

December 22, 2022

**MINUTES
CALLED MEETING
DECEMBER 22, 2022**

A called meeting for the Council of the City of Covington was held on Thursday, December 22, 2022 at 11:30 a.m. in the Council Chambers of City Hall located at 333 W. Locust Street, Covington, Virginia.

The purpose of the meeting was:

- 1) To receive the city's annual report
- 2) To do any and all things necessary to accomplish the above

The meeting was called to order by Mayor Thomas H. Sibold, Jr. with the following members present: Mayor Sibold, Vice Mayor David S. Crosier, Councilman William E. (Lance) Carson, Jr., Councilman Raymond C. Hunter, and Councilman S. Allan Tucker. Also present were City Manager Allen Dressler and City Attorney Mark Popovich.

Mr. Corbin Stone presented the financial presentation. He said it had been a very difficult year to get financial statements out and mentioned the adoption of Statement 87 dealing with leases. He advised that Covington had made all of the deadlines.

Financial Statements/Reports

The independent auditors' report is clean and unmodifiable. There were no issues found.

Change in Accounting Principle

The adoption of GASB-87 (government accounting standards) dealing with leases has been very difficult to implement. Prior to this, there were capita leases and operating leases. Capita leases went into the book like any other debt. Operating leases were not reflected in financial statements. GASB-87 was put into place so localities would have to show their numbers in the books.

Yellowbook Report

Interim control and compliance performed in accordance with government and auditing standards: In the past, there was segregation of duties in the Treasurer's office. With the new software being implemented, this is no longer an issue. There is no longer a finding related to segregation of duties, but there is a finding regarding bank reconciliation (2022-1). Munis is not an easy system to reconcile, so it is taking a little longer reconciling bank accounts. The most important interim control that the county, city, and town have is reconciling the bank account. Cash is the most important asset, so bank reconciliation is very important.

Uniform Guidance Report

This report is required when a locality spends federal funds in excess of 750 thousand dollars. This expenditure includes the schoolboard and requires a single audit.

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Schedule of Expenditures (Federal Awards)

A lot of money comes through the state, including money for the schoolboard and social services. Even though it passes through the state, these entities do not lose their federal category. A single audit is required.

Presentation

The state made the city aware of opioid funds on December 10, 2022. The total was \$117,000, which was immaterial to the city, so was not booked. It was put into a separate fund to keep up with.

2022-Net Position

There is currently 10.2 million dollars. In 2019, there was 3.6 million dollars. This is a seven million dollar gain over a four year period.

Governmental Funds

There is a fund balance of 11.3 million dollars. A good reserve is 15-20 thousand (percent). In 2020, there was 6.1 million dollars.

There was a property tax increase of 4.3 percent. Grants can cause fluctuations in funds.

Liability/Emergency Road Repair

There is a debt of 23.9 million dollars.

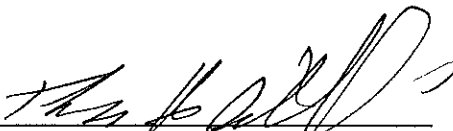
The total city debt is 54.4 million dollars.

GASB (debt obligations/conduit) will not have a huge impact on the city of Covington.

GASB-96 (subscription based technology arrangements) was discussed.

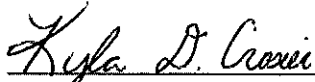
Mr. Stone advised Council to see BB (Finance Director) with any questions they may have.

With no further business to come before Council, Vice Mayor Crosier moved to adjourn, seconded by Mr. Tucker. All members were in favor with "aye" votes.



Thomas H. Sibold, Jr., Mayor

Attest:



Kyla D. Crosier, City Clerk