

**MINUTES  
CALLED MEETING  
DECEMBER 22, 2023**

A called meeting for the Council of the City of Covington was held on Friday, December 22, 2023 at 11:00 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 discuss the city's annual financial report for fiscal year July, 2022 thru June, 2023
- 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. Carson, Jr.; Councilman Fred F. Forbes; Councilman Raymond C. Hunter. Also present was City Manager Allen Dressler.

Mr. Gordon Jones presented the financial presentation.

**Financial Statements/Reports**

The independent auditors' report is clean and unmodifiable. There is one emphasis of matter, the school merger. With the School Board being part of the regional division, their numbers are not included in the financial statement.

**Yellowbook Report**

Interim control and compliance performed in accordance with government and auditing standards: There were no deficiencies recorded. This is the result of the hard work of the people in finance, the Treasurer's Office, and implementing the new software.

**Single Audit Report**

This is required when an excess of 750 thousand dollars is spent in federal funds. It is a clean and unmodifiable report. No deficiencies were reported.

The single audit report may not be necessary in the years to come, as the main reason it was being done was because of the School Board being included in the books, and most incoming funds were with the school board.

**Summary of Audit Process**

Nothing significant to report

**Management Comments**

Most comments involved reconciliations, such as reconciling property taxes. The Treasurer's Office could reconcile monthly and identify any issues early, adjusting the general ledger throughout the year instead of at the end of the year.

#### Books for City

There are two basis of accounting.

#### 2023-Net Position

The financial condition of the city has improved over the past five years.

#### Governmental Funds

There is a fund balance of 12.9 million dollars. There is an improvement of around 8 million dollars over the past five years.

#### General Fund

The general fund is the main operation fund for the city. There was a revenue increase of around four percent, most being driven by general property tax increases. Most increase is a result of increased assessments (WestRock).

There are expenditures of 20 million dollars, increasing at about 5 percent. This is due to some projects, such as the purchase of a fire truck using ARPA funds and making improvements to Parks and Recreation.

#### Debt Service

Debt service increased to 1.6 percent per year.

There was an increase of 3.2 million dollars in the general fund balance. Most of this was due to using revenue replacement related to ARPA funds.

The general fund balance started at 10.9 million dollars, and ended up with 14.1 million dollars.

The calculation of operating reserve is skewed due to the school board change. There is plenty of fund balance at this time.

Mr. Dressler clarified that the city has 13 million dollars in its savings account at this time.

#### Comparison of Revenues from 2019-2023

There was not a lot of change.

General property taxes account for 51 percent of the revenue.

#### Expenditures

Public safety, road improvements, and projects caused an increase in expenditures.

Alleghany County has not finished their financial statement, due to some challenges with regards to the merger.

Water Fund

Revenue has been decreasing over the past five years. Expenditures are increasing.

Sewer Fund

This has been very consistent over the past five years.

Waste Funds

Expenses increased for this fiscal year, mostly due to an increase in landfill liability.

Summary of City's Debt

Total interest bearing debt is 22.3 million dollars.

Total obligations for the city is around 25 million dollars.

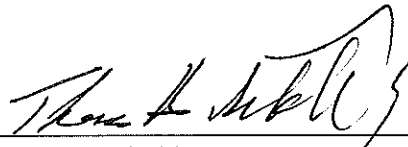
Enterprise Debt

This is a liability paid for landfill closing and monitoring.

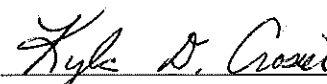
The School Board's debt was removed.

Mr. Crosier made a motion to accept the financial report as presented, seconded by Mr. Carson. The roll call votes were as follows: Mr. Carson, for; Mr. Forbes, for; Mr. Hunter, for; Vice Mayor Crosier, for; Mayor Sibold, for.

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

  
Thomas H. Sibold, Jr., Mayor

Attest:

  
Kyla D. Crosier, City Clerk