RETIREMENT PLANS (CONTINUED)

B. Firefighters' Retirement System of Louisiana (the Firefighters' System)

All full-time fire department employees are members of the Firefighters' Retirement System. The Firefighters' System' is a cost sharing, multiple-employer, nonqualified defined benefit pension plan covering firefighters employed by any municipality, parish, or fire protection district of the State of Louisiana, under the provisions of Louisiana Revised Statutes 11:2251-2269, effective January 1, 1990. The Firefighters' System is not a qualified plan as defined by the Internal Revenue Code, nor is it subject to the Employee Retirement Income Security Act of 1984.

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55 or 25 years of service at any age are entitled to annual pension benefits equal to 3% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated Plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. Employees may elect an unreduced benefit or any of four options at retirement.

The Firefighters' System issues an annual publicly available financial report that includes financial statements and required supplementary information for the Firefighters' System. That report may be obtained by writing to the Firefighters' Retirement System, P.O. Box 94095, Capital Station, Baton Rouge, Louisiana 70804-9095, or by calling (225) - 925-4060 or online at www.lafirefightersret.com.

Members are required by State statute to contribute 10% of their covered compensation, and the City is required to contribute at an actuarially determined rate. The rate at December 31, 2014, was 29.25%. The City's contributions to the Firefighters' System for the years ending December 31, 2014, 2013, and 2012, were \$379,385, \$319,115, and \$284,684, respectively, equal to the required contributions for each year.

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 6 – RESTRICTED ASSETS

Sales Tax Restricted Assets

An ordinance authorizing the issuance of a \$4,450,000 Sales Tax Bonds dated February 1, 2002, provides for certain restrictions on assets of the General Fund. The bonds were redeemed on November 2, 2011 and issued refunding Sales Tax Bonds, series 2011 in the amount of \$2,775,000. The bond funding requirements provide that the issuer deposit the daily receipts of sales tax in a designated fund for the maintenance of the Sales Tax Revenue Bonds. The remainder of the balance of the revenues of tax shall constitute a dedicated fund of the Issuer from which appropriations and expenditures by the Issuer shall be made solely for the purposes designated in the proposition authorizing the levy of the tax. The 1982 Sales Tax Capital Projects Fund in Note 1 gives a description of how the remaining levy can be used.

General Obligation Bond Restricted Assets

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

Garden of Pines (Perpetual Care)

The 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.

Capital Outlay

2007 Capital Projects Fund

The ordinance calls for the use of the 2007 General Obligation Bonds for the purpose of constructing, acquiring, improving and extending the City's sewers and sewerage disposal works, including necessary sites and furnishings.

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 7 – INTERFUND TRANSFERS

Operating transfers between funds consist primarily of sales tax revenues transferred out of the 1957 and 1982 Sales Tax Funds to the particular funds for which, the sales tax revenue is to be used and transfers between the governmental funds and business type activities for capital outlay expenditures:

	Transfers In	Transfers Out
Governmental Activities:		
General Fund	\$ 6,712,285	\$ 8,044
Special Revenue Funds:		
1957 Sales Tax Fund	-	4,010,185
A3 Sales Tax Fund	-	1,217,442
State and Federal Grants Fund	11,615	49,973
Capital Project Funds:		
1982 Sales Tax Fund	-	2,926,325
LCDBG Capital Project Fund	-	50
Debt Service Funds:		
Sales Tax Bond Debt Service Fund	298,666	-
	7,022,566	8,212,019
Business-Type Activities:		
Utility Fund	1,189,453	-
Total	\$ 8,212,019	\$ 8,212,019

NOTE 8 – DUE TO/FROM OTHER FUNDS

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.

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 8 – DUE TO/FROM OTHER FUNDS (CONTINUED)

Individual fund balances due from/to other funds at December 31, 2014, are as follows:

	Interfund Receivables	Interfund Payables
Governmental Activities		
General Fund	\$ 91,880	\$ 22,000
Debt Service Funds:		
Sales Tax Bond Fund	-	43,966
General Obligation Fund	-	42,552
	91,880	108,518
Business-Type Activities		
Proprietary Fund	22,000	5,362
Total	\$ 113,880	\$ 113,880

The above due to/from other funds were short-term receivables or payables resulting from the normal course of the City's operations.

NOTE 9 – 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, 2014, is as follows:

	Equity in Pooled Cash
Governmental Activities	
General Fund	\$ (7,797,771)
Capital Projects Fund	
1982 Sales Tax	3,805,081
Special Revenue:	
A3 Sales Tax	1,910,553
1957 Sales Tax	(480,443)
State and Federal Grants	130,461
	(2,432,119)
Business-Type Activities	
Proprietary Fund	2,432,119
Total	\$ -

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 10 – INTERNAL BALANCES

In the Government-Wide Statement of Net Position, the balances of the due to/from other funds (Note 8) and the equity in pooled cash (Note 9) are combined into a single line, internal balances. The following is the reconciliation for the amount shown on the Statement of Net Position for internal balance:

	2014
Governmental Activities	
Due from other funds	\$ 91,880
Due to other funds	(108,518)
Deficit in pooled cash	<u>(2,432,119)</u>
	<u>(2,448,757)</u>
 Business-Type Activities	
Due from other funds	22,000
Due to other funds	(5,362)
Equity in pooled cash	<u>2,432,119</u>
	<u>2,448,757</u>
Total	<u>\$ -</u>

NOTE 11 – DEFERRED INFLOWS OF RESOURCES

At December 31, 2014, the City has unearned revenues as follows:

Governmental Activities	
Business Licenses and Other Unearned Revenues	\$ 12,054
Advanced Collection of Local Grant	95,000
Sewer Assessments	16,420
Paving Assessments	16,875
Federal Grant	<u>87,525</u>
Total Governmental Funds	<u>227,874</u>
Disaster Grant recognized as revenue on the Government-wide in 2012	<u>(87,525)</u>
Total Government-wide	<u>\$ 140,349</u>

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 12 - CAPITAL ASSETS

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2014:

Governmental Activities	Balance <u>12/31/2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/2014</u>
Capital Assets Not Depreciated:				
Land	\$ 616,452	\$ 141,000	\$ -	\$ 757,452
Construction in Progress	<u>1,343,806</u>	<u>3,089,719</u>	<u>(1,190,940)</u>	<u>3,242,585</u>
Total Capital Assets Not Depreciated	<u>1,960,258</u>	<u>3,230,719</u>	<u>(1,190,940)</u>	<u>4,000,037</u>
Capital Assets Being Depreciated:				
Building	8,875,361	-	-	8,875,361
Improvements	4,648,764	303,660	-	4,952,424
Vehicles	3,201,541	176,055	(125,442)	3,252,154
Tools and Equipment	3,070,524	157,841	(25,851)	3,202,514
Infrastructure	<u>10,956,145</u>	<u>1,151,629</u>	<u>-</u>	<u>12,107,774</u>
Total Capital Assets Being Depreciated	<u>30,752,335</u>	<u>1,789,185</u>	<u>(151,293)</u>	<u>32,390,227</u>
Less Accumulated Depreciation:				
Building	(2,256,175)	(191,015)	-	(2,447,190)
Improvements	(1,940,897)	(191,826)	-	(2,132,723)
Vehicles	(2,288,437)	(285,309)	120,549	(2,453,197)
Tools and Equipment	(2,320,182)	(186,965)	25,851	(2,481,296)
Infrastructure	<u>(2,034,227)</u>	<u>(565,896)</u>	<u>-</u>	<u>(2,600,123)</u>
Total Accumulated Depreciation	<u>(10,839,918)</u>	<u>(1,421,011)</u>	<u>146,400</u>	<u>(12,114,529)</u>
Total Capital Assets being Depreciated, Net	<u>19,912,417</u>	<u>368,174</u>	<u>(4,893)</u>	<u>20,275,698</u>
Total Capital Assets	<u>\$ 21,872,675</u>	<u>\$ 3,598,893</u>	<u>\$ (1,195,833)</u>	<u>\$ 24,275,735</u>

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 12 - CAPITAL ASSETS (CONTINUED)

As of December 31, 2014, Construction in Progress consists of the following:

Governmental Activities			
Project	Expended as of 12/31/2014	Amount Authorized	Committed Financing
2013 Road Improvement & Overlay	\$ 2,133,767	\$ 2,617,000	\$ 483,233
LA Utility Relocation	821,220	1,227,000	405,780
Columbia Street Side Walk Project	205,829	259,000	53,171
2014 River Forest Drainage/Paving	45,665	75,000	29,335
Peter Atkins Court Roof Project	21,154	229,500	208,346
W. 25 th Avenue Bridge Rehab	10,500	175,000	164,500
Covington Community Trail	4,450	119,751	115,301
Total CIP	\$ 3,242,585	\$ 4,702,251	\$ 1,459,666

The following is a summary of changes in capital assets for business-type activities for the fiscal year ended December 31, 2014:

Business Activities	Balance 12/31/2013	Increases	Decreases	Balance 12/31/2014
Capital Assets Not Depreciated				
Construction in Progress	\$ 202,903	\$ 901,049	\$ (388,233)	\$ 715,719
Capital Assets Being Depreciated				
Sewer Plant and Lines	26,170,348	397,366	(25,967)	26,541,747
Water Wells, Tanks, and Lines	8,644,733	279,271	(40,062)	8,883,942
Total Capital Assets Being Depreciated	34,815,081	676,637	(66,029)	33,425,689
Less Accumulated Depreciation:				
Sewer Plant and Lines	(9,023,451)	(821,809)	40,062	(9,805,198)
Water Wells, Tanks, and Lines	(3,960,682)	(292,041)	25,967	(4,226,756)
Total Accumulated Depreciation	(12,984,133)	(1,113,850)	66,029	(14,031,954)
Total Capital Assets Being Depreciated, Net	21,830,948	(437,213)	-	21,393,735
Total Capital Assets	\$ 22,033,851	\$ 463,836	\$ (388,233)	\$ 22,109,454

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 12 - CAPITAL ASSETS (CONTINUED)

As of December 31, 2014, Construction in Progress consists of the following:

Business-Type Activities			
Project	Expended As of 12/31/2014	Amount Authorized	Committed Financing
WWTP – Digester #1	\$ 518,852	\$ 533,000	\$ 14,147
Ozone & Riverforest Pipelining	156,343	550,000	393,657
S.Jahncke Waterline Ext.	21,900	65,000	43,100
Covington Point L/S Improve	18,624	138,039	119,415
Total CIP	\$ 715,719	\$ 1,286,039	\$ 570,319

Depreciation expense was charged to functions/programs of the City as follows:

<u>Governmental activities:</u>	
General Government	\$ 259,132
Public Safety – Police	206,809
Public Safety – Fire	98,359
Public Works	639,351
Culture and Recreation	217,360
Total – governmental activities:	\$ 1,421,011
<u>Business-type activities:</u>	
Sewer department	\$ 821,809
Water department	292,041
Total – business-type activities:	\$ 1,113,850

NOTE 13 – 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.

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 13 – CLAIMS AND JUDGMENTS (CONTINUED)

The St. Tammany Parish Sheriff’s Office placed the City on notice for a potential tax overpayment to the City of sales taxes by certain taxpayers in St. Tammany Parish. On December 19, 2012, the City and the Parish reached an agreement which would repay the Parish \$322,230 over the next three years in equal annual installments of \$107,410 due no later than December 31, of the year. The last installment was made during the year ended December 31, 2014. The conclusion of this agreement resolves the matter and no further liability will be assessed.

The City settled a lawsuit, Brown v. City of Covington, on February 27, 2009. Beginning February 26, 2009, the City must make ten annual payments of \$30,000 resulting in a total payment of \$300,000. If the City is delinquent in any payments, it will be responsible for the entire obligation at that point and interest will accrue at 8% per day until the obligation is paid in full. The schedule of payments is as follows:

	Payment Dates	Annual Principal Payments
Liability as a result of settlement	2/26/2015	\$ 30,000
of the lawsuit Brown vs. City of Covington	2/26/2016	30,000
payable in annual installments of \$30,000	2/26/2017	30,000
for ten years beginning on February 26, 2009.	2/26/2018	30,000
Total Liability		\$ 120,000

NOTE 14 – 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, 2014:

	Balance at 12/31/13	Additions	Retirements	Balance at 12/31/14	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 5,521,000	\$ -	\$ (325,000)	\$ 5,196,000	\$ 340,000
Sales tax revenue bonds	2,300,000	-	(250,000)	2,050,000	260,000
Net OPEB obligation	2,682,469	379,504	-	3,061,973	-
Compensated absences	734,202	367,331	(590,422)	511,111	-
Litigation settlements	257,410	-	(137,410)	120,000	30,000
Total governmental	\$ 11,495,081	\$ 746,835	\$ (1,302,832)	\$ 10,939,084	\$ 630,000

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 14 – LONG TERM LIABILITIES (CONTINUED)

General Obligation Bonds, Revenue Bonds and other long-term debt are comprised of the following individual issues:

Governmental Activities:	Date of Issuance	Authorized & Issued	Interest Rate %	Maturity Date	Principal Outstanding
General obligation bonds					
Series 2007	1/16/2007	\$ 5,800,000	3.88-5.00	9/1/2027	\$ 4,575,000
Series 2011 – Refunding	9/20/2011	777,000	2.09	9/1/2021	621,000
Series 2011 – Sales tax refunding	11/2/2011	2,775,000	2.09	11-1-2021	<u>2,050,000</u>
Total					<u>\$ 7,246,000</u>

Total future principal payments are as follows:

Maturity	General Obligation Bonds	Sales Tax Revenue Bonds	Total
2015	\$ 340,000	\$ 260,000	\$ 600,000
2016	354,000	270,000	624,000
2017	368,000	285,000	653,000
2018	387,000	290,000	677,000
2019	406,000	305,000	711,000
2020 to 2024	2,021,000	640,000	2,661,000
2025 to 2027	<u>1,320,000</u>	-	<u>1,320,000</u>
	<u>5,196,000</u>	<u>2,050,000</u>	<u>7,246,000</u>

Plus amounts representing interest:

2015	188,894	42,845	231,739
2016	176,371	37,411	213,781
2017	163,655	31,768	195,423
2018	150,545	25,811	176,356
2019	136,730	19,751	156,481
2020 to 2024	457,150	20,169	477,319
2025 to 2027	<u>80,800</u>	-	<u>80,800</u>
	<u>1,354,145</u>	<u>177,755</u>	<u>1,531,899</u>
Total	<u>\$ 6,550,145</u>	<u>\$ 2,227,755</u>	<u>\$ 8,777,899</u>

As of December 31, 2014, there is \$973,694 in restricted fund balance available in the Debt Service Funds to service the governmental activity bonds.

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 14 – LONG TERM LIABILITIES (CONTINUED)

General obligation bonds are secured by an annual ad valorem tax levy. In accordance with Louisiana Revised Statute 39:562, the City is legally restricted from incurring long term bonded debt in excess of 35% of the assessed value of taxable property in the City. At December 31, 2014, 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.

Defeasance of Debts

In 2011, the Council defeased \$745,000 of General Obligation Bonds by issuing \$777,000 in General Obligation Refunding Bonds, Series 2011. The Council placed the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments of the defeased bonds.

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

At December 31, 2014, \$680,000 of bonds outstanding are considered defeased.

NOTE 15 – 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:

Cash Balance – December 31, 2013	\$ 210,310
Deletions	
New loan issued	(50,000)
Additions	
Principal Payments on Notes	17,367
Interest Payments on Notes	2,530
Loan application fee	300
Interest on Cash Account	<u>164</u>
Cash Balance – December 31, 2014	<u>\$ 180,671</u>
Notes Receivable Balance – December 31, 2014	<u>\$ 74,251</u>

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 16 - OPERATING LEASE

The City leases copier equipment for a period of 36 to 60 months. The City also leases a storage facility for the Police Department and lease a right of way from Cleco. Future minimum lease payments due under these leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	\$ 30,162
2016	24,155
2017	10,247
2018	<u>1,421</u>
	<u>\$ 65,985</u>

Total payments charged to copier lease expense for the year ended December 31, 2014 were \$19,539.

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

NOTE 17 - 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, 2014, other than those disclosed in Note 14, no significant claims were owed and no liability has been recorded.

NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS

Post-employment benefits

Plan Description – The City of Covington’s medical and dental benefits are provided through a fully insured medical plan and are made available to employees upon actual retirement.

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

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Contribution Rates – Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy – Until 2009, the City of Covington recognized the cost of providing post-employment medical benefits (the City of Covington’s portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2014 and 2013, the City of Covington’s portion of health care funding cost for retired employees totaled \$141,420 and \$129,435, respectively.

Effective January 1, 2009, the City of Covington implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution – The City of Covington’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2014	2013
Normal cost	\$ 278,323	\$ 433,823
30-year UAL amortization amount	290,429	319,916
Annual required contribution (ARC)	\$ 568,752	\$ 753,739

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Net Post-employment Benefit Obligation (Asset) – The table below shows the City of Covington’s Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending December 31:

	<u>2014</u>	<u>2013</u>
Beginning Net OPEB Obligation	\$ 2,682,469	\$ 2,095,529
Annual required contribution	568,752	753,739
Interest on Net OPEB Obligation	107,299	83,821
ARC Adjustment	<u>(155,127)</u>	<u>(121,185)</u>
OPEB Cost	520,924	716,375
Contribution	-	-
Current year retiree premium	<u>(141,420)</u>	<u>(129,435)</u>
Change in Net OPEB Obligation	<u>379,504</u>	<u>586,940</u>
Ending Net OPEB Obligation	<u>\$ 3,061,973</u>	<u>\$ 2,682,469</u>

The following table shows the City of Covington’s annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (PEB) liability for last year and this year:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability (Asset)</u>
December 31, 2014	\$ 520,924	27.16%	\$ 3,061,973
December 31, 2013	\$ 716,375	18.07%	\$ 2,682,469

Funded Status and Funding Progress – In 2014 and 2013, the City of Covington made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2014 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2014 was \$5,223,012 which is defined as that portion, as determined by a particular actuarial cost method (the City of Covington uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

	<u>2014</u>	<u>2013</u>
Actuarial Accrued Liability (AAL)	\$ 5,223,012	\$ 5,532,034
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 5,223,012</u>	<u>\$ 5,532,034</u>
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$ 6,115,807	\$ 5,629,102
UAAL as a percentage of covered payroll	85.40%	98.28%

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 18 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City of Covington and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Covington and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City of Covington and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 50.

Turnover Rate – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10.3%.

Post-employment Benefit Plan Eligibility Requirements – Based on past experience, it has been assumed that entitlement to benefits will commence six years after retirement eligibility (D.R.O.P. entry). The six years represents a three year delay plus the three years in D.R.O.P. Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate) – GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 18 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Health Care Cost Trend Rate – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The rates provided which before Medicare eligibility are "blended" rates. Since GASB 45 mandates that "unblended" rates be used, we have estimated the total "unblended" rates for retired before Medicare eligibility to be 130% of the blended rate. The rates after Medicare eligibility were unblended and used as is. The employer pays 75% of the blended single rate after retirement and before Medicare eligibility and the retiree pays the difference between the total blended rate and the employer contribution. Thus, the unblended employer rate used in the valuation is the difference between the foregoing estimated "unblended" rate and the retiree contribution.

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

CITY OF COVINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

NOTE 18 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.

	OPEB Costs and Contributions		
	2012	2013	2014
OPEB Cost	\$ 697,688	\$ 716,375	\$ 520,924
Contribution	-	-	-
Retiree premium	119,848	129,435	141,420
Total contribution and premium	119,848	129,435	141,420
Change in net OPEB obligation	\$ 577,840	\$ 586,940	\$ 379,504
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	17.18%	18.07%	27.16%

NOTE 19 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 2, 2015, the date the financial statements were available to be issued and no events for disclosure were noted.

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

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CITY OF COVINGTON, LOUISIANA
SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2014	\$ -	\$ 5,223,012	\$ 5,223,012	0%	\$ 6,115,807	85%
12/31/2013	-	5,532,034	5,532,034	0%	5,629,102	98%
12/31/2012	-	5,319,263	5,319,263	0%	5,589,020	95%

CITY OF COVINGTON, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
TAXES				
Property taxes	\$ 1,957,014	\$ 1,957,014	\$ 2,111,384	\$ 154,370
Franchise taxes	710,000	710,000	775,089	65,089
Total Taxes	<u>2,667,014</u>	<u>2,667,014</u>	<u>2,886,473</u>	<u>219,459</u>
LICENSES AND PERMITS				
Insurance	660,000	660,000	659,740	(260)
Occupational	430,000	430,000	401,927	(28,073)
Building	200,000	200,000	216,720	16,720
Liquor and beer	16,000	16,000	17,045	1,045
Filming	17,000	17,000	5,000	(12,000)
Chain store	-	-	11,160	11,160
Total Licenses and Permits	<u>1,323,000</u>	<u>1,323,000</u>	<u>1,311,592</u>	<u>(11,408)</u>
OTHER REVENUES				
Insurance claim revenue	-	-	1,717	1,717
Other revenues	50,000	50,000	96,373	46,373
LWCC	-	-	129,512	129,512
Donations	16,000	16,000	22,000	6,000
Accident reports	6,000	6,000	6,380	380
Rent income	5,750	5,750	25,395	19,645
Impact fees	-	-	5,000	5,000
Cemetery plot sale	1,000	1,000	1,950	950
Total Other Revenues	<u>78,750</u>	<u>78,750</u>	<u>288,327</u>	<u>209,577</u>
FINES AND FORFEITURES				
Court fines	89,000	89,000	65,690	(23,310)
DWI fines	1,000	1,000	850	(150)
Parking fines	1,500	1,500	3,055	1,555
City court fee	14,000	14,000	12,990	(1,010)
Code enforcement fines	1,000	1,000	-	(1,000)
Total Fines and Forfeitures	<u>106,500</u>	<u>106,500</u>	<u>82,585</u>	<u>(23,915)</u>
CHARGES FOR SERVICES				
Greater Covington center rentals	80,000	80,000	66,635	(13,365)
Greater Covington center leases	36,000	36,000	27,008	(8,992)
Basketball registration	3,000	3,000	1,495	(1,505)
Baseball registration	9,000	9,000	5,277	(3,723)
Football registration	4,000	4,000	3,932	(68)
Zoning revenue	10,000	10,000	21,349	11,349
Park rental	10,000	10,000	6,300	(3,700)
Total Charges for Services	<u>152,000</u>	<u>152,000</u>	<u>131,996</u>	<u>(20,004)</u>

(Continued)

CITY OF COVINGTON, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
INTERGOVERNMENTAL REVENUES				
911 revenue	\$ 40,300	\$ 40,300	\$ 40,245	\$ (55)
Fire insurance premium tax	36,000	36,000	36,270	270
School resource officer	47,000	47,000	47,084	84
District court witness fees	1,000	1,000	3,900	2,900
Beer tax	37,000	37,000	34,992	(2,008)
District 12 dispatch	16,000	16,000	18,570	2,570
Crossing guard	11,000	11,000	11,000	-
Total Intergovernmental Revenues	<u>188,300</u>	<u>188,300</u>	<u>192,061</u>	<u>3,761</u>
INTEREST AND PENALTIES				
Interest on CDs	9,500	9,500	9,843	343
Interest on LAMP	4,000	4,000	1,013	(2,987)
Interest on ad valorem taxes	16,500	16,500	11,519	(4,981)
Penalties	10,000	10,000	5,543	(4,457)
Interest on assessments	100	100	76	(24)
Interest on FHA loans	-	-	2,531	2,531
Interest on occupational licenses	-	-	-	-
Total Interest and Penalties	<u>40,100</u>	<u>40,100</u>	<u>30,525</u>	<u>(9,575)</u>
ASSESSMENTS				
2009 Monroe St. paving	355	355	1,420	1,065
Total Assessments	<u>355</u>	<u>355</u>	<u>1,420</u>	<u>1,065</u>
TOTAL REVENUES	<u>\$ 4,556,019</u>	<u>\$ 4,556,019</u>	<u>\$ 4,924,979</u>	<u>\$ 368,960</u>
EXPENDITURES				
GENERAL GOVERNMENT				
ADMINISTRATION - COUNCIL				
Salaries	\$ 109,937	\$ 109,937	\$ 107,794	\$ 2,143
Payroll related benefits and taxes	65,380	68,280	62,118	6,162
Advertising	10,000	10,000	10,653	(653)
Contract services	16,000	16,000	9,371	6,629
Dues and subscription	2,000	2,000	100	1,900

(Continued)

CITY OF COVINGTON, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
GENERAL GOVERNMENT				
ADMINISTRATION - COUNCIL				
(CONTINUED)				
Meetings and conventions	\$ 12,000	\$ 12,000	\$ 6,707	\$ 5,293
Office supplies general & uniforms	3,300	3,300	2,751	549
Small office furnishings & equipment	1,200	1,200	-	1,200
Training and education	1,000	1,000	215	785
Operating lease	5,000	5,000	5,119	(119)
Total Administration Council	<u>225,817</u>	<u>228,717</u>	<u>204,828</u>	<u>23,889</u>
GENERAL GOVERNMENT				
ADMINISTRATION - MAYOR				
Salaries	79,000	79,000	79,371	(371)
Payroll related benefits and taxes	15,800	16,600	16,983	(383)
Fuel - gasoline	3,000	3,000	2,386	614
Insurance	570	570	558	12
Meetings and conventions	3,000	6,000	5,183	817
Repairs and maintenance	500	500	-	500
Small office furnishings and equipment	1,500	1,500	1,350	150
Cell phone	600	600	638	(38)
Total Administration Mayor	<u>103,970</u>	<u>107,770</u>	<u>106,469</u>	<u>1,301</u>
GENERAL GOVERNMENT				
ADMINISTRATION - LEGAL				
Professional services	115,000	115,000	124,440	(9,440)
Total Legal	<u>115,000</u>	<u>115,000</u>	<u>124,440</u>	<u>(9,440)</u>
GENERAL GOVERNMENT				
ADMINISTRATION				
Salaries	492,600	492,600	492,692	(92)
Professional services	86,700	94,480	85,217	9,263
Payroll related benefits and taxes	184,370	187,170	187,631	(461)
Repairs and maintenance	81,000	77,600	72,798	4,802
Insurance	65,570	75,570	72,931	2,639
Office supplies	83,000	77,408	72,096	5,312
Contract services	64,000	59,000	54,529	4,471
Service charges and fees	57,200	57,200	49,387	7,813
Utilities	29,000	33,000	31,863	1,137
Advertising	7,000	3,000	1,961	1,039
Training and education	20,000	16,000	13,033	2,967
Computer equipment	-	16,120	-	16,120
Meetings and conventions	2,500	2,937	1,599	1,338
Dues and subscriptions	4,000	4,000	1,970	2,030
Materials & supplies	-	-	11	(11)

(Continued)

CITY OF COVINGTON, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
GENERAL GOVERNMENT				
ADMINISTRATION (CONTINUED)				
Small office furnishings and equipment	\$ 49,500	\$ 50,633	\$ 42,803	\$ 7,830
Election expense	-	9,400	9,347	53
Land	-	-	(1,000)	1,000
Gasoline	1,000	1,000	649	351
Operating leases	7,200	7,200	7,176	24
Total Administration	<u>1,234,640</u>	<u>1,264,318</u>	<u>1,196,693</u>	<u>67,625</u>
GENERAL GOVERNMENT				
ENGINEERING				
Salary	115,100	100,100	98,107	1,993
Payroll related benefits and taxes	46,346	40,346	38,823	1,523
Contract services	20,000	20,000	20,000	-
Office supplies	3,000	3,000	1,729	1,271
Training and education	3,200	3,200	1,130	2,070
Meetings and conventions	2,200	2,200	-	2,200
Dues and subscriptions	1,500	1,500	367	1,133
Insurance	570	570	558	12
Utilities	360	360	992	(632)
Repairs and maintenance	300	300	242	58
Small office furnishings & equipment	1,300	1,300	416	884
Gasoline	3,500	3,500	2,864	636
Total Engineering	<u>197,376</u>	<u>176,376</u>	<u>165,228</u>	<u>11,148</u>
GENERAL GOVERNMENT				
PLANNING AND ZONING				
Salaries	100,600	100,600	100,575	25
Payroll related benefits and taxes	36,330	37,530	36,626	904
Professional services	3,000	3,000	1,000	2,000
Office supplies	4,500	4,500	4,344	156
Contract services	45,000	45,000	18,716	26,284
Service charges and fees	2,000	2,000	1,900	100
Advertising	5,000	5,000	4,804	196
Training and education	3,000	1,900	1,215	685
Meetings and conventions	3,000	1,900	1,508	392
Small office furnishings & equipment	-	2,200	2,062	138
Dues and subscriptions	1,300	1,300	983	317
Total Planning and Zoning	<u>203,730</u>	<u>204,930</u>	<u>173,733</u>	<u>31,197</u>

(Continued)

CITY OF COVINGTON, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
GENERAL GOVERNMENT				
CODE ENFORCEMENT				
(CONTINUED)				
Salaries	\$ 54,060	\$ 54,060	\$ 53,808	\$ 252
Payroll related benefits and taxes	19,498	20,298	20,073	225
Training and education	1,000	1,000	50	950
Contract services	20,000	40,000	25,525	14,475
Gasoline	1,800	1,800	1,219	581
Service charges and fees	2,000	2,000	1,000	1,000
Insurance	570	570	104	466
Materials and supplies	700	700	33	667
Utilities	1,500	1,500	1,248	252
Office supplies	1,500	1,500	617	883
Repairs and maintenance	3,000	3,000	1,389	1,611
Total Code Enforcement	<u>105,628</u>	<u>126,428</u>	<u>105,066</u>	<u>21,362</u>
GENERAL GOVERNMENT				
BUILDING PERMITS				
Salaries	106,000	106,000	88,823	17,177
Payroll related benefits and taxes	41,336	42,336	35,814	6,522
Professional services	25,000	25,000	26,760	(1,760)
Repairs and maintenance	700	700	332	368
Insurance	570	570	558	12
Office supplies	5,500	7,500	6,098	1,402
Utilities	1,300	1,300	1,254	46
Small office furnishings & equipment	1,000	1,000	995	5
Training and education	2,500	2,500	2,046	454
Meetings and conventions	3,000	1,000	971	29
Dues and subscriptions	700	700	84	616
Gasoline	2,000	2,000	1,632	368
Total Building Permits	<u>189,606</u>	<u>190,606</u>	<u>165,367</u>	<u>25,239</u>
GENERAL GOVERNMENT				
ECONOMIC DEVELOPMENT				
Salaries	311,440	311,440	304,326	7,114
Payroll related benefits and taxes	133,075	139,575	135,904	3,671
Farmers market	10,000	10,000	9,960	40
Bicentennial	-	615	615	-
Operating leases	-	2,128	3,249	(1,121)
Contract services	122,100	117,880	113,270	4,610
Utilities	78,200	78,200	82,098	(3,898)
Repairs and maintenance	61,000	53,100	31,636	21,464
Professional services	-	-	50	(50)
Insurance	91,770	91,770	78,558	13,212

(Continued)

CITY OF COVINGTON, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
GENERAL GOVERNMENT				
ECONOMIC DEVELOPMENT				
(CONTINUED)				
Advertising	\$ 65,500	\$ 65,710	\$ 37,246	\$ 28,464
Office supplies	26,150	23,046	18,290	4,756
Contract labor	18,000	32,000	30,544	1,456
Materials and supplies	30,500	49,825	39,839	9,986
Rent	7,300	6,800	7,065	(265)
Gasoline	5,000	5,000	4,012	988
Garbage collection	4,300	4,300	4,267	33
Small tools and equipment	6,000	7,104	6,263	841
Façade grants	4,000	4,000	-	4,000
Dues and subscriptions	1,750	1,297	1,299	(2)
Meetings and conventions	1,250	2,750	1,823	927
Training and education	4,250	2,525	1,862	663
Total Economic Development	<u>981,585</u>	<u>1,009,065</u>	<u>912,176</u>	<u>96,889</u>
Total General Government	<u>3,357,352</u>	<u>3,423,210</u>	<u>3,154,000</u>	<u>269,210</u>
PUBLIC SAFETY - POLICE				
Salaries	1,899,800	1,899,800	1,947,234	(47,434)
Payroll related taxes and benefits	1,294,748	1,318,148	1,129,143	189,005
Materials and supplies	63,225	19,827	8,069	11,758
Gasoline	110,000	110,000	96,126	13,874
Insurance	182,500	182,500	198,020	(15,520)
Repairs and maintenance	95,000	64,323	60,725	3,598
Utilities	75,800	79,600	83,055	(3,455)
Office supplies	44,500	54,718	50,729	3,989
Training and education	50,000	78,015	76,201	1,814
Small tools and equipment	59,000	78,160	78,372	(212)
Professional services	6,000	6,000	5,612	388
Garbage collection	1,500	1,500	1,400	100
Rent	20,000	20,000	23,119	(3,119)
Contract services	15,600	17,888	13,870	4,018
Dues and subscriptions	2,500	7,500	7,655	(155)
Computer equipment	5,000	14,473	-	14,473
Contract labor			600	(600)
Total Public Safety - Police	<u>3,925,173</u>	<u>3,952,452</u>	<u>3,779,930</u>	<u>172,522</u>
PUBLIC SAFETY - FIRE				
Salaries	958,700	958,700	972,566	(13,866)
Payroll related taxes and benefits	617,900	629,200	624,387	4,813
Utilities	39,700	39,700	34,129	5,571

(Continued)

CITY OF COVINGTON, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
PUBLIC SAFETY - FIRE				
(CONTINUED)				
Small tools and equipment	\$ 30,600	\$ 28,345	\$ 17,592	\$ 10,753
Insurance	47,000	47,000	44,784	2,216
Repairs and maintenance	38,000	41,560	31,987	9,573
Gasoline	28,000	28,000	24,276	3,724
Contract services	6,000	6,000	-	6,000
Office supplies	14,000	14,000	9,922	4,078
Materials and supplies	16,000	16,000	14,415	1,585
Garbage collection	1,500	1,500	1,600	(100)
Training and education	12,000	12,000	7,964	4,036
Dues and subscriptions	3,700	3,700	2,495	1,205
Professional services	11,600	11,600	785	10,815
Total Public Safety - Fire	<u>1,824,700</u>	<u>1,837,305</u>	<u>1,786,902</u>	<u>50,403</u>
PUBLIC WORKS				
Salaries	817,000	829,000	744,401	84,599
Payroll related taxes and benefits	404,050	412,550	360,732	51,818
Professional services	71,000	71,550	60,345	11,205
Contract labor	80,000	68,000	75,492	(7,492)
Utilities	219,600	219,600	214,950	4,650
Repairs and maintenance	108,500	111,944	74,909	37,035
Materials and supplies	160,000	160,000	149,842	10,158
Gasoline	95,000	95,000	86,261	8,739
Insurance	37,600	37,600	38,834	(1,234)
Office supplies	31,500	31,500	31,394	106
Contract services	12,000	12,000	5,085	6,915
Small tools and equipment	14,200	14,200	17,568	(3,368)
Garbage collection	10,000	10,000	10,973	(973)
Dues and subscriptions	800	800	616	184
Training and education	800	800	743	57
Rent	1,000	1,000	843	157
Total Public Works	<u>2,063,050</u>	<u>2,075,544</u>	<u>1,872,988</u>	<u>202,556</u>
CULTURE AND RECREATION				
Salaries	194,800	194,800	152,078	42,722
Payroll related taxes and benefits	48,716	49,716	39,100	10,616
Materials and supplies	68,800	68,800	48,525	20,275
Utilities	38,200	38,200	29,691	8,509
Contract labor	76,000	76,000	22,675	53,325
Professional services	500	500	200	300
Repairs and maintenance	21,650	21,650	7,786	13,864

(Continued)

CITY OF COVINGTON, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
CULTURE AND RECREATION (CONTINUED)				
Insurance	\$ 19,400	\$ 19,400	\$ 9,301	\$ 10,099
Gasoline	3,000	3,000	43	2,957
Office supplies	6,500	6,500	1,725	4,775
Contract services	3,500	3,500	3,314	186
Service charges and fees	5,000	5,000	3,917	1,083
Training and education	1,000	1,000	159	841
Garbage collection	7,000	7,000	1,769	5,231
Meetings and conventions	500	500	-	500
Pool operations	6,000	6,000	9,412	(3,412)
Small tools and equipment	1,000	1,000	-	1,000
Parks, playgrounds, fields	-	30,000	-	30,000
Rent	500	500	-	500
Total Culture and Recreation	<u>502,066</u>	<u>533,066</u>	<u>329,695</u>	<u>203,371</u>
CAPITAL OUTLAY				
Capital outlay	-	-	152,943	(152,943)
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>152,943</u>	<u>(152,943)</u>
PAYMENTS ON CLAIMS AND JUDGEMENTS				
Payments on claims and judgments	30,000	30,000	30,000	-
Total Payments on Claims and Judgments	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Total Expenditures	<u>\$ 11,702,341</u>	<u>\$ 11,851,577</u>	<u>\$ 11,106,458</u>	<u>\$ 745,119</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,146,322)	(7,295,558)	(6,181,479)	1,114,079
OTHER FINANCING SOURCES (USES)				
Proceeds of sale of equipment	25,000	25,000	88,430	63,430
Capital contributions	-	-	141,000	141,000
Transfers in	6,673,727	6,673,727	6,712,285	38,558
Transfers out	-	(12,109)	(8,044)	4,065
Total Other Financing Sources	<u>6,698,727</u>	<u>6,686,618</u>	<u>6,933,671</u>	<u>247,053</u>
Changes in Fund Balance	(447,595)	(608,940)	752,192	1,361,132
Fund Balance, Beginning of Year	<u>6,362,400</u>	<u>6,362,400</u>	<u>6,362,400</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 5,914,805</u>	<u>\$ 5,753,460</u>	<u>\$ 7,114,592</u>	<u>\$ 1,361,132</u>

CITY OF COVINGTON, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
1982 SALES TAX FUND
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes				
Sales taxes	\$ 3,915,943	\$ 3,915,943	\$ 4,073,775	\$ 157,832
Total Revenues	<u>3,915,943</u>	<u>3,915,943</u>	<u>4,073,775</u>	<u>157,832</u>
EXPENDITURES				
Capital outlay	1,207,600	2,877,435	1,470,364	1,407,071
Payments on claims and judgments	53,705	53,705	53,705	-
Total Expenditures	<u>1,261,305</u>	<u>2,931,140</u>	<u>1,524,069</u>	<u>1,407,071</u>
Excess (Deficiency) of Revenues Over Expenditures	2,654,638	984,803	2,549,706	1,564,903
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(4,110,095)</u>	<u>(4,545,569)</u>	<u>(2,926,325)</u>	<u>1,619,244</u>
Total Other Financing Uses	<u>(4,110,095)</u>	<u>(4,545,569)</u>	<u>(2,926,325)</u>	<u>1,619,244</u>
Changes in Fund Balance	(1,455,457)	(3,560,766)	(376,619)	3,184,147
Fund Balance, Beginning of Year	<u>4,214,756</u>	<u>4,214,756</u>	<u>4,214,756</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,759,299</u>	<u>\$ 653,990</u>	<u>\$ 3,838,137</u>	<u>\$ 3,184,147</u>

CITY OF COVINGTON, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
1957 SALES TAX FUND
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes				
Sales taxes	\$ 3,915,943	\$ 3,915,943	\$ 4,063,890	\$ 147,947
Total Revenues	<u>3,915,943</u>	<u>3,915,943</u>	<u>4,063,890</u>	<u>147,947</u>
EXPENDITURES				
Payments on claims and judgments	53,705	53,705	53,705	-
Total Expenditures	<u>53,705</u>	<u>53,705</u>	<u>53,705</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,862,238</u>	<u>3,862,238</u>	<u>4,010,185</u>	<u>147,947</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(3,862,238)</u>	<u>(3,862,238)</u>	<u>(4,010,185)</u>	<u>(147,947)</u>
Total Other Financing Uses	<u>(3,862,238)</u>	<u>(3,862,238)</u>	<u>(4,010,185)</u>	<u>(147,947)</u>
Changes in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF COVINGTON, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
ANNEXATION AREA SALES TAX FUND
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes				
Sales taxes	\$ 2,490,793	\$ 2,490,793	\$ 2,658,650	\$ 167,857
Total Revenues	<u>2,490,793</u>	<u>2,490,793</u>	<u>2,658,650</u>	<u>167,857</u>
EXPENDITURES				
Capital outlay	2,140,000	2,974,381	2,185,583	788,798
Total Expenditures	<u>2,140,000</u>	<u>2,974,381</u>	<u>2,185,583</u>	<u>788,798</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>350,793</u>	<u>(483,588)</u>	<u>473,067</u>	<u>956,655</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,386,060)</u>	<u>(1,386,060)</u>	<u>(1,217,442)</u>	<u>(168,618)</u>
Total Other Financing Uses	<u>(1,386,060)</u>	<u>(1,386,060)</u>	<u>(1,217,442)</u>	<u>(168,618)</u>
Changes in Fund Balance	(1,035,267)	(1,869,648)	(744,375)	1,125,273
Fund Balance, Beginning of Year	<u>2,496,088</u>	<u>2,496,088</u>	<u>2,496,088</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,460,821</u>	<u>\$ 626,440</u>	<u>\$ 1,751,713</u>	<u>\$ 1,125,273</u>

CITY OF COVINGTON, LOUISIANA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2014

NOTE A – BUDGETARY BASIS OF ACCOUNTING

Budgets for the General Fund and each major Special Revenue Fund are adopted on the modified accrual basis of accounting. Therefore, GAAP serves as the budgetary basis of accounting.

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**CITY OF COVINGTON, LOUISIANA
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014**

SPECIAL REVENUE FUND

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

CAPITAL PROJECT FUND

Capital project funds are used to account for all resources and expenditures in connection with the acquisition, renovation, and improvements of capital facilities other than those financed by propriety funds.

LCDBG Capital Project – This fund was created to track Community Development Block Grant revenues and expenditures for capital projects.

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 – 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.

**CITY OF COVINGTON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2014**

	<u>Capital</u>	<u>Debt Service</u>		<u>Permanent</u>	<u>Special Revenue</u>	
		<u>General Obligation Debt Service Fund</u>	<u>Sales Tax Bond Debt Service Fund</u>	<u>Garden of Pines Permanent</u>	<u>State and Federal Grants</u>	<u>Total Non- Major Governmental</u>
	<u>LCDBG Capital Projects</u>					
ASSETS						
Cash and cash equivalents	\$ -	\$ 186,626	\$ 91,853	\$ 33,823	\$ -	\$ 312,302
Pooled cash	-	-	-	-	130,461	130,461
Certificates of deposits	-	-	277,500	24,954	-	302,454
Receivables						
Property taxes	-	503,947	-	-	-	503,947
Grants	-	-	-	-	55,391	55,391
Accrued interest	-	-	286	-	-	286
	<u>-</u>	<u>-</u>	<u>286</u>	<u>-</u>	<u>-</u>	<u>286</u>
 TOTAL ASSETS	 <u>\$ -</u>	 <u>\$ 690,573</u>	 <u>\$ 369,639</u>	 <u>\$ 58,777</u>	 <u>\$ 185,852</u>	 <u>\$ 1,304,841</u>
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,327	\$ 3,327
Due to other funds	-	43,966	42,552	-	-	86,518
	<u>-</u>	<u>43,966</u>	<u>42,552</u>	<u>-</u>	<u>3,327</u>	<u>89,845</u>
 TOTAL LIABILITIES	 <u>-</u>	 <u>43,966</u>	 <u>42,552</u>	 <u>-</u>	 <u>3,327</u>	 <u>89,845</u>
DEFERRED INFLOWS OF RESOURCES						
Advance collections	-	-	-	-	95,000	95,000
Unavailable revenues	-	-	-	-	87,525	87,525
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,525</u>	<u>182,525</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>182,525</u>	 <u>182,525</u>
FUND BALANCE						
Nonspendable:						
Permanent fund	-	-	-	24,955	-	24,955
Restricted:						
Perpetual care	-	-	-	33,822	-	33,822
Debt services	-	646,607	327,087	-	-	973,694
	<u>-</u>	<u>646,607</u>	<u>327,087</u>	<u>58,777</u>	<u>-</u>	<u>1,032,471</u>
 TOTAL FUND BALANCE	 <u>-</u>	 <u>646,607</u>	 <u>327,087</u>	 <u>58,777</u>	 <u>-</u>	 <u>1,032,471</u>
 TOTAL LIABILITIES , DEFERRED INFLOWS AND FUND BALANCE	 <u>\$ -</u>	 <u>\$ 690,573</u>	 <u>\$ 369,639</u>	 <u>\$ 58,777</u>	 <u>\$ 185,852</u>	 <u>\$ 1,304,841</u>

CITY OF COVINGTON
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	<u>Capital</u>	<u>Debt Service</u>		<u>Permanent</u>	<u>Special Revenue</u>	
	<u>LCDBG Capital Projects</u>	<u>General Obligation Debt Service Fund</u>	<u>Sales Tax Bond Debt Service Fund</u>	<u>Garden of Pines Permanent</u>	<u>State and Federal Grants</u>	<u>Total Non-Major Governmental</u>
REVENUES						
Taxes						
Property taxes	\$ -	\$ 508,286	\$ -	\$ -	\$ -	\$ 508,286
State and federal grants	-	-	-	-	117,652	117,652
Interest and penalties	-	64	569	243	-	876
Total Revenues	-	508,350	569	243	117,652	626,814
EXPENDITURES						
Current						
General government	-	400	-	-	-	400
Public safety - Police	-	-	-	-	54,039	54,039
Public safety - Fire	-	-	-	-	4,324	4,324
Capital outlay	-	-	-	-	20,931	20,931
Debt service:						
Principal	-	325,000	250,000	-	-	575,000
Interest	-	201,033	48,070	-	-	249,103
Total Expenditures	-	526,433	298,070	-	79,294	903,797
Excess (Deficiency) of Revenues Over Expenditures	-	(18,083)	(297,501)	243	38,358	(276,983)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	298,666	-	11,615	310,281
Transfers out	(50)	-	-	-	(49,973)	(50,023)
Total Other Financing Sources (Uses)	(50)	-	298,666	-	(38,358)	260,258
Changes in Fund Balance	(50)	(18,083)	1,165	243	-	(16,725)
Fund Balance, Beginning of Year	50	664,690	325,922	58,534	-	1,049,196
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 646,607</u>	<u>\$ 327,087</u>	<u>\$ 58,777</u>	<u>\$ -</u>	<u>\$ 1,032,471</u>

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OTHER SUPPLEMENTARY INFORMATION

CITY OF COVINGTON, LOUISIANA
SCHEDULE OF COUNCIL COMPENSATION
For the Year Ended December 31, 2014

<u>Council Members</u>	<u>Term of Office</u>	<u>2014 Compensation</u>
Lee S. Alexius	July 2011 - July 2015	\$ 9,000
R.S. "Sam" O'Keefe	July 2011 - July 2015	9,000
John Callahan	July 2011 - July 2015	9,000
Jerry Coner	July 2011 - July 2015	9,000
Mark Wright	July 2011 - July 2015	9,000
Larry Rolling	July 2011 - July 2015	9,000
Rick Smith	July 2011 - July 2015	9,000
		<u>\$ 63,000</u>

CITY OF COVINGTON, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD
For the Year Ended December 31, 2014

Agency Head Name: Michael Cooper, Mayor

PURPOSE	AMOUNT
Salary	\$ 79,371
Benefits-Health Insurance	8,119
Benefits-retirement	- 0 -
Workers Comp	246
Benefits-Life Insurance	270
Benefits-Long Term Disability	2,377
Benefits-Fica & Medicare	5,970
Car allowance	- 0 -
Vehicle provided by government	805
Cell phone	638
Meetings & conventions	5,183
Other	- 0 -
	<u>\$ 102,979</u>

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STATISTICAL SECTION

STATISTICAL SECTION

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

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

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

**CITY OF COVINGTON, LOUISIANA
NET POSITION BY COMPONENT
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year							
	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities								
Net investment in capital assets	\$ 1,482,742	\$ 621,414	\$ 7,999,710	\$ 9,003,688	\$ 8,540,837	\$ 10,963,044	\$ 14,051,675	\$ 17,029,735
Restricted	5,292,260	6,991,802	4,082,723	4,407,344	6,335,844	5,878,390	5,492,166	5,121,612
Unrestricted	9,385,128	6,986,129	4,242,371	2,653,185	1,088,416	2,955,180	4,984,304	4,953,099
Total Governmental Activities Net Position	<u>\$ 16,160,130</u>	<u>\$ 14,599,345</u>	<u>\$ 16,324,804</u>	<u>\$ 16,064,217</u>	<u>\$ 15,965,097</u>	<u>\$ 19,796,614</u>	<u>\$ 24,528,145</u>	<u>\$ 27,104,446</u>
Business-Type Activities								
Net investment in capital assets	\$ 19,793,170	\$ 22,807,610	\$ 22,558,143	\$ 22,965,009	\$ 23,281,856	\$ 22,599,871	\$ 22,033,851	\$ 22,109,454
Restricted	308,487	312,422	-	-	-	-	-	-
Unrestricted	983,390	231,856	539,374	586,803	824,855	1,189,702	1,793,519	2,429,351
Total Business Type Activities Net Position	<u>\$ 21,085,047</u>	<u>\$ 23,351,888</u>	<u>\$ 23,097,517</u>	<u>\$ 23,551,812</u>	<u>\$ 24,106,711</u>	<u>\$ 23,789,573</u>	<u>\$ 23,827,370</u>	<u>\$ 24,538,805</u>
Primary Government								
Net investment in capital assets	\$ 21,275,912	\$ 23,429,024	\$ 30,557,853	\$ 31,968,697	\$ 31,822,693	\$ 33,562,915	\$ 36,085,526	\$ 39,139,189
Restricted	5,600,747	7,304,224	4,082,723	4,407,344	6,335,844	5,878,390	5,492,166	5,121,612
Unrestricted	10,368,518	7,217,985	4,781,745	3,239,988	1,913,271	4,144,882	6,777,823	7,382,450
Total Primary Government Net Position	<u>\$ 37,245,177</u>	<u>\$ 37,951,233</u>	<u>\$ 39,422,321</u>	<u>\$ 39,616,029</u>	<u>\$ 40,071,808</u>	<u>\$ 43,586,187</u>	<u>\$ 48,355,515</u>	<u>\$ 51,643,251</u>

CITY OF COVINGTON, LOUISIANA
CHANGES IN NET POSITION
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Expenses	Fiscal Year							
	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:								
General government	\$ 2,649,743	\$ 3,037,128	\$ 3,543,490	\$ 3,994,184	\$ 4,108,782	\$ 4,000,021	\$ 3,794,356	\$ 3,486,965
Public safety - Police	3,307,484	3,561,038	4,070,684	4,181,956	4,101,809	3,946,313	3,886,455	4,040,778
Public safety - Fire	1,106,398	1,406,254	1,461,511	1,603,010	1,742,454	1,770,518	1,747,521	1,889,585
Public works	1,972,845	2,597,475	1,906,012	1,730,586	1,869,449	2,180,001	2,312,901	2,512,339
Culture and recreation	621,388	829,015	996,333	829,061	902,326	803,635	757,640	547,055
Interest on long-term debt	519,344	493,613	559,762	469,112	475,019	319,774	442,827	246,632
Total Governmental Activities Expenses	10,177,202	11,924,523	12,537,792	12,807,909	13,199,839	13,020,262	12,941,700	12,723,354
Business-Type Activities:								
Water	1,306,176	1,248,381	1,231,623	1,217,823	1,776,889	1,823,929	1,857,583	1,921,567
Sewer	2,107,232	2,262,346	1,818,321	1,958,438	1,803,094	1,719,964	1,690,685	1,582,093
Garbage	726,224	729,880	747,879	754,995	718,460	727,783	659,800	649,894
Interest on long-term debt	6,440	4,370	2,243	-	-	-	-	-
Total Business-Type Activities Expenses	4,146,072	4,244,977	3,800,066	3,931,256	4,298,443	4,271,676	4,208,068	4,153,554
Total Primary Government Expenses	\$ 14,323,274	\$ 16,169,500	\$ 16,337,858	\$ 16,739,165	\$ 17,498,282	\$ 17,291,938	\$ 17,149,768	\$ 16,876,908
Program Revenues								
Governmental Activities								
Charges for Services:								
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety - Police	-	-	-	-	-	-	-	-
Public works	33,797	22,685	6,700	10,909	19,785	172,124	17,402	27,349
Culture and recreation	208,206	197,564	159,153	163,132	151,813	-	86,529	104,647
Operating Grants and Contribution								
General government	158,177	294,880	144,960	215,333	210,263	204,253	2,293,734	-
Public safety - Police	10,690	32,716	34,352	36,067	96,332	168,375	146,840	46,059
Public safety - Fire	33,736	52,156	47,718	49,371	40,965	63,850	51,854	4,324
Public works	-	-	-	42,376	-	-	-	-
Culture and recreation	-	-	-	-	25,000	2,753	-	-
Capital Grants and Contributions								
General government	386,074	-	811,125	111,516	139,152	20,048	1,364	142,207
Public safety - Police	131,956	-	-	-	17,761	1,070	29,877	-
Public safety - Fire	119,817	-	-	-	-	285,532	-	-
Public works	426,565	-	-	-	436,947	7,795	239,070	50,853
Culture and recreation	-	-	-	-	-	-	-	15,209
Interest on long-term debt	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	1,509,018	600,001	1,204,008	628,704	1,138,018	925,800	2,866,670	390,648
Business-Type Activities:								
Charges for Services:								
Water	1,079,383	1,090,177	1,203,705	1,278,548	1,287,180	1,262,419	1,328,553	1,329,090
Sewer	1,100,771	1,064,385	1,077,679	1,148,835	1,281,408	1,375,189	1,591,966	1,611,462
Garbage	676,253	718,143	734,338	762,522	729,122	683,106	736,864	734,984

(continued)

CITY OF COVINGTON, LOUISIANA
CHANGES IN NET POSITION (CONTINUED)
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year							
	2007	2008	2009	2010	2011	2012	2013	2014
Operating Grants and Contribution								
Sewer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Business-Type Activities Program Revenues	<u>2,856,407</u>	<u>2,872,705</u>	<u>3,015,722</u>	<u>3,189,905</u>	<u>3,297,710</u>	<u>3,320,714</u>	<u>3,657,383</u>	<u>3,675,536</u>
Total Primary Government Program Revenues	<u>\$ 4,365,425</u>	<u>\$ 3,472,706</u>	<u>\$ 4,219,730</u>	<u>\$ 3,818,609</u>	<u>\$ 4,435,728</u>	<u>\$ 4,246,514</u>	<u>\$ 6,524,053</u>	<u>\$ 4,066,184</u>
Net (Expense)/Revenue								
Governmental activities	\$ (8,668,184)	\$ (11,324,522)	\$ (11,333,784)	\$ (12,179,205)	\$ (12,061,821)	\$ (12,094,462)	\$ (10,075,030)	\$ (12,332,706)
Business-type activities	(1,289,665)	(1,372,272)	(784,344)	(741,351)	(1,000,733)	(950,962)	(550,685)	(478,018)
Total Primary Government Net Expense	<u>\$ (9,957,849)</u>	<u>\$ (12,696,794)</u>	<u>\$ (12,118,128)</u>	<u>\$ (12,920,556)</u>	<u>\$ (13,062,554)</u>	<u>\$ (13,045,424)</u>	<u>\$ (10,625,715)</u>	<u>\$ (12,810,724)</u>
General Revenues and Other Changes in Net Position								
Governmental Activities:								
Taxes:								
Property	\$ 2,079,196	\$ 2,289,053	\$ 2,466,358	\$ 2,337,157	\$ 2,320,671	\$ 2,433,574	\$ 2,496,702	\$ 2,619,670
Sales	9,520,918	9,462,653	8,523,983	8,329,496	8,896,937	10,277,805	10,356,610	10,796,315
Franchise	741,320	753,137	644,819	663,240	690,328	655,994	748,346	775,089
Licenses and permits	1,168,083	1,103,856	1,206,703	1,177,394	1,265,372	1,248,790	1,451,406	1,311,592
Fines and forfeitures	217,535	231,297	270,616	260,855	141,773	105,856	90,881	481,808
Investment	558,108	304,195	104,932	70,946	43,704	44,530	38,408	82,585
Other general revenues	326,367	439,755	374,857	235,349	156,450	269,047	212,690	31,401
Special item - loss/gain on disposed assets	(118,356)	-	(3,370)	39,827	-	24,207	-	-
Special item - repayment of taxes to parish	-	(600,000)	-	-	-	-	-	-
Special item - lawsuit settlement	-	(300,000)	-	-	-	-	-	-
Transfers	(1,354,278)	(698,240)	(442,184)	-	-	(633,824)	(588,482)	(1,189,453)
Capital contributions	(2,971,131)	(2,939,880)	(87,471)	(1,195,646)	(1,523,217)	1,500,000	-	-
Total Governmental Activities	<u>10,167,762</u>	<u>10,045,826</u>	<u>13,059,243</u>	<u>11,918,618</u>	<u>11,992,018</u>	<u>15,925,979</u>	<u>14,806,561</u>	<u>14,909,007</u>
Business-Type Activities:								
Investment	1,943	993	318	-	-	-	-	-
Other general revenues	-	-	-	-	32,415	-	-	-
Transfers	1,354,278	698,240	442,184	-	-	633,824	588,482	1,189,453
Capital contributions	2,971,131	2,939,880	87,471	1,195,646	1,523,217	-	-	-
Total Business-Type Activities	<u>4,327,352</u>	<u>3,639,113</u>	<u>529,973</u>	<u>1,195,646</u>	<u>1,555,632</u>	<u>633,824</u>	<u>588,482</u>	<u>1,189,453</u>
Total Primary Government	<u>\$ 14,495,114</u>	<u>\$ 13,684,939</u>	<u>\$ 13,589,216</u>	<u>\$ 13,114,264</u>	<u>\$ 13,547,650</u>	<u>\$ 16,559,803</u>	<u>\$ 15,395,043</u>	<u>\$ 16,098,460</u>
Changes in Net Position								
Governmental activities	\$ 1,499,578	\$ (1,278,696)	\$ 1,725,459	\$ (260,587)	\$ (69,803)	\$ 3,831,517	\$ 4,731,531	\$ 2,576,301
Business-type activities	3,037,687	2,266,841	(254,371)	454,295	554,899	(317,138)	37,797	711,435
Total Primary Government	<u>\$ 4,537,265</u>	<u>\$ 988,145</u>	<u>\$ 1,471,088</u>	<u>\$ 193,708</u>	<u>\$ 485,096</u>	<u>\$ 3,514,379</u>	<u>\$ 4,769,328</u>	<u>\$ 3,287,736</u>

CITY OF COVINGTON, LOUISIANA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

TABLE 3

Fiscal Year	Sales Tax	Property Tax	Total
2005	\$ 6,841,791	\$ 1,461,599	\$ 8,303,390
2006	9,314,419	1,900,382	11,214,801
2007	9,520,918	2,079,193	11,600,111
2008	9,462,653	2,289,053	11,751,706
2009	8,523,983	2,466,358	10,990,341
2010	8,329,496	2,338,157	10,667,653
2011	8,896,937	2,320,671	11,217,608
2012	10,277,805	2,433,574	12,711,379
2013	10,356,610	2,496,702	12,853,312
2014	10,796,315	2,619,670	13,415,985

TABLE 4

CITY OF COVINGTON, LOUISIANA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 365	\$ -	\$ -
Restricted	-	-	-	-	-	-	246,776	250,540	253,219	521,987
Committed	-	-	-	-	-	-	1,712,823	2,004,594	440,795	176,089
Assigned	-	-	-	-	-	-	-	2,090,993	1,972,837	2,036,859
Unassigned	-	-	-	-	-	-	979,860	1,125,879	3,695,549	4,379,657
Reserved (1)	2,301,454	2,377,730	1,600	4,637,884	2,322,755	-	-	-	-	-
Unreserved (1)	4,292,342	9,430,551	11,408,312	5,565,225	6,872,983	5,442,428	-	-	-	-
Total general fund	\$ 6,593,796	\$ 11,808,281	\$ 11,409,912	\$ 10,203,109	\$ 9,195,738	\$ 5,442,428	\$ 2,939,459	\$ 5,472,371	\$ 6,362,400	\$ 7,114,592
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,955	\$ 24,955	\$ 24,955	\$ 24,955
Restricted	-	-	-	-	-	-	6,089,068	5,627,850	5,238,947	4,845,653
Committed	-	-	-	-	-	-	1,255,102	1,302,560	2,496,138	1,751,713
Reserved (1)	1,750,251	2,292,832	5,290,660	2,353,918	2,222,288	4,407,344	-	-	-	-
Unreserved, reported in:										
Special Revenue (1)	567,338	1,407,175	218,489	359,441	1,388,289	1,617,735	-	-	-	-
Capital Projects (1)	625,324	-	-	-	-	-	-	-	-	-
Permanent (1)	-	-	-	-	31,871	-	-	-	-	-
Total all other governmental funds	\$ 2,942,913	\$ 3,700,007	\$ 5,509,149	\$ 2,713,359	\$ 3,642,448	\$ 6,025,079	\$ 7,369,125	\$ 6,955,365	\$ 7,760,040	\$ 6,622,321

Note (1): In 2011, the City implemented GASB Statement No. 54 which changed the classification of fund balances. Amounts prior to 2011 have not been restated to reflect the new classifications.

CITY OF COVINGTON, LOUISIANA
CHANGES IN FUNDS BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property taxes	\$ 1,461,599	\$ 1,900,382	\$ 2,079,196	\$ 2,289,053	\$ 2,466,358	\$ 2,337,157	\$ 2,320,671	\$ 2,433,574	\$ 2,496,702	\$ 2,619,670
Sales tax	6,841,791	9,314,419	9,520,918	9,462,653	8,523,983	8,329,496	8,896,937	9,211,667	10,356,610	10,796,315
Franchise tax	623,689	1,554,462	741,320	753,137	644,819	663,240	690,328	655,994	748,346	775,089
Licenses and permits	922,936	1,060,557	1,168,083	1,103,856	1,206,703	1,177,394	1,265,372	1,248,790	1,451,406	1,311,592
Intergovernmental revenue	175,771	200,513	131,266	114,217	112,959	160,538	177,735	184,718	175,782	192,061
Charges for service	236,306	367,416	242,003	220,249	165,853	174,041	171,598	172,124	103,931	131,996
Fines and forfeitures	163,597	187,598	217,535	231,297	270,616	260,855	141,773	105,856	90,881	82,585
Interest & penalties	113,791	295,684	558,108	304,195	104,932	70,946	43,704	44,530	38,408	31,401
Assessments	-	-	-	-	-	-	16,812	10,099	1,992	1,420
State and federal grants	1,294,381	294,855	1,135,749	265,535	925,196	294,125	788,685	480,663	339,298	117,652
Other	128,553	465,574	326,367	439,755	374,857	235,349	139,638	260,018	210,698	288,327
Total revenues	11,962,414	15,641,460	16,120,545	15,183,947	14,796,276	13,703,141	14,653,253	14,808,033	16,014,054	16,348,108
Expenditures										
Current:										
General government	2,131,794	2,609,915	3,479,091	4,716,375	3,379,749	3,348,206	3,332,248	2,864,072	3,029,758	3,154,400
Public safety - Police	2,517,775	2,507,927	3,408,649	3,578,732	3,934,725	4,280,914	3,811,893	3,691,879	3,663,528	3,833,969
Public safety - Fire	766,505	952,596	1,221,326	1,533,908	1,322,598	1,753,287	1,642,082	1,675,284	1,653,723	1,791,226
Public works	2,231,623	2,470,752	3,106,167	2,910,866	3,347,555	2,757,181	1,511,567	1,756,179	1,713,165	1,872,988
Culture and recreation	440,960	565,629	3,741,918	1,446,689	946,927	644,444	686,338	583,569	536,379	329,695
Debt service:										
Principal	725,000	770,000	810,000	860,000	750,000	515,000	500,000	525,000	551,000	575,000
Interest	367,619	334,751	417,212	501,850	463,565	422,507	397,210	282,220	266,781	249,103
Refunding bond issuance costs	-	-	-	-	-	-	69,755	-	-	-
Payments on claims and judgements	-	-	-	-	230,000	200,000	230,000	137,410	137,410	137,410
Capital outlay	-	-	-	-	-	-	2,093,742	3,129,789	2,206,866	3,829,821
Capital outlay - utility	56,805	148,750	2,971,131	2,939,880	87,471	1,195,646	1,523,217	-	-	-
Total expenditures	9,238,081	10,360,320	19,155,494	18,488,300	14,462,590	15,117,185	15,798,052	14,645,402	13,758,610	15,773,612
Excess of revenues over (under) expenditures	2,724,333	5,281,140	(3,034,949)	(3,304,353)	333,686	(1,414,044)	(1,144,799)	162,631	2,255,444	574,496
Other financing sources (uses)										
Transfers in	6,429,579	8,474,582	10,831,878	9,921,701	7,286,972	4,942,379	8,689,874	9,068,749	6,945,422	7,022,566
Transfers out	(7,589,579)	(9,585,043)	(12,186,156)	(10,619,941)	(7,729,156)	(4,942,379)	(8,689,874)	(9,702,573)	(7,533,904)	(8,212,019)
Transfer to agency fund	-	-	-	-	-	-	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-	30,217	43,364	-	24,207	27,742	88,430
Repayment of debt (forgiveness)	-	-	-	-	-	-	-	-	-	-
Proceeds on debt issuance	-	-	-	-	-	-	3,552,000	-	-	-
Debt service - principal	-	-	-	-	-	-	(2,775,000)	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	(761,807)	-	-	-
Premium on debt issuance	-	1,800,900	5,800,000	-	-	-	-	-	-	-
Capital contributions	-	-	-	-	-	-	-	1,500,000	-	141,000
Total other financing sources (uses)	(1,160,000)	690,439	4,445,722	(698,240)	(411,967)	43,364	15,193	890,383	(560,740)	(960,023)
Net change in fund balances	\$ 1,564,333	\$ 5,971,579	\$ 1,410,773	\$ (4,002,593)	\$ (78,281)	\$ (1,370,680)	\$ (1,129,606)	\$ 1,053,014	\$ 1,694,704	\$ (385,527)
Debt service as a percentage of noncapital expenditures	11.90%	10.82%	7.58%	8.76%	8.44%	6.73%	6.29%	5.51%	5.94%	5.22%

CITY OF COVINGTON, LOUISIANA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 6

Fiscal Year	Real Property Assessed Value	Other Property Assessed Value	Total Taxable Assessed Value	Total Direct Tax Rate
2005	\$ 53,548,865	\$ 16,831,526	\$ 70,380,391	20.81
2006	57,855,712	15,032,287	72,887,999	21.62
2007	63,272,771	16,132,252	79,405,023	24.27
2008	83,014,814	5,024,170	88,038,984	23.04
2009	81,830,758	25,143,730	106,974,488	23.04
2010	84,827,413	20,233,515	105,060,928	23.04
2011	88,352,206	19,206,944	107,559,150	22.04
2012	93,846,399	20,591,617	114,438,016	22.00
2013	95,946,008	22,123,667	118,069,675	21.80
2014	100,278,064	23,606,777	123,884,841	21.80

Source: Information obtained from St. Tammany Parish Assessors Office

**CITY OF COVINGTON, LOUISIANA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)**

TABLE 7

Fiscal Year	City of Covington			Parish		School District			Special Districts	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Total Parish Millage	Operating Millage	Debt Service Millage	Total School Millage		
2005	18.16	2.65	20.81	27.71	27.71	50.69	23.90	74.59	47.02	170.13
2006	18.16	3.46	21.62	31.71	31.71	55.94	21.90	77.84	56.02	187.19
2007	18.16	6.11	24.27	34.05	34.05	55.94	21.90	77.84	56.34	192.50
2008	17.54	5.50	23.04	35.98	35.98	55.94	21.90	77.84	56.34	193.20
2009	17.54	5.50	23.04	35.98	35.98	47.55	21.90	69.45	48.71	177.18
2010	17.54	5.50	23.04	32.47	32.47	47.55	20.90	68.45	49.71	173.67
2011	17.54	4.50	22.04	34.00	34.00	47.55	20.90	68.45	49.71	174.20
2012	17.50	4.50	22.00	34.87	34.87	47.28	20.90	68.18	49.71	174.76
2013	17.50	4.30	21.80	34.87	34.87	47.28	20.90	68.18	41.05	165.90
2014	17.50	4.30	21.80	35.91	35.91	47.28	20.90	68.18	*	125.89

* Information not available in the current year.

Source: St. Tammany Parish Council

**CITY OF COVINGTON, LOUISIANA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

TABLE 8

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Central LA Electric Co.	\$ 4,115,820	1	3.32%	\$ 2,290,580	2	3.14%
AT&T Southeast Tax Department	2,658,371	2	2.15%			
Volvo Ce Rents, Inc.	943,910	3	0.76%			
Delta Supply Chain Operations	941,300	4	0.76%			
Atmos Energy Corporation	779,196	5	0.63%	\$ 617,644	6	0.85%
WHS LLC	747,241	6	0.60%			
Testiga Properties LLC	725,735	7	0.59%			
Medstate LLC	691,669	8	0.56%			
Robco LLC	655,480	9	0.53%			
Whitney National Bank	652,430	10	0.53%	485,600	9	0.67%
Bellsouth Telecommunications				3,434,660	1	4.71%
Parish National Bank				1,694,070	3	2.32%
Hibernia National Bank				1,318,710	4	1.81%
Phoenix Covington Associates				706,220	5	0.97%
Gilsbar Inc				505,910	7	0.69%
Dependable Glass Works, Inc.				497,880	8	0.68%
Citizens Bank & Trust				484,540	10	0.66%
TOTALS	\$ 12,911,152		10.42%	\$ 12,035,814		16.51%

Source: Information obtained from St. Tammany Parish Assessors Office

CITY OF COVINGTON, LOUISIANA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 9

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections for Previous Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy (1)
2005	\$ 1,515,252	\$ 1,461,599	96%	*	\$ 1,461,599	96%
2006	1,925,439	1,900,382	99%	*	1,900,382	99%
2007	2,136,708	2,079,196	97%	*	2,079,196	97%
2008	2,462,968	2,289,053	93%	*	2,289,053	93%
2009	2,418,998	2,398,998	99%	\$ 67,360	2,398,998	99%
2010	2,369,066	2,329,683	98%	7,474	2,337,157	98%
2011	2,397,632	2,313,421	96%	7,250	2,320,671	97%
2012	2,508,839	2,428,858	97%	4,716	2,433,574	97%
2013	2,573,920	2,488,725	97%	7,977	2,496,702	97%
2014	2,700,691	2,612,608	97%	7,062	2,619,670	97%

(1) Total collections include redemptions.

* Information not available.

**CITY OF COVINGTON, LOUISIANA
PRINCIPAL SALES TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

TABLE 10

Taxpayer	2014			2005		
	Sales Tax Collections	Rank	Percentage of Total Sales Tax Collections	Sales Tax Collections	Rank	Percentage of Total Sales Tax Collections
Grocery/Discount Retailer 1	\$ 415,658	1	3.85%			
Motor Vehicles	408,101	2	3.78%	*	*	*
Grocery/Discount Retailer 2	391,906	3	3.63%	*	*	*
Grocery/Discount Retailer 3	346,562	4	3.21%	*	*	*
Grocery/Discount Retailer 4	317,412	5	2.94%	*	*	*
Grocery/Discount Retailer 5	304,456	6	2.82%	*	*	*
Retail Pharmacies and Drug Stores 1	209,449	7	1.94%	*	*	*
Grocery/Discount Retailer 6	206,210	8	1.91%	*	*	*
Full-Service Restaurants	158,706	9	1.47%	*	*	*
Retail Pharmacies and Drug Stores 2	126,317	10	1.17%	*	*	*
TOTALS	<u>\$ 2,884,777</u>		<u>26.72%</u>	<u>\$ -</u>		<u>0.00%</u>

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

Note: The sales tax rate is calculated at 8.75%

* Information not available

CITY OF COVINGTON, LOUISIANA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 11

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Sales Tax Revenue Bonds	Community Disaster Loan			
2005	\$ 2,040,000	\$ 5,376,000	-	\$ 7,416,000	0.12%	\$ 34.11
2006	1,740,000	4,862,000	1,800,900	8,402,900	0.11%	37.67
2007	7,220,000	4,346,000	1,800,900	13,366,900	0.14%	59.06
2008	6,880,000	3,789,000	1,800,900	12,469,900	0.13%	54.36
2009	6,675,000	3,205,000	1,800,900	11,680,900	0.11%	50.46
2010	6,360,000	3,005,000	1,800,900	11,165,900	0.10%	47.77
2011	6,111,898	2,716,510	1,800,900	10,629,308	0.10%	44.89
2012	5,817,925	2,492,458	1,800,900	10,111,283	0.09%	42.40
2013	5,521,000	2,278,106	-	7,799,106	*	32.57
2014	5,196,000	2,050,000	-	7,246,000	*	29.90

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

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

* Information not available.

CITY OF COVINGTON, LOUISIANA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 12

Fiscal Year	General Obligation Bonds (2)	Less: Amounts Available in Debt Service Fund (3)	Total	Percentage of Estimated Actual Taxable (1) Value of Property	Per Capita (4)
2005	\$ 2,040,000	\$ 951,047	\$ 1,088,953	1.55%	\$ 116.50
2006	1,740,000	759,704	980,296	1.34%	116.16
2007	7,220,000	853,116	6,366,884	8.02%	709.32
2008	6,880,000	867,229	6,012,771	6.83%	700.79
2009	6,675,000	781,738	5,893,262	5.51%	707.13
2010	6,360,000	870,128	5,489,872	5.23%	626.34
2011	6,111,898	758,401	5,353,497	4.98%	613.02
2012	5,817,925	698,510	5,119,415	4.47%	619.33
2013	5,521,000	664,689	4,856,311	4.11%	554.06
2014	5,196,000	646,607	4,549,393	3.67%	511.40

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

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

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

(4) 2004-2008 population is based on research Division, College of Administration and Business, Louisiana Tech University.

2009 information is based on estimates of U.S. Census Bureau.

CITY OF COVINGTON, LOUISIANA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014
(UNAUDITED)

TABLE 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
St. Tammany Parish	\$ 12,705,000	5%	\$ 635,250
St. Tammany Parish School Board	215,666,739	5%	<u>\$ 10,783,337</u>
Subtotal, overlapping debt			11,418,587
City of Covington direct debt		100%	<u>7,246,000</u>
Total direct and overlapping debt			<u><u>\$ 18,664,587</u></u>

Source: St. Tammany Parish School Board officials and St. Tammany Parish Comprehensive Financial Annual Report.

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

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

**CITY OF COVINGTON, LOUISIANA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

TABLE 14

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 24,633,137	\$ 25,510,800	\$ 27,791,758	\$ 30,813,644	\$ 37,441,071	\$ 36,771,325	\$ 37,645,703	\$ 40,053,306	\$ 41,324,386	\$ 43,359,694
Total net debt applicable to limit	<u>(1,088,953)</u>	<u>(980,296)</u>	<u>(6,366,884)</u>	<u>(6,012,771)</u>	<u>(5,893,262)</u>	<u>(5,489,872)</u>	<u>(5,353,497)</u>	<u>(5,119,415)</u>	<u>(4,856,311)</u>	<u>(4,549,393)</u>
Legal debt margin	<u>\$ 23,544,184</u>	<u>\$ 24,530,504</u>	<u>\$ 21,424,874</u>	<u>\$ 24,800,873</u>	<u>\$ 31,547,809</u>	<u>\$ 31,281,453</u>	<u>\$ 32,292,206</u>	<u>\$ 34,933,891</u>	<u>\$ 36,468,075</u>	<u>\$ 38,810,301</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>4.42%</u>	<u>3.84%</u>	<u>22.91%</u>	<u>19.51%</u>	<u>15.74%</u>	<u>14.93%</u>	<u>14.22%</u>	<u>12.78%</u>	<u>11.75%</u>	<u>10.49%</u>

Legal debt margin calculation for fiscal year 2014

	Assessed value	<u>\$ 123,884,841</u>
	Debt Limit - 35% of \$123,884,841 (1)	\$ 43,359,694
	Debt applicable to the limit:	
	General obligation bonds	\$ 5,196,000
	Less: Amount set aside for repayment of general obligation debt	<u>(646,607)</u>
	Total net debt applicable to limit	<u>4,549,393</u>
	Legal debt margin	<u>\$ 38,810,301</u>

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

**CITY OF COVINGTON, LOUISIANA
 PLEDGED - REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

TABLE 15

Fiscal Year	Sales Tax Bonds					Coverage
	Sales Tax Revenue	Debt Service		TOTAL		
		Principal	Interest			
2005	\$ 6,841,791	\$ 445,000	\$ 263,353	\$ 708,353	9.66	
2006	9,314,419	470,000	241,313	711,313	13.09	
2007	9,520,918	490,000	210,901	700,901	13.58	
2008	9,462,653	520,000	196,051	716,051	13.22	
2009	8,523,983	545,000	172,481	717,481	11.88	
2010	8,329,496	200,000	147,423	347,423	23.98	
2011	8,896,937	210,000	138,423	348,423	25.53	
2012	10,277,805	230,000	57,836	287,836	35.71	
2013	10,356,610	245,000	53,191	298,191	34.73	
2014	\$ 10,796,315	\$ 250,000	\$ 48,070	\$ 298,070	36.22	

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

**CITY OF COVINGTON, LOUISIANA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

TABLE 16

Fiscal Year	City of Covington Population (1)	St. Tammany Parish Population (1)	City of Covington Total Personal Income (1)	City of Covington Per Capita Personal Income (1)	Unemployment Rate (3)	St. Tammany Parish School Enrollment (4)	Median Age (2)
2005	9,347	217,407	\$ 267,168,212	\$ 28,583	3.9%	36,162	35
2006	8,439	223,062	294,875,144	34,942	4.2%	32,983	35
2007	8,976	226,315	387,723,499	43,196	4.0%	35,281	37
2008	8,580	229,384	368,837,437	42,988	2.9%	35,534	37
2009	8,334	231,495	374,606,667	44,949	3.5%	35,878	37
2010	8,765	233,740	400,806,305	45,728	5.3%	36,441	37
2011	8,733	236,785	394,206,154	45,140	5.8%	37,112	37
2012	8,266	238,478	389,878,608	47,167	5.2%	37,508	*
2013	8,765	239,453	*	*	5.2%	37,926	*
2014	8,896	242,333	*	*	5.1%	38,044	*

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

* Information not available / no current information

Sources:

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

**CITY OF COVINGTON, LOUISIANA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

TABLE 17

Employer	Location	2014			2005		
		Employees	Rank	% of Total St. Tammany Parish Employment	Employees	Rank	% of Total St. Tammany Parish Employment
St. Tammany Parish Public Schools	Slidell/Covington	5,399	1	5.08%	4,651	1	8.52%
St. Tammany Parish Hospital	Covington	1,715	2	1.61%	1,500	2	1.67%
Slidell Memorial Hospital	Slidell	1,186	3	1.12%	1,022	4	1.14%
Walmart	Parish wide	1,125	4	1.06%	1,125	3	1.25%
Ochsner Health Center	Slidell	1,091	5	1.03%			
Lakeview Regional Medical Center	Covington	807	6	0.76%	715	5	0.80%
St. Tammany Parish Sheriff's Office	Parish wide	747	7	0.70%	650	6	0.72%
St. Tammany Parish Government	Parish wide	718	8	0.68%	518	8	0.58%
Southeast Louisiana Hospital	Mandeville	592	9	0.56%	621	7	0.69%
Chevron, USA	Covington	550	10	0.56%			
Home Depot	Parish wide				500	9	0.56%
Northshore Regional Medical Center	Covington				490	10	0.55%
TOTAL		13,930		13.16%	11,792		16.48%

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

Sources:

2014 information: Book of Lists 2013-2014, New Orleans City Business

2005 information: Book of Lists 2004-2005, New Orleans City Business

CITY OF COVINGTON, LOUISIANA **TABLE 18**
FULL - TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Function	December 31,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Council	8	8	8	8	8	8	8	8	8	8
Administrative (1)	11	11	11	11	11	11	11	9	9	10
Permits	1.5	1.5	2	2	2	2	2	2	2	2
Planning	1.5	1.5	2	2	2	2	2	2	2	2
Economic Development	6	6	7	7	8	8	8	7	7	8
Engineer	*	*	*	*	*	*	*	1	1	2
Code Enforcement	*	*	*	*	*	*	*	1	1	1
Public Safety - Police										
Police Employees	45	46	46	51	52	53	53	49	49	45
Public Safety - Fire										
Firefighters	8	8	9	10	16	16	16	16	16	16
Dispatchers	3	3	4	4	4	4	4	4	4	4
Public Works										
Public Operations (2)	21	21	21	19	20	20	17	20	22	22
Public Utility (3)	20	24	24	27	26	26	26	27	26	26
Recreation and Culture	4	4	4	7	7	7	7	4	4	2
Total	129	134	138	148	156	157	154	150	151	148

Source: Adopted 2004 - 2014 Budgets City of Covington

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

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

(2) Streets, Bridges, Drainage, General Maintenance

(3) Includes Public Utility Administration, Wastewater Treatment Plant, Wastewater Collection & Water maintenance.

* Information not available

CITY OF COVINGTON, LOUISIANA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 19

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety - Police										
Total arrests	645	965	1,478	1,670	1,470	833	612	682	552	537
Parking tickets	*	*	1,997	1,953	2,363	1,864	803	103	218	194
Traffic violations (1)	2,342	2,372	335	356	551	274	58	797	1,199	851
Public Safety - Fire										
Number of calls	1,317	1,284	1,243	1,237	1,163	1,350	1,534	1,444	1,355	1,528
Average Response times	3:18	3:32	3:09	3:14	3:10	3:14	3:18	3:36	3:31	3:27
Public Works										
Potholes repaired	*	*	*	*	*	376	409	300	107	134
Trees cut	*	*	*	*	145	75	141	125	63	77
Public Utility										
Water & Sewer										
Number of billed accounts	*	*	*	4,278	4,368	4,471	4,572	4,648	4,719	4,940
New meter connections	*	*	*	246	27	86	97	111	143	152
Building Permits										
New residential	104	110	75	27	19	81	80	122	156	111
Residential additions	24	30	35	15	6	15	13	7	11	6
Residential renovations	26	68	22	17	15	11	21	21	17	14
New commercial	13	15	19	14	16	9	11	7	13	6
Commercial additions	5	7	11	2	1	3	2	1	-	4
Commercial renovations	28	26	18	11	14	15	10	18	18	23
Recreation and Culture										
Number of teams in softball league	*	*	*	*	*	6	7	5	4	2
Number of teams in baseball league	*	*	*	*	*	13	14	13	13	14
Number of teams in basketball league	*	*	*	*	*	26	29	14	20	14
Number of teams in football league	*	*	*	*	*	9	7	5	4	4

Note: Indicators are not available for the general government function

* Information not available

(1) Traffic violations include parking tickets for 2002 - 2006

Source: Various City of Covington departments

CITY OF COVINGTON, LOUISIANA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 20

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Vehicles	*	*	4	4	5	6	6	6	6	7
Office Furniture & Equipment	*	*	18	18	21	28	28	30	30	36
Tools & Equipment	*	*	2	2	9	9	9	14	18	18
Cemetery	*	*	1	1	1	1	1	1	1	1
Public Safety - Police										
Vehicles	*	*	47	47	52	51	56	51	48	45
Office Furniture & Equipment	*	*	14	14	18	22	24	25	28	30
Tools & Equipment	*	*	15	15	25	29	33	35	36	47
Stations	*	*	1	1	1	1	1	1	1	1
Public Safety - Fire										
Vehicles	*	*	12	12	12	12	12	12	12	12
Office Furniture & Equipment	*	*	1	1	1	1	1	1	1	1
Tools & Equipment	*	*	20	20	24	25	25	30	33	33
Fire houses	*	*	2	2	2	2	2	2	2	2
Public Works	*	*								
Vehicles	*	*	29	29	26	26	30	30	32	36
Office Furniture & Equipment	*	*	2	2	3	2	2	2	2	2
Tools & Equipment	*	*	38	38	41	44	51	52	53	55
Public Utility										
Water										
Vehicles	*	*	5	6	6	6	7	13	16	15
Machinery, Equipment & Improvements	*	*	67	62	74	75	81	96	112	124
Water tower	*	*	1	1	1	1	1	1	1	1
Pumping stations	*	*	9	10	10	10	10	10	10	10
Sewer										
Vehicles	*	*	6	6	8	9	9	7	17	17
Machinery, Equipment & Improvements	*	*	120	115	128	128	131	152	163	163
Recreation and Cultural Arts										
Vehicles	*	*	2	2	4	4	4	4	4	2
Office Furniture & Equipment	*	*	3	3	3	3	2	0	0	0
Tools & Equipment	*	*	11	11	24	25	25	21	21	19
Number of parks	*	*	10	10	10	10	10	10	10	10

Source: Various city departments.

* Information not available

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REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Covington, Louisiana, (the “City”), as of and for the year ended December 31, 2014, 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 2, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, LLC

Metairie, LA
June 2, 2015

**CITY OF COVINGTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2014**

A. SUMMARY OF AUDIT RESULTS

Financial Statements

- | | |
|---|------------|
| 1. Type of auditor's report issued | Unmodified |
| 2. Internal control over financial reporting | |
| a. Material weakness identified | No |
| b. Significant deficiencies identified not considered to be material weaknesses | No |
| c. Noncompliance material to the financial statements noted | No |

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None Noted

C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

None Noted

CITY OF COVINGTON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2013

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

COMPLIANCE

2013-01: NONCOMPLIANCE WITH LOUISIANA PUBLIC MEETING LAW. **RESOLVED**

2013-02: NONCOMPLIANCE WITH LOUISIANA BUDGET LAW. **RESOLVED**

**SECTION II - FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR
FEDERAL AWARD PROGRAMS**

None Noted

SECTION III - MANAGEMENT LETTER

None Noted

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