



City of Covington
Budget in Brief
For the Fiscal Year
July 1, 2023
to
June 30, 2024

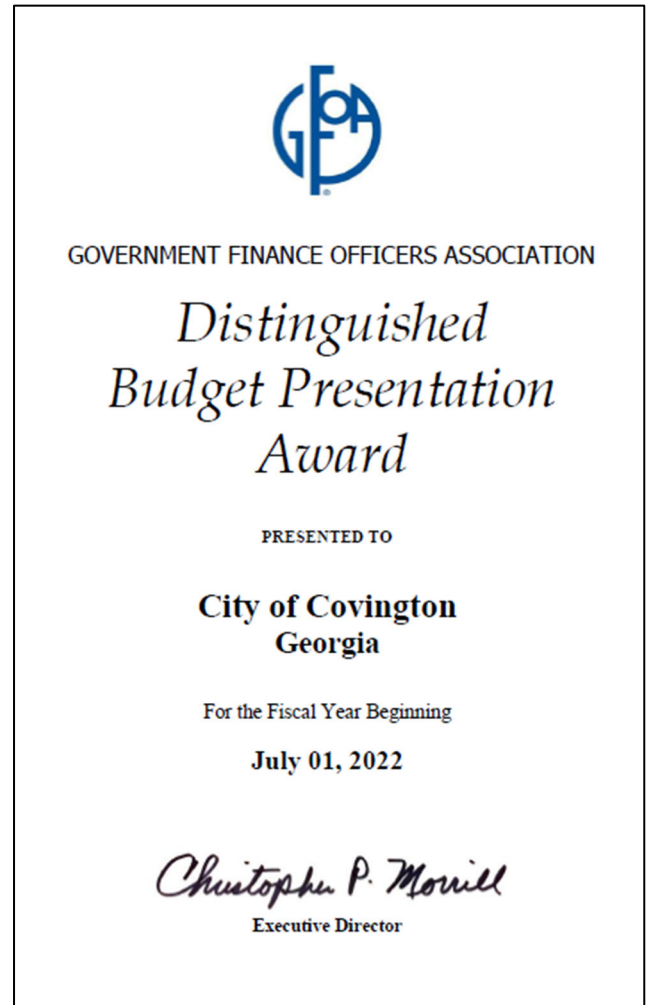
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See Also:

- [Complete & Detailed Budget](#)
- [Annual Comprehensive Financial Reports](#)
- [Popular Annual Financial Reports](#)

This “Budget in Brief” is intended to provide further context for how the current year budget was developed and to be utilized in conjunction with the complete detailed budget (linked above). It is our hope for this document to provide a more understandable overview of the City of Covington’s budget as a whole and the process in which it was developed.



From the City Manager

June 20, 2023

To the City Council and Residents of Covington:

We are pleased to present the City of Covington's Annual Operating and Capital Budget for Fiscal Year 2024. The recommendations are based on the direction provided by the City Council as well as a thorough review of our current financial status, revenue trends, economic data, and our city standards. We will continue to provide top level services to meet our quality-of-life initiatives for all people in Covington.

I am pleased to report the 2024 budget is balanced and consistent with the financial policies and follows best financial practices. Staff created this budget that aligns with city priorities and supports the strategic goals by:

- Creating a balanced budget with \$219,443,460 in revenues and \$217,692,066 in expenditures and \$1,751,394 contingency;
- Developing departmental operating budgets aligned with the city's short-term revenue outlook; and
- Maintaining and improving city infrastructure and assets by focusing on capital improvements.

This budget could not have been accomplished without the dedication of our department directors, their teams, and the continual oversight by our Finance Department. I am proud of the staff, residents, and business owners for their efforts as we continue to work together as for the community.

Tres Thomas
City Manager

Strategic Goals

By definition, a budget is an estimate of income (revenues) and expenditures for a set period of time. The City of Covington's budget is a tool that helps carry out the strategic goals set in place by the governing body. The strategic plan and goals serve as a decision-making guide for the city council and community leaders when planning for the future. With support from the public, the plan highlights the vision, mission and goals for the City and is used to identify needs, opportunities, policies and practices. Covington's stated strategic goals are to "Prepare the community of tomorrow, work toward a safer community, promote small town life, and offer access to the world." These strategic goals were developed after collaboration with the community and several work sessions, and they are reviewed and updated annually during the council retreat.

The city has budgeted action items for each strategic goal as shown below:

Preparing the Community of Tomorrow	Working Toward a Safer Community
<ul style="list-style-type: none">- Continuation of the LED streetlight conversion project with an investment of \$350,000- Continuation of the Advanced Metering Infrastructure where smart meters and a data management system are installed as a communication network	<ul style="list-style-type: none">- Traffic Light Upgrades with an investment of \$29,000- Equipping the fire department with life-saving medical equipment for \$59,000- Equipping the police department with EV patrol vehicles to monitor the trail system with an investment of \$45,000

Promoting Small Town Life	Offering Access to the World
<ul style="list-style-type: none"> - Commitment to community development including operating the welcome center, sponsoring downtown events and supporting Covington merchants with an approved department budget of \$1,098,969 	<ul style="list-style-type: none"> - Dedication to expansion of fiber network with an investment of \$759,000

Priorities & Issues

Challenges

The most significant challenges facing the city in the creating of the fiscal year 2024 budget are infrastructure growth and supply chain issues as well as unprecedented inflation. As the city grows and develops, there is a demand for increased infrastructure on the utilities and increased residential and commercial growth. However, we are facing unprecedented supply chain issues. To address this, the governing board continued its commitment to budgeting for capital expense and infrastructure while also embracing flexibility and understanding that we may have to come back to them and request budget amendments as we have more information.

Georgia has broken economic development records for three years in a row, and fiscal year 2023 saw total investments in facility expansions and new locations of more than \$24 billion state-wide, resulting in 38,400 new jobs. One of the largest projects in state history, Rivian, will be calling Newton County home and will result in a significant impact to the City of Covington economy. Another industry experiencing significant growth is aerospace and e-mobility. The City of Covington has welcomed Archer, an electric vertical aircraft manufacturing company, at the municipal airport resulting in the creation of 1,000 jobs in Covington.

The impact of this growth on the community in both utility demand and housing demand is directly correlated with the priorities below. The city recognizes the challenges we are facing, and is taking action to prepare and address these challenges.

Priorities

During the 2023 council retreat and strategic plan update, the following priorities were identified to be carried out over the next five years: New City Hall, Impact Analysis of Growth in the City's Infrastructure & Departments, Staffing Needs Assessment, Zoning Ordinance Reviews for Business Recruitment, 911 Operations Center, City Wide Housing Plan, and Central Park additions. Of this list of priorities, the following are specifically included in the fiscal year 2024 budget: Impact Analysis of Growth in the City's Infrastructure & Departments, Staffing Needs Assessment, Zoning Ordinance Reviews for Business Recruitment and City-Wide Housing Plan. The city has also developed a plan for moving forward with a New City Hall and 911 Operations Center to be included in future budgets.

These priorities are similar to those of the current year. In the current year, the priority was to budget for growth. The fiscal year 2024 budget continues to address the priority of growth by naming specific action items to prepare for and address the growth in the community.

Changes in Service Levels, Fees and Taxes

In the fiscal year 2024 adopted budget, there were no major changes in service levels, fees or taxes.

Budget Overview

Fiscal Year 2024 Adopted Budget

Revenues	\$219,443,460
Expenditures	\$217,688,304

The fiscal year 2024 adopted budget shows an increase over the prior year amended budget of \$58.3 million or 36.6%. This significant increase is comprised of a major water and sewer infrastructure project totaling \$51 million, an increase in personnel and benefit costs of approximately \$2.9 million and an increase in the cost of purchased power and natural gas of approximately \$3.8 million. The city was awarded the Drinking Water Projects to Support Increased Populations grant in the amount of \$40 million to fund a portion of the water and sewer infrastructure project mentioned above. The remaining balance of this project is planned to be funded with a GEFA loan. In fiscal year 2023, the city contracted to have a salary survey performed in order to ensure competitive wages for employees, and the recommended changes were adopted in this fiscal year 2024 budget, as well as typical increases in other benefits such as insurances. The increased cost of these benefits is offset by the increase in tax revenue expected to be realized in the fiscal year. Finally, the increase in the cost of purchased power and natural gas are a function of growth within the city’s service area as well as the historical trend of usage and market cost. The increased costs are funded by charges for services realized in the electric and gas funds.

The proposed budgeted appropriations totaled \$219,069,248 and the adopted budget totaled \$217,688,304, a decrease of \$1,380,944. Following the council work sessions, departments were asked to reduce their training budget by 25% and all other operating expenses by 10%. The following specific items were changed during the budget work session with council and are reflected in the adopted budget.

- Increase in council salaries expense of \$12,000
- Decrease in education, training and travel expenses in all departments totaling \$(148,663)
- Decrease in operating expenses across the entity of \$(944,494)
- Approved positions (detailed on page 19) salaries and benefits totaling \$219,783 addition of expense
- Removal of police motorcycles totaling \$(60,000) reduction of expense
- Adjustments to allocations across funds with a net decrease of \$(109,570)
- Deferred rehabilitation of pistol range resulting in a decrease of \$(350,000)

The Budget Process

The budget process begins with departments making personnel requests and staffing change requests to the Human Resources department in January of each year. This gives the Human Resources department time to determine the annual cost of the requests for consideration. Additionally, Finance asks each department manager to review their fee schedules and present any proposed changes. By mid-February, the electronic budget application is made available to department managers to input their departmental requests. The departmental requests are completed by mid-March. Between mid-March and mid-April, Finance staff work to complete the remaining budget items and balance the budget entity-wide. When a balanced budget is reached, Finance schedules departmental work sessions with each department manager to review the requests and make adjustments as necessary to meet city-wide goals.

After the finance department completes the proposed budget, the City Manager submits to the Mayor and City Council a proposed operating budget for the coming fiscal year which is required by ordinance to be approved no later than the

second Monday of June. Council work sessions and public hearings are held prior to adoption to allow citizens the opportunity to comment on the proposed budget and participate in the budget process.

Budgets are adopted for all governmental funds, enterprise funds, special revenue funds, and fiduciary funds. Budgets are adopted in an open meeting by resolution. The legal level of budgetary control is the department level, with the City Council being the only body authorized to make amendments to the budget. The basis of budgeting each fund follows the accounting basis of the fund. The governmental funds are budgeted using the modified accrual basis and the proprietary and fiduciary funds are budgeted following the accrual basis of accounting.

Periodically an unexpected purchase may occur or an unexpected revenue may be received. In these instances, the City Manager may present a budget amendment to council for approval. Budget amendments are generally project-specific or one-time expenses that have a related one-time revenue source. All budget amendments are passed via resolution in an open meeting.

The fiscal year 2024 budget was developed throughout the Spring of 2023 as follows.

BUDGET CALENDAR

February 3 – Staffing changes (Additions, deletions, upgrades) due to Human Resources; revenue advice on department-specific revenues; proposed changes to department fees and charges (if applicable); Budget software available for department heads to enter requests

February 24 – Departmental Salary Schedules due from HR

March 3 – Departmental Budget Request complete

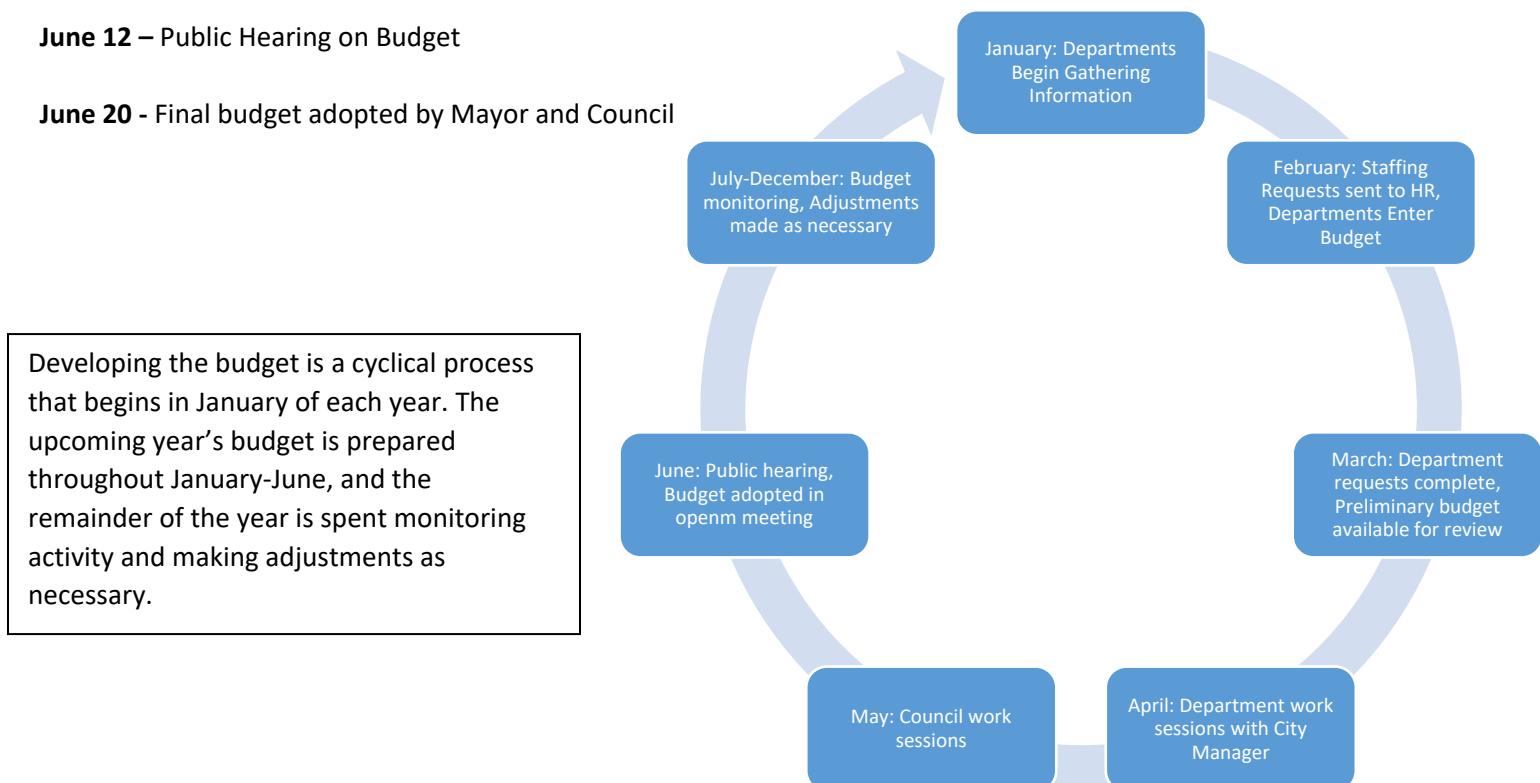
March 17 – Preliminary Budget distributed to Department Heads for review

April 3-7 – Departmental work sessions with Finance Department and City Manager

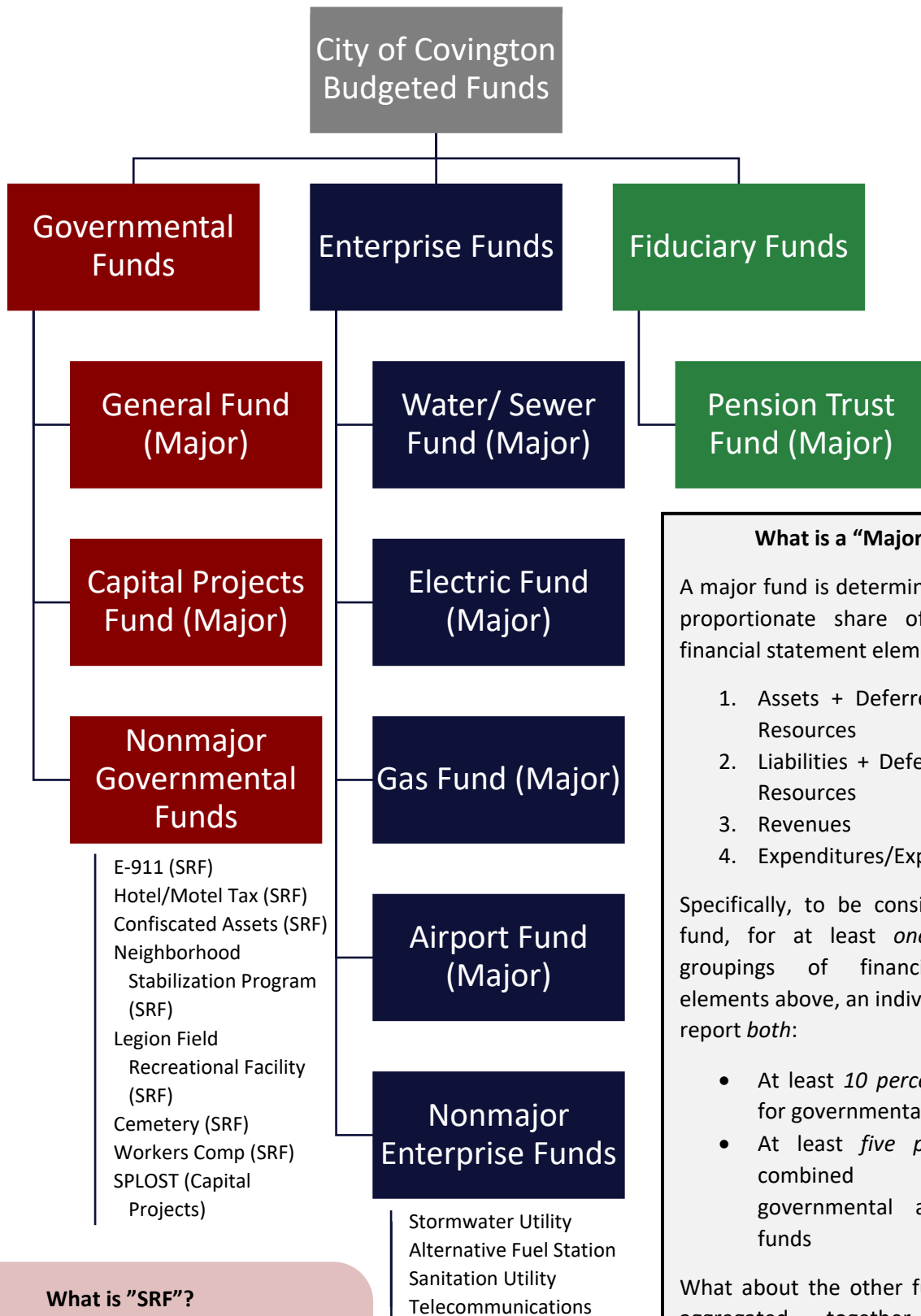
May 30, 31 and June 1 – Evening Council work sessions with City Manager and Directors

June 12 – Public Hearing on Budget

June 20 - Final budget adopted by Mayor and Council



Fund Structure and Departments



What is a "Major Fund"?

A major fund is determined based on its proportionate share of any of four financial statement elements:

1. Assets + Deferred Outflows of Resources
2. Liabilities + Deferred Inflows of Resources
3. Revenues
4. Expenditures/Expenses

Specifically, to be considered a major fund, for at least *one* of the four groupings of financial statement elements above, an individual fund must report *both*:

- At least *10 percent* of the total for governmental funds, *and*
- At least *five percent* of the combined total for governmental and enterprise funds

What about the other funds? They are aggregated together and titled "Nonmajor Governmental/Enterprise Funds."

What is "SRF"?

SRF stands for Special Revenue Fund. A Special Revenue Fund is a type of governmental fund used to account for the proceeds of specific revenue sources that are restricted for specific expenditures.

GOVERNMENTAL FUNDS

Governmental Funds are generally used to support tax-supported activities. These include the general fund, special revenues funds and capital projects funds.

General Fund: The general fund typically serves as the chief operating fund of the government and is used to account for all financial resources not accounted for in another fund. The General Fund of the City of Covington houses the following departments: elected officials, city manager's office, city clerk's office, accounting, purchasing, utility billing, information technology, marketing and communications, human resources, safety risk management, facilities maintenance, customer service, municipal court, police, fire, engineering, auto shop, cemetery and parks, recreation, planning and zoning and economic development.

Capital Projects Fund: The capital projects fund is used to account for financial resources that are committed to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. The capital projects fund supports the departments of the general fund.

Nonmajor Governmental Funds: The nonmajor governmental funds include: the E-911 fund (E911 department), the Hotel/Motel Tax Fund (Hotel/Motel tax department), the Confiscated Assets Fund (confiscated assets departments), the Neighborhood Stabilization Program Fund (NSP department), Legion Field Recreational Facility Fund (Legion Field department), Cemetery Trust Fund (Cemetery Trust department), Workers Compensation Fund (supports all departments), and SPLOST Capital Projects Fund (SPLOST department).

ENTERPRISE FUNDS

Enterprise funds report activities for which a fee is charged to external users for goods or services.

Water and Sewer Fund: The water and sewer fund accounts for city-provided water and sewer services financed by user charges and other revenues. The water and sewer fund accounts for the following departments: water and sewer maintenance, water operations, water reclamation, land application facility, and environmental compliance.

Gas Fund: The gas fund accounts for city-provided natural gas financed by user charges and other revenues. The gas fund accounts for the gas department.

Electric Fund: The electric fund accounts for city-provided electricity financed by user charges and other revenues. The electric fund accounts for the electric department.

Airport Fund: Accounts for the municipal airport that is financed by user charges and other revenues and that offer commercial service.

Nonmajor Enterprise Funds: The nonmajor enterprise funds include: the Stormwater Utility Fund (Stormwater department), the Sanitation Fund (sanitation department), and the Alternative Fuel Station Fund (alternative fuel department) and Telecommunications Fund (telecommunications department).

FIDUCIARY FUNDS

Fiduciary funds report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs.

Pension Trust Fund: The pension trust fund accounts for resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plan. The pension trust fund accounts for the employee retirement department.

Financial Information

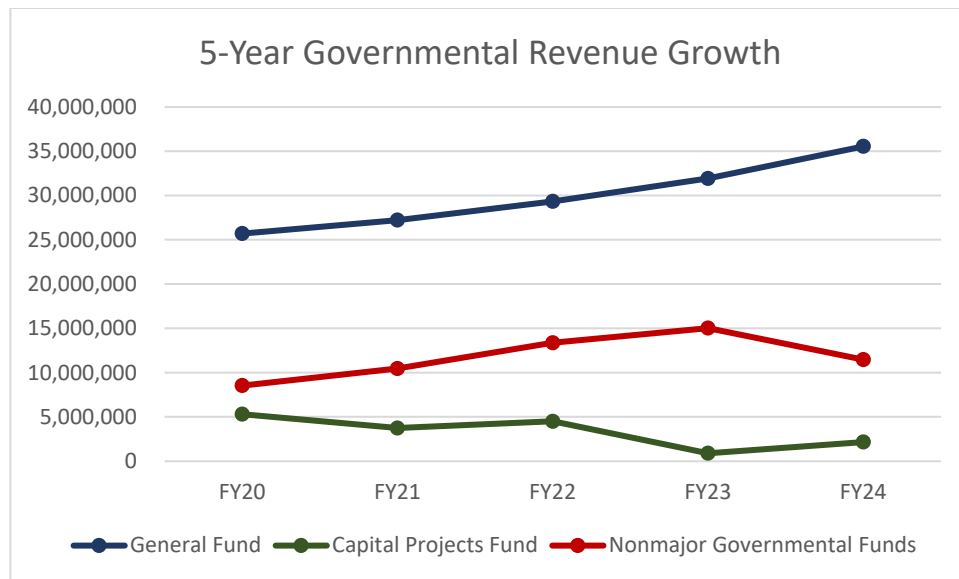
REVENUES

Revenues represent the inflows of funds to the City of Covington. Other Financing Sources is a financial reporting category that presents certain non-operating revenues defined by the Governmental Accounting Standards Board. Governmental revenues are raised in a variety of ways included taxes and charges for services. Revenues across all appropriated funds totaled \$219,443,460 for budget year 2023-2024. Each fund disaggregated by major revenue source is shown in the tables below.

Governmental Fund Major Revenues

In the general fund, the major revenue sources are taxes and fees, and for the City of Covington, transfers in from the utility funds. Property taxes are estimated based on the historical collection rate and any anticipated changes in assessed value provided by the tax assessor's office. Sales taxes are forecasted based on the historical growth rate. All other taxes and fees are budgeted with minimal change year over year based on historical data. The largest revenue source to the general fund is the utility transfer that is determined based on the need to balance the general fund budget for the year. The nonmajor governmental fund tax revenues include hotel motel excise tax revenue, special purpose local option sales tax revenue, and intergovernmental revenue primarily from Newton County to fund the E-911 operation center. Each of these is estimated based on historical growth rates.

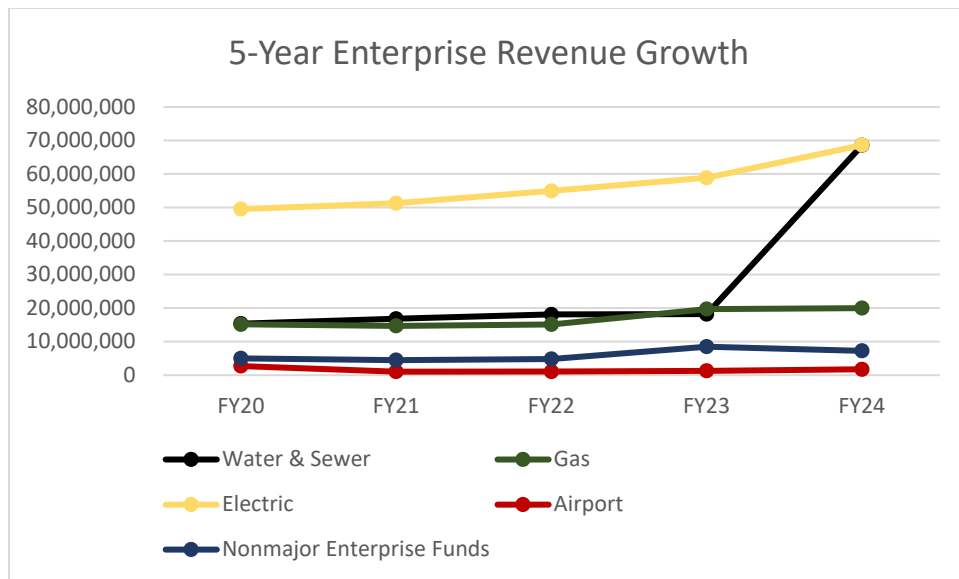
Revenue Source	General Fund	Capital Projects Fund	Nonmajor Governmental Funds
Property Taxes	\$6,239,882	-	-
Sales Taxes	4,000,000	-	-
Insurance Premium Taxes	1,200,000	-	-
Other Taxes	2,749,300	-	\$3,860,459
Licenses and Permits	1,296,700	-	-
Intergovernmental	4,749,750	\$530,800	5,244,500
Franchise Fees	935,000	-	-
Fines and Forfeitures	775,000	-	-
Interest Revenues	350,000	-	-
Other Revenues	118,000	-	75,000
Other Financing Sources			
Transfers In	13,133,074	1,621,600	788,835
Use of Fund Balance	-	-	1,488,055
Total Anticipated Revenues FY 2024	\$35,546,706	\$2,152,400	\$11,456,849
Total Revenues FY2023*	\$35,287,331	\$647,289	\$10,337,017
Total Revenues FY2022	\$27,890,398	\$2,539,192	\$9,085,057
Total Revenues FY2021	\$25,955,974	\$2,926,118	\$7,804,078
Total Revenues FY2020	\$25,291,372	\$3,648,100	\$7,314,550



Enterprise Fund Major Revenues

In the enterprise funds, the major revenue sources are charges for services. In the electric fund this consists of sales of electricity, in the gas fund this consists of sales of natural gas and in the water and sewer fund this consists of the sale of water and fee for treatment of wastewater. In the electric and gas funds, these revenues are analyzed and forecasted by analysts at Electric Cities of Georgia and the Municipal Gas Authority of Georgia. Their consideration includes growth in residential areas of the city and in industrial areas of the city as well as the adopted rates and anticipated changes in those rates. In the water fund, city staff analyze the usage from prior years and project the upcoming year using trend analysis. When there have been significant changes in service levels, assumptions are updated accordingly to reflect the changes. There have not been any such changes in service levels or rates in fiscal year 2024. Historically all utility revenues trend upward.

Revenue Source	Water and Sewer Utility Fund	Gas Utility Fund	Electric Utility Fund	Airport Fund	Nonmajor Enterprise Funds
Charges for Services	\$ 12,842,500	\$ 17,261,671	\$ 55,806,857	\$ 1,159,400	\$ 4,381,000
Other Services	703,768	374,000	3,365,000	142,900	-
Capital Grants & Contributions	51,000,000	-	-	157,500	-
Other Financing Sources					
Transfers In	-	-	-	277,556	60,925
Use of Fund Balance	4,037,584	2,341,919	9,437,781	-	2,814,201
Total Anticipated Revenues FY2024	\$ 68,583,852	\$ 19,977,590	\$ 68,609,638	\$ 1,737,356	\$ 7,256,126
Total Revenues FY2023*	\$18,795,718	\$21,930,132	\$58,185,701	\$1,593,233	\$8,390,933
Total Revenues FY2022	\$13,484,910	\$19,927,628	\$52,079,593	\$1,393,986	\$4,189,925
Total Revenues FY2021	\$14,751,183	\$14,594,715	\$48,561,367	\$1,043,798	\$5,610,830
Total Revenues FY2020	\$13,753,848	\$13,996,148	\$49,649,253	\$3,117,470	\$5,449,803

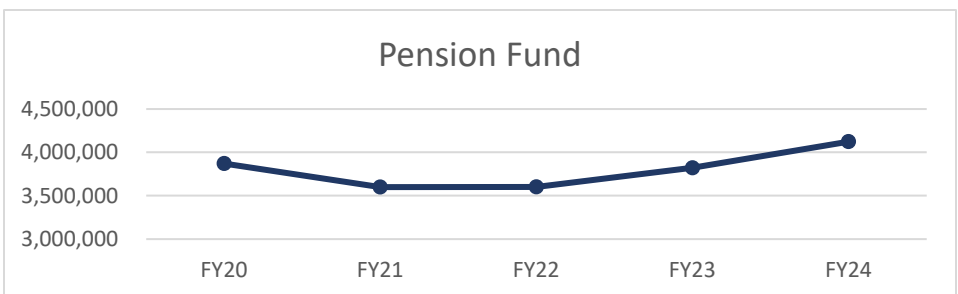


Pension Trust Fund Major Revenues

The pension trust fund revenues include contributions from each department and transfers in from the utility funds. During the budget process, the annual minimum contribution is determined, allocated across departments (as an expense) for the contribution relating to that department's pension-eligible employees, and recorded as revenue to the pension trust fund. The balance of what is due to the fund is recorded as a transfer into the fund.

The intergovernmental revenues represent contributions from each department, and the interest revenues represent interest and other gains on investments.

Revenue Source	Pension Trust Fund
Intergovernmental	\$ 1,493,011
Other Financing Sources	
Transfers In	1,074,600
Use of Fund Balance	1,555,332
Total Anticipated Revenues FY2024	\$ 4,122,943
Total Revenues FY2023*	\$6,305,803
Total Revenues FY2022	\$1,630,694
Total Revenues FY2021	\$13,178,260
Total Revenues FY2020	\$3,120,136



EXPENDITURES

Expenditures and expenses represent the outflows of funds from the City of Covington. Other Financing Uses is a financial reporting category that presents certain non-operating expenditures defined by the Governmental Accounting Standards Board. Expenditures are classified by the function of government they are expended for. Each department's function classification is listed along with the department descriptions beginning on page 15. Each fund's expenditures and expenses are disaggregated by function in the tables below.

Governmental Fund Expenditures

The governmental funds house expenditures for government administration, municipal court, police, fire and 911 services, road and transportation maintenance, parks, planning and zoning and economic development.

Function	General Fund	Capital Projects Fund	Nonmajor Gov't Funds
General Government	\$ 8,480,908	\$ 505,100	\$ 200,000
Judicial	860,592	-	-
Public Safety	17,887,225	439,000	4,872,248
Public Works	4,766,043	1,208,300	4,645,000
Parks and Recreation	155,406	-	123,250
Housing and Development	1,641,396	-	1,616,331
Total Expenditures	\$ 33,791,570	\$ 2,152,400	\$ 11,456,829

Enterprise Fund Expenses

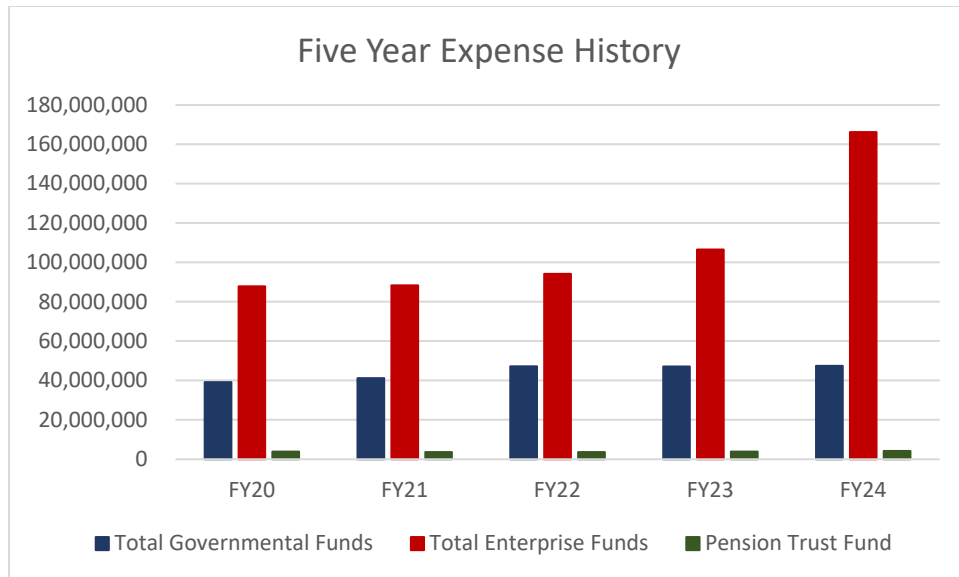
The expenses in the enterprise funds account for the operations of the utility services. The nonmajor enterprise fund group includes the alternative fueling station, the stormwater fund, sanitation fund and telecommunications fund.

Function	Water and Sewer Utility Fund	Gas Utility Fund	Electric Utility Fund	Airport Fund	Nonmajor Enterprise Funds
Public Works	\$ 66,166,808	\$ 16,197,328	\$ 58,652,331	\$ 1,737,356	\$ 7,202,205
Debt Service					
Principal	430,638	-	-	-	-
Interest	21,306	-	-	-	-
Other Financing Uses					
Transfers Out	1,965,100	3,780,262	9,957,307	-	53,921
Total Appropriations	\$ 68,583,852	\$ 19,977,590	\$ 68,609,638	\$ 1,737,356	\$ 7,256,126

Pension Trust Fund Expenses

The pension trust fund accounts for all activity relating to the City's defined benefit pension plan. These expenses represent the plan management fees, payments to retirees and other related expenses.

Function	Pension Trust Fund
General Government	\$ 4,122,943
Total Expenses	\$ 4,122,943



PROJECTED CHANGES IN FUND BALANCE AND NET POSITION

Fund Balance (or Net Position in the enterprise funds), represents the difference between the assets and liabilities of the organization. The difference between the inflows into the City (revenues) and outflows from the City (expenses) result in a change to fund balance and net position according to the fund. The tables below show the anticipated budgetary impact on fund balance and net position in the governmental funds and enterprise funds, respectively.

Governmental Funds (in thousands)

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds
Fund Balance, 6/30/2021*	\$ 22,032	\$ 1,210	\$ 9,522
Budgeted Increase (Decrease)	388	-	(4,520)
Estimated Fund Balance, 6/30/2022	\$ 22,420	\$ 1,210	\$ 5,002

The decrease in fund balance in the nonmajor governmental funds represents a planned use of fund balance in the SPLOST (Special Purpose Local Option Sales Tax) fund in which SPLOST collections (currently held in cash) will be spent on approved projects.

Enterprise Funds (in thousands)

	Water and Sewer Utility Fund	Gas Utility Fund	Electric Utility Fund	Airport Fund	Nonmajor Enterprise Funds
Net Position, 6/30/2021*	\$ 51,005	\$ 12,037	\$ 84,671	\$ 28,353	\$ 11,103
Budgeted Increase (Decrease)	(5,255)	(68)	-	-	(745)
Estimated Net Position, 6/30/22	\$ 45,750	\$ 11,969	\$ 84,671	\$ 28,353	\$ 10,358

The decreases in net position in the utility funds shown above represents a planned use of fund balance for specific projects. In each of these funds, there is cash on hand available to use. In the water and sewer utility fund, this use will fund infrastructure projects and equipment purchases. In the gas utility fund, this use will fund service expansion projects. In the electric utility fund, this use will fund all capital expense which includes new developments and reconduct and replacement projects. In the nonmajor funds, this use will fund the telecommunications service expansion and stormwater projects identified in the stormwater master plan.

Pension Trust Fund (in thousands)

	Pension Trust Fund
Net Position, 6/30/2021*	\$ 57,052
Budgeted Increase (Decrease)	-
Estimated Net Position, 6/30/22	\$ 57,052

**Fiscal year 2023 revenues, expenditures, and fund balance/net position balances are unaudited and may be subject to change.*

Capital Expenditures

The City of Covington has demonstrated a commitment to capital and infrastructure improvements by allocating funding each budget year to this cause. The City of Covington defines a capital expenditure as one that is greater than \$5,000 and will be in use for longer than one year. The enterprise funds budget for capital expenses each year while the capital projects fund, which supports the general fund departments, operates as a project-length budget.

For fiscal year 2024, Covington has appropriated a total of \$72,126,322, or 33% of the total budget, toward capital expense. Of this, \$18,233,922 or 25% of the budgeted capital expense, is considered recurring because it appears in almost every budget and does not have a significant impact on the operating budget. The recurring capital expenses are typically found in the enterprise funds where infrastructure improvements and new developments occur each year, however there are recurring capital expenditures recorded in the governmental funds. The recurring capital expense includes:

- Stormwater Infrastructure \$1,150,000
- SPLOST Transportation and Sewer Infrastructure \$4,645,000
- Water and Sewer Infrastructure and Machinery and Equipment \$3,495,000
- Electric Infrastructure, New Developments and Machinery and Equipment \$4,465,000
- Gas Infrastructure, New Developments and Machinery and Equipment \$2,656,750
- Telecommunications Infrastructure and New Developments \$761,272
- Tourism Product Development \$300,000
- Airport Improvements and CIP \$173,300 (Grant funded)
- Information Technology Infrastructure \$189,100
- Annual Sidewalk Repair and Maintenance \$359,000

Street Department Equipment \$39,500

The recurring capital expenses each have dedicated funding sources with the exception of the airport improvements, information technology infrastructure, annual sidewalk repair and maintenance and street department equipment which are funded through interfund transfers. The SPLOST expenditures are funded with the 1% Special Purpose Local Option Sales Tax, and the remaining funds are funded with utility fees applicable to their function.

Of the total FY24 capital budget, \$53,889,400 or 75%, is considered nonrecurring. The nonrecurring capital expenditures include:

- E911 Building renovations, consoles and computer equipment \$216,000: upgrade of current equipment, minimal operating impact
- Conyers Street Gym rehabilitation study \$200,000: study to determine cost of rehabilitating the gym
- City-wide phone system upgrades \$125,000: upgrade of current equipment, minimal operating impact
- Police station parking lot rehabilitation \$120,000: maintenance of current assets, minimal operating impact
- Two EV patrol vehicles and police rifle program \$110,000: positive operating impact, better trail response and employee retention
- Fire station retention pond drainage correction \$150,000: maintenance of current assets, minimal operating impact
- Lucas chest compression machine and Zoll cardiac monitor \$59,000: positive operating impact, better service to community, no additional staffing required
- Turner Street location improvements \$100,000: expansion of road way, may result in increased maintenance expense long-term
- CID preliminary engineering \$340,800 (Grant funded): preliminary engineering for a CIP project
- Street sweeper \$350,000: positive operating impact, better service to community, no additional staffing required
- Street department UTV and enclosed trailer \$25,000: positive operating impact, better service to community, no additional staffing required
- Water reclamation facility improvements and Eastside sewer improvements \$51,000,000 (Grant funded): expansion of service, additional staffing may be required and will be reviewed with the system upgrades are complete, maintenance of current assets
- Jet-Vac truck \$500,000
- Land Application tractor replacement and ATV replacement \$112,000: replacement of end-of-life equipment, minimal operating impact
- Peak plant improvements \$100,000: maintenance of current assets, positive operating impact, improved service of yard, no additional staffing required
- Electric bucket truck \$195,000
- Electric system testing equipment \$58,000: positive operating impact, better service to community, no additional staffing required
- Pull behind air compressor, heavy equipment trailer, tapping & stopping equipment \$73,000: replacement of end-of-life equipment, minimal operating impact, no additional staffing required
- Airport awning replacements, steel garage, and airport sign update \$25,800: maintenance of current assets, minimal operating impact
- Airport Polaris and pull behind blower \$32,800

Projects and capital expenditures are determined to be funded after a thorough vetting process. Primarily, projects are considered based on the impact to service level and whether or not the project maintains current service levels or improves service levels. Projects are then evaluated on the effect to the operating budget regarding personnel requirements, maintenance, utility cost and revenue opportunities. The discussion of these projects and their attributes takes place in the department meetings with the city manager and in the council work sessions.

Multiyear Capital Plan

The city prepares a multiyear capital improvement plan (CIP) which is updated annually to coincide with the budget process. The CIP is used for planning purposes only. Future proposed capital expenditures are as follows:

Department	Description	FY 2025	FY 2026	FY 2027	FY 2028
Stormwater	Various drainage projects	1,075,000	\$650,000	\$479,000	\$739,500
Fire	Equipment	44,000	180,000	40,000	-
Fire	Station-related	-	2,230,000	100,000	100,000
Fire	Apparatus	-	-	1,500,000	-
Police	Station-related	500,000	-	-	-
Street	City Paving	1,650,000	1,775,000	1,800,000	1,850,000
Street	Equipment	150,000	-	-	-
Water Resources	Solids Handling	6,100,000	-	-	-
Water Resources	Capacity Increase	-	1,000,000	1,000,000	1,000,000
Water Resources	Aerators & Mixers	250,000	250,000	250,000	250,000
Water Resources	Reuse Facility	-	5,000,000	-	-
Water Resources	Main Replacement	3,250,000	2,475,000	2,250,000	5,250,000
Water Resources	Other Maintenance	2,250,000	250,000	250,000	250,000
Water Resources	Sewer Infrastructure	10,000,000	-	-	-
Electric	New Development	2,000,000	2,000,000	1,000,000	1,000,000
Electric	Auto Switch/Reclosures	300,000	250,000	200,000	200,000
Electric	LED Streetlight Convert	300,000	250,000	100,000	100,000
Electric	Reconduct Projects	200,000	200,000	200,000	200,000
Electric	Equipment	150,000	-	-	-
Electric	Industry Projects	1,000,000	2,000,000	1,000,000	-
Natural Gas	New mains	1,775,000	1,800,000	1,825,000	1,850,000
Natural Gas	Regulator Station Replace	250,000	200,000	280,000	280,000
Natural Gas	CNG Station Maintenance	150,000	-	12,000	-
Natural Gas	Residential Service Expansion	231,250	303,641	315,048	322,300
Natural Gas	Industrial Service Expansion	150,000	165,000	165,000	175,000
Natural Gas	System Maintenance	549,000	649,000	700,000	755,000
Airport	Hangar Design/Construction	110,000	950,000	100,000	950,000
Airport	Crack Seal & Remarking	55,000	125,000	110,000	110,000
Airport	SE Apron Fuel Facility	650,000	-	-	-
Airport	Airport Road Related	-	-	150,000	35,000
Airport	Environmental Assessment	-	-	-	150,000
Total		\$33,139,250	\$22,702,641	\$13,826,048	\$15,566,800

Funding sources will vary for each of the uses listed above. The stormwater, electric and natural gas projects will be funded with user fees applicable to their function. The water resources projects will be funded with water and sewer utility fees with the exception of the \$10,000,000 sewer infrastructure project which is grant funded. The fire, police and street department projects will be funded through interfund transfers, and the airport projects will be funded with a combination of grants and interfund transfers.

Debt

The City of Covington is subject to a general obligation debt limit of 10% of assessed value. The City does not currently have any debt applicable to this debt limit, and because the City has not issued general obligation debt the City is not bond rated.

The city has incurred debt in the Water and Sewer Fund and issued revenue bonds where the city has pledged income derived from the assets to pay for the debt service. The revenue bond was issued for water and sewer infrastructure improvements and is paid by Water and Sewer utility fees. The revenue bond was issued for \$14,860,000 at a rate of 2.6% to mature in 2025.

Revenue bond debt service requirements to maturity, including interest, are as follows:

Fiscal Year Payable	Total	Principal	Interest
2024	\$215,459	\$210,000	\$5,459
2025	161,648	160,000	1,648
Total	\$748,437	\$730,000	\$18,437

The City has also incurred debt to the Georgia Environmental Facilities Authority (GEFA) in the Water and Sewer Fund for the construction of various water and sewer system projects. The City's revenue-raising power secures the outstanding note from direct borrowings related to this business-type activity and is paid for using Water and Sewer utility fees. The City issued the note for \$4,500,000 at a rate of 0.50% to mature in 2038.

Construction line of credit debt service requirements to maturity, including interest, are as follows:

Fiscal Year Payable	Total	Principal	Interest
2024	\$236,485	\$220,638	\$15,847
2025	236,485	221,744	14,741
2026	236,485	222,855	13,630
2027	236,485	223,972	12,513
2028	236,485	225,094	11,390
2029-2033	1,182,422	1,142,505	39,917
2034-2038	1,024,764	1,013,534	11,231
Total	\$3,389,611	\$3,270,342	\$19,269

Departmental Descriptions

GOVERNMENTAL FUND DEPARTMENTS

Elected Officials

The elected officials department is responsible for expenditures relating to the city council and boards of the government. Fund: General Fund, Function: General Government ([Complete & Detailed Budget](#) page 4)

City Manager's Office

The city manager's office department is responsible for expenditures relating to the city manager's office. Fund: General Fund, Function: General Government ([Complete & Detailed Budget](#) page 5)

City Clerk's Office

The city clerk's office department is responsible for expenditures relating to the city clerk's office. Fund: General Fund, Function: General Government ([Complete & Detailed Budget](#) page 6)

Administration

The administration department is responsible for the supervision of all financial activities, including expenditures for the city manager's office, the city clerk and the finance director's office. Fund: General Fund, Function: General Government ([Complete & Detailed Budget](#) page 7)

Purchasing and Warehouse Management

The purchasing department accounts for expenditures for purchasing all materials, supplies, and equipment and for other procurement activities, including establishing standards and preparing specifications, and maintaining warehouse and storage systems. Fund: General Fund, Function: General Government ([Complete & Detailed Budget](#) page 8)

Utility Billing and Meter Reading

The utility building and meter-reading department is responsible for collecting utility usage data and generating utility bills. Fund: General Fund, Function: General Government ([Complete & Detailed Budget](#) page 9)

Data Processing and Management Information Systems

The data processing department is responsible for all maintenance of databases, computer systems, networks, and other activities related to the managing and processing of data. Fund: General Fund, Function: General Government ([Complete & Detailed Budget](#) page 10)

Human Resources

The human resources department is responsible for performing central personnel and related services for the entire government. Such services include general supervision of personnel management, classification of positions, recruitment including all applicable testing, placement (e.g., transfers, promotions, demotions, service ratings, attendance, certification of payrolls, separations, fringe benefits, and retirement systems). Fund: General Fund, Function: General Government ([Complete & Detailed Budget](#) page 11)

Safety and Risk Management

The safety and risk management department is responsible for overseeing claims handling, accident investigations, insurance premiums (except employee health premiums and workers' compensation), and enforcement of safety rules; ensuring proper application of loss reporting procedures and personnel rules; and conducting inspections and program reviews. Fund: General Fund, Function: General Government ([Complete & Detailed Budget](#) page 12)

Workman's Compensation

The workman's compensation department is responsible for overseeing claims handling, accident investigations, insurance premiums for workers' compensation; ensuring proper application of loss reporting procedures and personnel rules; and conducting inspections and program reviews. Fund: General Fund, Function: General Government ([Complete & Detailed Budget](#) page 30)

Marketing and Communications

The community development department is responsible for public relations activities, special projects, enhancing tourism, developing the downtown area, and operating the welcome center. Fund: General Fund, Function: General Government ([Complete & Detailed Budget](#) page 14)

Customer Service

The customer service department is responsible for providing customer support for general government activities and enterprise operations including cash receipting. Fund: General Fund, Function: General Government ([Complete & Detailed Budget](#) page 15)

Municipal Court

The municipal court is responsible for performing management functions for the total judicial system. Fund: General Fund, Function: Judicial ([Complete & Detailed Budget](#) page 16)

Police

The police department is responsible for the administration of various law enforcement activities. Fund: General Fund, Function: Public Safety ([Complete & Detailed Budget](#) page 17)

Fire

The fire department and the fire marshal are responsible for preventing and fighting fires. Fund: General Fund, Function: Public Safety ([Complete & Detailed Budget](#) page 19)

E-911

Expenditures to sustain an E-911 center which provides open channels between citizens and public safety providers. Fund: E-911, Function: Public Safety ([Complete & Detailed Budget](#) page 33)

Streets

The street department is responsible for general administrative direction related to highways and streets as well as expenses for the construction, maintenance, and repair of sidewalks, crosswalks, steps, and stairs. Fund: General Fund, Function: Public Works ([Complete & Detailed Budget](#) page 21)

Engineering

The engineering department is responsible for managing the general engineering work of the city; including erosion control and LAP project management. Fund: General Fund, Function: Public Works ([Complete & Detailed Budget](#) page 22)

Auto Repair Shop

The auto repair department is responsible for all activities involved in the operation of the government's maintenance shop. Fund: General Fund, Function: Public Works ([Complete & Detailed Budget](#) page 23)

Facilities Maintenance

Expenditures for general administration and maintenance of government buildings. Fund: General Fund, Function: General Government ([Complete & Detailed Budget](#) page 13)

Cemetery and Parks Maintenance and Recreation

The cemetery and parks maintenance department is responsible for activities involved in the day-to-day care of the cemetery grounds; perpetual care of gravesites; coordination for all funerals held on the grounds; and coordination of gravesite preparation and completions. Fund: General Fund, Function: Culture/Recreation ([Complete & Detailed Budget](#) page 24)

Legion Field Recreational Facility

The Legion Field recreational facility department is responsible for activities involved in the day-to-day care of the Legion Field complex and coordination for special events held on the grounds. Fund: General Fund, Function: Culture/Recreation ([Complete & Detailed Budget](#) page 31)

Planning and Zoning

The planning and zoning department is responsible for developing and implementing a comprehensive plan or land use plan for the community including the costs of the government's planner. This activity would also include administration of zoning ordinances or other ordinances intended to manage land use within the local government's jurisdiction. Fund: General Fund, Function: Housing and Development ([Complete & Detailed Budget](#) page 26)

ENTERPRISE FUND DEPARTMENTS

Stormwater

Expenses for the construction, maintenance and repair of storm drainage inlets as part of the road systems maintained by the local government. Fund: Stormwater, Function: Public Works ([Complete & Detailed Budget](#) page 35)

Water Reclamation Facility

Expenditures for the construction and maintenance of facilities that treat water. Fund: Water/Sewer Fund, Function: Public Works ([Complete & Detailed Budget](#) page 38)

Water/Sewer Maintenance

Expenditures for the construction and maintenance of facilities that supply water. Fund: Water/Sewer Fund, Function: Public Works ([Complete & Detailed Budget](#) page 39)

Gas Department

Expenses for all activities involved and distribution of natural gas. Fund: Gas Fund, Function: Public Works ([Complete & Detailed Budget](#) page 46)

Alternative Fueling Station

Expenses for all activities involved in providing alternative fuel options. Fund: Alternative Fuel, Function: Public Works ([Complete & Detailed Budget](#) page 48)

Telecommunications

Expenses for all activities involved in the supply of lines for telecommunications. Fund: Telecommunications, Function: Public Works ([Complete & Detailed Budget](#) page 52)

Electric Department

Expenses for all activities involved in the supply and distribution of electricity. Fund: Electric Fund, Function: Public Works ([Complete & Detailed Budget](#) page 44)

Sanitation

Expenses for all activities involved in the collection and disposal of solid waste and recycled material. Fund: Sanitation, Function: Public Works ([Complete & Detailed Budget](#) page 49)

Airport

Expenses for all activities involved in the operation and maintenance of the municipal airport. Fund: Airport Fund, Function: Housing and Development ([Complete & Detailed Budget](#) page 50)

Goals and Performance Data

General Government

The general government function serves as the administrative head of the municipal government, coordinating municipal functions in order to provide effective, efficient and responsive services. This function also ensures ordinances, resolutions and regulations of the City Council and laws of the State of Georgia are enforced and is responsible for public relations activities.

Performance Measures	FY2022 (Prior Year)	FY2023 (Current Year)	FY2024 (Budget Year)
# website visits	182,078	175,123	180,000
# website page views	475,227	474,933	475,000
# visitors	82,928	108,369	115,000
Audited ACFR to be published within 180 days of fiscal year end	12/30/2022	12/30/2022	11/30/2023
GFOA Certificate of Achievement for Excellence in Financial Reporting	Yes	Yes	Yes
GFOA Outstanding Achievement in Popular Annual Financial Reporting	Yes	Yes	Yes
GFOA Distinguished Budget Award	Yes	Pending	Yes
Percentage of General Fund departments within appropriated budget	100%	100%	100%
% of budgeted employees participating in direct deposit	97.7%	97.5%	97.5%
% of vendors participating in ACH	20%	26.8%	30%
% of payments processed through customer self-service	N/A	43%	50%

Judicial

The purpose of the Judicial function is to process all alleged violations of city Ordinances and certain state laws in a fair, impartial, expeditious, accurate, and fiscally responsible manner. This function helps Covington achieve our stated strategic goal of working toward a safer community.

Performance Measures	FY2022 (Prior Year)	FY2023 (Current Year)	FY2024 (Budget Year)
# of citations received to process	5,096	7,245	8,532
Total # of cases disposed	1,677	2,640	1,968
# of court sessions	72	72	72
Annual deposits (court fines)	\$660,499	\$1,039,853	\$775,000

Public Safety

The public safety function helps Covington achieve our stated strategic goal of working toward a safer community and is comprised of the police department, fire department and 911 communications center.

The Covington Police Department is divided into three divisions: the Criminal Investigative Division, Patrol Division and Support Services/ Community Outreach Division.

Performance Measures	2021 (Prior Year)	2022 (Current Year)	2023 (Budget Year)
# offense violations filed	699	1,112	1,347
# arrest dispositions	N/A	607	735
Total training hours	7,788	7,250	8,782
# accidents	1,360	1,391	1,685

The Covington Fire Department includes fire prevention, fire inspection and fire suppression.

Performance Measures	2021 (Prior Year)	2022 (Current Year)	2023 (Budget Year)
Fires	124	140	170
Other incidents (no fire)	1,108	1,372	1,662
Rescue & emergency medical service	1,241	1,611	1,951
Total training hours	17,866	15,027	18,202
# of fire inspections	997	1,326	1,606

The Covington-Newton County 911 Center is a vital life-link for our community and public safety. As the first, first responder, the agency handles calls accurately and efficiently while providing the right information to the right people at the right time.

Performance Measures	2021 (Prior Year)	2022 (Current Year)	2023 (Budget Year)
# agency calls generated	77,397	72,070	65,814
Ring times			
< 10 sec	72,734	66,223	60,475
>= 11sec < 20 sec	3,750	4,383	4,003
>= 21 sec	913	1,464	1,336

Public Works

Public Works coordinates and performs maintenance on streets, sidewalks, and traffic signs. Public Works also provides electric, natural gas, water and sewer, telecommunications, stormwater and sanitation utility services. In addition, public works provides support services of engineering and fleet maintenance. The public works function works to support all of our stated strategic goals of preparing the community of tomorrow, working toward a safer community, promoting small town life and offering access to the world.

Performance Measures	FY2022 (Prior Year)	FY2023 (Current Year)	FY2024 (Budget Year)
Gas system safety contest winner	Yes	Yes	Yes
Gas sold in thousand cubic feet	2,105,500	2,267,759	1,785,001
Electricity sold in thousand kilowatt hours	409,308	412,348	395,490
# miles new street construction	0.00	3.70	0.00
# miles streets resurfaced	6.17	2.56	4.00
Sewer average daily flows (thousand gal)	2,392	2,650	1,811
Water average daily flows (thousand gal)	3,083	1,000	683

Culture/Recreation

The culture and recreation function provides for the development and maintenance of the city's parks, trail system, recreation facility grounds, athletic fields and other city owned property in order to aesthetically reflect community identity, enrich the quality of life and provide accessible and safe open space for leisure time activities. This function helps Covington achieve our stated strategic goal of promoting small town life.

Performance Measures	FY2022 (Prior Year)	FY2023 (Current Year)	FY2024 (Budget Year)
# of parks maintained	9	9	9
# park acres maintained	596	596	596
# trail miles maintained	15	15	16
# of cemeteries maintained	2	2	2

Housing & Development

The housing and development function is tasked with guiding the growth and development of the city in a manner that enhances the quality of life and recognizes the city's historic and natural features. This function helps Covington achieve our stated strategic goal of promoting small town life.

Performance Measures	FY2022 (Prior Year)	FY2023 (Current Year)	FY2024 (Budget Year)
# reviews completed	3,659	5,338	5,250
# inspections completed	4,862	7,301	7,000
# code enforcement inspections completed	744	431	450

About Covington

Top Five Employers

Population: 14,192

Median Income: \$43,881

Median Age: 35.4

Unemployment: 4.8%

1. Newton County Board of Education

2. Piedmont Newton Hospital

3. Newton County Board of Commissioners

4. Becton Dickinson

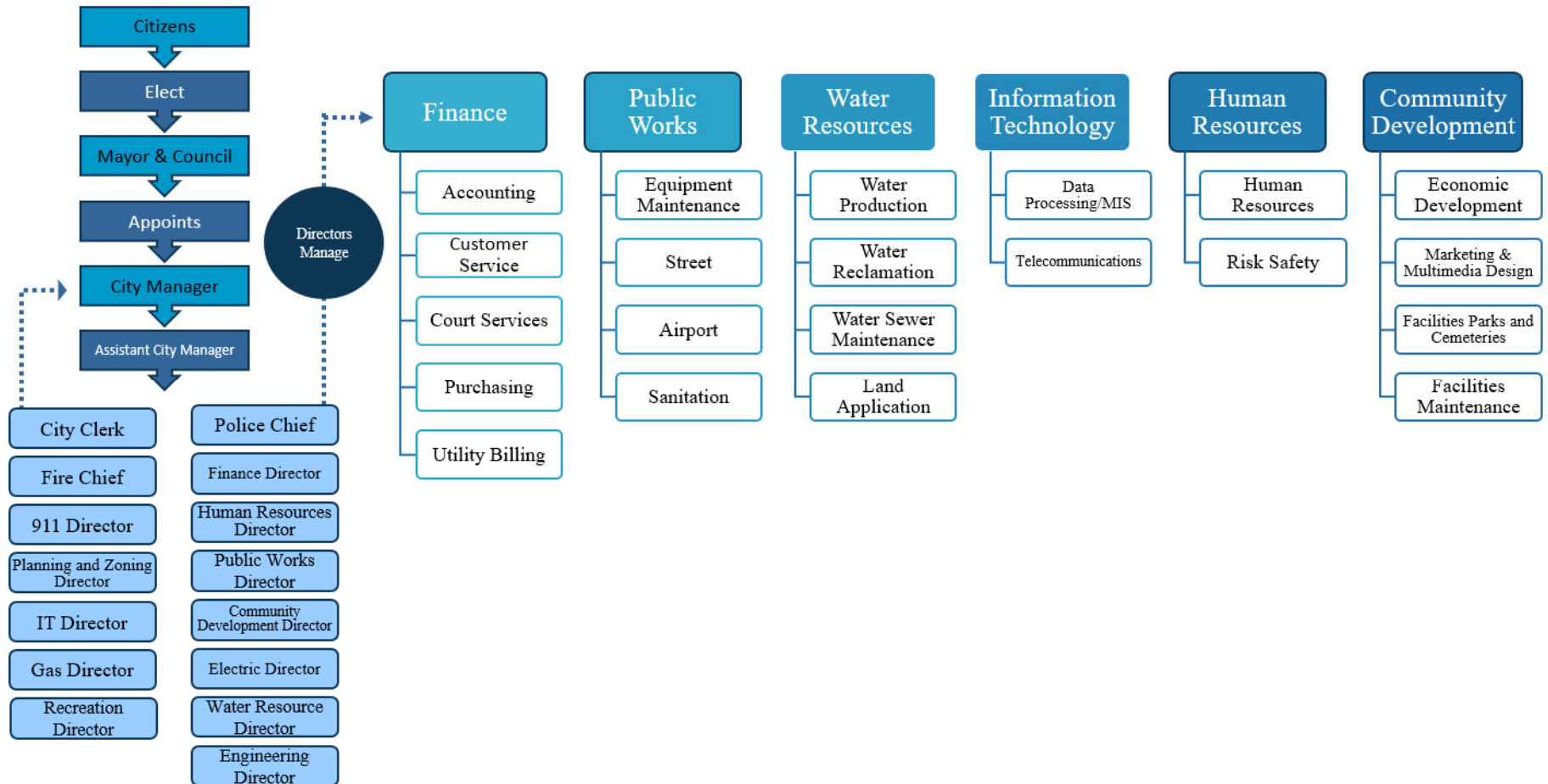
5. General Mills

**Top Five Taxpayers: Becton Dickinson, SKC Inc.,
Bellsouth/AT&T, General Mills, and Fibervision**

Organizational Structure

Position Summary – Entity Wide		
Prior Year FTEs (2022)	Current Year FTEs (2023)	Budget Year FTEs (2024)
323	337	341

The total increase in full-time employees in the FY2024 budget was four (4). The added positions include: (1) gas meter technician, (1) electric lineman, (1) public works administrative assistant, and (1) information technology specialist.



Financial Policies

The Financial Reporting Entity

The City of Covington was incorporated in 1822 and operates under a Council/Manager form of government. The City Manager is the head of the administrative branch of government. As such, he or she is responsible for the day-to-day operations of City government. The legislative authority of the City is vested in the mayor and six City Council members with an appointed City Manager. The city provides the following services and operations as authorized by its charter: public safety (police and fire); public works; airport; culture and recreation; planning and zoning; general administrative services; and public utilities (water, sewer, stormwater, electric, gas and solid waste).

Measurement Focus, Basis of Accounting and Basis of Presentation

The proprietary funds and fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 funds 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 are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

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 funds' principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services provided. The city also recognizes as operating revenue the portion of tap fees intended to recover 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

Budgets for the governmental funds and the enterprise funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The City defines a balanced budget as one in which total revenues, other financing sources and planned use of fund balance equals total expenses and other financing uses. We believe the presented budget is in compliance with the City's financial policies.

ACRONYMS

SPLOST – Special Purpose Local Option Sales Tax

