



CITY OF
COVINGTON

GEORGIA

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2024**

CITY OF COVINGTON, GEORGIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

Prepared by:

Finance Department

Submitted by:

Tres Thomas

City Manager

CITY OF COVINGTON, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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CITY OF
COVINGTON
INTRODUCTORY SECTION

GEORGIA





2194 EMORY STREET N.W. * P.O. BOX 1527
COVINGTON, GEORGIA 30015

Phone: (770) 385-2000
Fax: (770) 385-2060

Fleeta Baggett - Mayor
E.F. (Tres) Thomas, III - City Manager

December 18, 2024

Honorable Fleeta Baggett, Mayor,
Members of the City Council, and
Citizens of Covington, Georgia
2194 Emory Street, N.W.
Covington, Georgia 30015

To the Honorable Mayor, Members of the City Council and the Citizens of Covington, Georgia:

The Annual Comprehensive Financial Report of Covington, Georgia, for the fiscal year ended June 30, 2024, is hereby submitted as mandated by both local ordinance and state statutes. These ordinances and statutes require the City of Covington issue an annual report on its financial position and activity and that this report be audited by an independent firm of certified public accountants.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. We believe the data presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable interested citizens to gain a reasonable understanding of the City's financial activities have been included.

Mauldin & Jenkins, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Covington's financial statements for the year ended June 30, 2024. The independent auditor's report is located at the front of the financial section of this report.

As a recipient of federal and state financial assistance, the City of Covington is also responsible for ensuring an adequate internal control structure is in place to confirm compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by the management of the City of Covington. If required, information related to a Single Audit, including a schedule of Expenditures of Federal Awards, the Independent Auditor's Reports on Internal Controls and Compliance with Applicable Laws and Regulations and a Schedule of Findings and Questioned Costs are included in a separately issued single audit report. These reports are presented in the Compliance section of this report.

Accounting principles generally accepted in the United States of America ("GAAP") require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Covington's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF COVINGTON, GEORGIA

The City of Covington, Georgia, was founded and incorporated in 1822, is 202 years old and is a body corporate and politic organized and existing under the Constitution and laws of the State of Georgia. The City of Covington is situated in the central portion of Newton County and features a golf course, a large lake, a charming town square, city-owned airport, five public parks and numerous other recreational facilities. The city houses a six-mile walking / biking path that runs through the heart of the city, connecting a local high school with a park.

The City of Covington provides a full range of services to its nearly 15,000 citizens. These services include police and fire protection; air transport facilities; public works; court system services; the construction and maintenance of recreational pathways, streets and infrastructure; planning and zoning; building inspections; recreational activities and cultural events; electric, gas, water and sewer utilities; and, stormwater management and inherent administrative and support activities.

Encompassing 10,240 acres, or approximately 16 square miles, the City of Covington is geographically located in northeastern Georgia and is found in Newton County, which is bordered on the northeast by Walton County, on the east and southeast by Morgan and Jasper Counties, on the south by Butts County and on the northwest and west, by Rockdale and Henry Counties. It is situated approximately 35 miles east of the City of Atlanta.

The City of Covington exhibits excellent physical characteristics. Average rainfall is 48.1 inches a year and temperatures range from an average high of 91 degrees in the summer to an average low of 30 degrees in the winter. With year-round average temperatures of 63 degrees, the climate is very favorable, consisting of warm summers and moderate winters.

Between these seasons, the City of Covington is decorated with dogwoods and azaleas blooming in the spring and a colorful change of leaves in the fall that highlights the antebellum style homes surrounding the Town Square. The general terrain of the area is characteristic of the Piedmont region of Georgia, with hills with broad ridges, sloping uplands and relatively narrow valleys. Land elevations vary between 852 feet above sea level and 610 feet above sea level.

Another important attribute of the City of Covington is its location in relation to major transportation modes. City residents enjoy ready access to several methods of conveyance. If one wishes to use their vehicle to travel, the city is strategically located in proximity to Interstate-20 and is just a 25-minute drive to Atlanta's I-285 perimeter that gives access to four interstate highways. In addition, Highway 81 runs north-to-south through Covington, offering a simple method of travel on the eastern half of the state of Georgia. Recently, the city has actively pursued clean energy and transportation options. A city-run Compressed Natural Gas station is located off I-20 and electric vehicle charging stations have been installed with several more slated to be installed.

Other transportation needs can also be easily accommodated. For any business that might move freight, there is a direct railway service provided by CSX (Chessie Seaboard Railroad), which serves as a link to the Southeast. For international shipping, Savannah, Georgia and Jacksonville, Florida serve as major deep-water seaports that can be reached by interstate highway in a matter of hours. A 7,200 square foot terminal building was built at the Covington Municipal Airport, located in the northern portion of the city. Featuring a pilot's lounge and conference rooms, the building is state of the art. Featuring a 6,000 foot lighted runway, aircraft up to 30,000 pounds can be accommodated. Plans in the near future call for an additional 17,000 square feet of hangar space.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Covington, Georgia, as legally defined), including all of its proprietary funds and component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The Covington Downtown and Tourism Association, City of Covington Parking Authority, Covington Redevelopment

Authority, and the Covington Municipal Airport Authority are reported as discretely presented component units at June 30, 2023.

The governing authority of the City of Covington is the City Council, consisting of seven elected members. The Mayor is elected to a term of four years to serve on a part-time basis. The remaining six Council Members also serve on a part-time basis and are elected to staggered terms of four years. While all seven Council Members are elected at large within their ward, all must reside within the City of Covington. Each Council member has one equal vote and the Mayor serves as a tie-breaker when deciding votes. At their first meeting each calendar year, the Mayor Pro-Tem is selected by the City Council. In their policy-making capacity, the City Council is authorized to perform the following functions:

- Allocate taxes levied by Newton County.
- Establish millage rate for the City of Covington.
- Direct and control all property located within the City of Covington.
- Establish, alter or abolish City of Covington roads and bridges.
- Authorize the City Manager to fill vacancies within the City of Covington offices.
- Examine, settle and allow claims against the City of Covington.
- Examine and audit the accounts of all officers having the care, management, keeping, collection or disbursement of money belonging to the City of Covington.
- Establish the costs of licenses.
- Make such rules and regulations as necessary for the protection and preservation of health, safety, welfare and morals.

The Chief Administrative and Operational Officer of the City is the City Manager, who is appointed by the City of Covington City Council to: implement Council policies; oversee the daily activities of the City and supervise departments within the City.

An organizational chart depicting the current structure associated with the management of the City of Covington is included in this introductory section.

The City of Covington maintains budgetary controls to ensure compliance with the legal provision of the annual appropriations budget approved by the City Council. The City of Covington ordinances require the city operate under an annual balanced budget. The City Manager, assisted by the Finance Director, is responsible for preparing the annual budget, which is then submitted to the City Council for discussion and approval. Activities of the General Fund, Special Revenue Funds, the Debt Service Fund and the Proprietary Funds (business-type activities), are included in the annual appropriations budget. Project-length budgets are adopted for the Capital Projects Funds.

The applicable City ordinances require that the City of Covington not exceed its budget at the fund level. The legal level at which the City of Covington budget expenditures may not exceed the adopted annual operating budget is at the department level. The transfer of appropriations among accounts within a department's budget can be authorized by the Finance Director. All other transfers or supplemental appropriations must be approved by the City Council. The City of Covington's budget procedures are more fully explained in the accompanying Notes to Financial Statements.

The City of Covington maintains an encumbrance accounting system as another means of accomplishing budgetary control. As purchase orders are issued, the balance of the unexpended and unencumbered appropriations is reduced by a corresponding amount. As demonstrated by the statements and schedules included in the financial section of this report, the government continues to meet its responsibility for sound financial management.

INFORMATION USEFUL IN ASSESSING THE CITY'S ECONOMIC CONDITION

The City of Covington benefits economically by being an integral part of Metropolitan Atlanta. The Metro Atlanta region represents one of the southeast's primary transportation, distribution, financial and consumer centers and is the third largest metropolitan area in the southeast. Economists project that the Atlanta area will continue to expand, with the metropolitan area possibly extending as far north as Chattanooga,

Tennessee and as far south as Macon, Georgia, in the coming years. The city is well positioned geographically within this growth area and will continue to benefit through growth in the commercial and industrial sectors. The City of Covington's industrial park is situated along the City's eastern boundary. There are 4,500 acres of industrial zoned property in Covington.

The City of Covington has been recognized as a City of Excellence and a City of Ethics.

Planning for the Future

In planning for the future, the City of Covington is committed to preserving the value of small-town life while preparing an innovative community with access to the world. In ensuring the City's roots and charm remain intact, the Planning and Zoning Department has created a Historic Preservation Society. To maintain Covington's position as a favorable place to live, the city is constantly monitoring utility rates for competitiveness and equity. There are also financial incentives such as rebates and housing and business inducement programs.

The City of Covington operates a Compressed Natural Gas Station used to fuel City-owned vehicles and is open to the general public. It is capable of fueling four vehicles simultaneously and has the infrastructure to double in size with minimal additions. This facility is strategically located to service the eastern portion of Georgia. The CNG fueling facility also boasts two level 3 EV chargers. Additionally, the electric vehicle charging stations installed and being added in the downtown area serve as an opportunity to charge a vehicle while promoting tourism and stimulation of the local economy. The charging stations are strategically located in tourism areas so visitors can shop and dine while waiting for their vehicle to charge.

The Cricket Frog Trail, a miles-long concrete trail, has recently been completed offering the community a fantastic opportunity to use the trail for exercise, leisure or as a means of transportation.

The City of Covington currently has a Strategic Plan in place that encompasses four main focal points with sub-points for each. The Strategic Plan is a blueprint that is constantly being worked towards:

- 1) Preparing the Community of Tomorrow to provide forward-thinking opportunities that will enhance a progressive community.
 - Allocate sufficient financial resources to fund forward-looking opportunities
 - Review of financial operations
 - Review HR processes to maximize the effective recruitment, selection and retention of skilled workers
 - Develop an economic and community development process
 - Develop a communications process to assist citizens and stakeholders with access to information, resources, and opportunities within the City of Covington
 - Develop a technology and information management process
 - Provide innovative services
 - Continue visionary planning
- 2) Working Towards a Safer Community to promote a safe environment through public safety, public works and community involvement.
 - Allocate sufficient financial resources to fund "safe community" opportunities.
 - Develop a process for creating a "safer community"
 - Identify Capital Projects and review development progress with community safety as an attribute for project continuance
 - Attention to climate challenges like heat waves, floods and poor air quality.
- 3) Promoting Small Town Life to manage growth and development through extensive planning and collaboration with citizens and businesses.
 - Select, manage and evaluate all projects that preserve historical value, land use, green space and infrastructure improvements
 - Encourage employees to participate in community activities
 - Create a sense of community
 - Create a family friendly community improving infrastructure and community parks

4) Offering Access to the World to connect the public to the greater community or world outside of Covington.

- Allocate sufficient financial resources to fund access opportunities
- Develop an implementation strategy for all access related opportunities
- Include Access Options in City's Communications Process

The City of Covington is experiencing strong growth in the employment sector and is enjoying a steadily declining unemployment rate. While much of the employment increase is in industrial and manufacturing applications, the city also is seeing a surge in retail stores as a revitalization of the Town Square continues. In 2024, the Covington Welcome Center and Film / History Museum hosted more than 118,000 people. Located just two blocks from the Square, the center provides an excellent location to start a visit to Covington and provides ample information on the town's assets, resulting in increased foot traffic for the merchants on the Square.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The City of Covington is proud of its distinction as being one of only three cities in the nation that has police, fire, communications and public works accreditation. In November 2006, the Covington-Newton County 911 Center became the 3rd Communications Center in the State of Georgia to be recognized as an accredited agency by the Commission on Accreditation for Law Enforcement Agencies. On May 31st, 2006 the city of Covington Public Works Department became the first in Georgia and the 33rd nationally to be accredited by the American Public Works Association. In August, 2003, the Covington Fire Department became the 4th department in the state of Georgia and the 89th in the world to be recognized as an accredited agency by the Commission on Fire Accreditation International. In May, 1985, the Covington Police Department had the distinction of being the first agency in Georgia and the 10th agency in the nation to become nationally accredited.

The Government Finance Officers Association ("GFOA") recently 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 June 30, 2015. This was the first year the City of Covington has received the prestigious award, given for publishing an easily readable, efficiently organized Annual Comprehensive Financial Report ("ACFR") conforming to program standards. The city has been awarded the certificate again for each subsequent year.

Such reports 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 our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA for consideration. The City of Covington is committed to this effort and will strive to maintain and surpass these standards on future reports.

Benefits of accreditation include:

- Improved effectiveness in operations
- Promotion of staff and community pride
- Clarity in identifying budget needs
- Clarity in identifying operating and management needs
- Enhancement of professional image
- Promotion of team work and staff development
- Encouragement of interdepartmental coordination
- Clarify in identifying duplication and wasted effort
- Promotion of public awareness
- Improvement in communication

The City of Covington was also named a "City of Ethics" by the Georgia Municipal Association and a "City of Excellence" by Georgia Trend magazine and the Georgia Municipal Association.

Acknowledgements

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the administrative staff of the various City of Covington departments and officials and in particular, the City's finance staff and the auditors for the city. Our sincere appreciation is extended to each individual for the contributions made in the preparation of this report.

We would also like to thank the Mayor and the members of the City Council for their interest and support in planning and conducting the financial operations of the City of Covington in a responsible and progressive manner, and through whose efforts we have made substantial progress in responding to the extraordinary demands placed upon our community. The quality and quantity of services provided by the City of Covington to its residents is second to none. We believe the accomplishments identified in this transmittal letter clearly indicate the City Council has effectively and efficiently planned and managed the resources that were entrusted to them by the citizens Covington, Georgia.

As the City of Covington continues its evolution as a suburban Atlanta community, the progress made in recent years will, in our opinion, provide a sound foundation for the identification, development, and implementation of future programs and policies and we are optimistic that our community's leadership will continue to do an excellent job of addressing the complex issues facing our community. We thank you for the opportunity to assist you in your efforts.

Respectfully submitted,

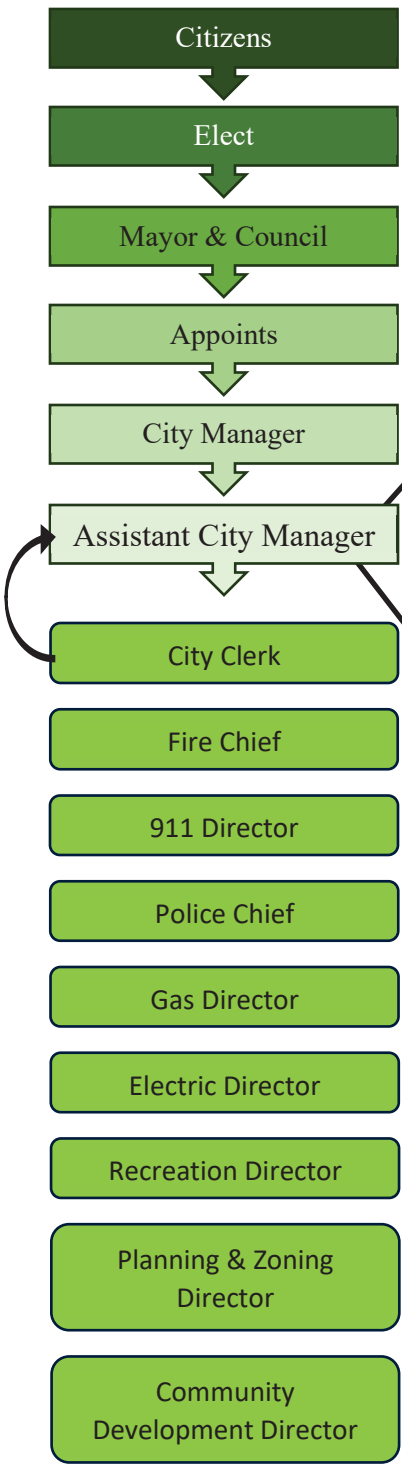


E.F. "Tres" Thomas, III
City Manager



Randy Smith
Finance Director

DIRECTORS MANAGE



Finance Director

- Accounting
- Court Services
- Purchasing
- Utility Billing
- Customer Service

Public Works Director

- Street
- Airport
- Recycling
- Facilities Maintenance
- Parks and Cemeteries
- Equipment Maintenance

Water Resources Director

- Water Production
- Land Applications
- Water Reclamation
- Water Sewer Maintenance

Human Resources Director

- Human Resources
- Risk Safety

Information Director

- Data Processing/MIS
- Telecommunications

CITY OF COVINGTON, GEORGIA

LISTING OF PRINCIPAL OFFICIALS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

ELECTED OFFICIALS

| | |
|--|-------------------|
| Mayor | Fleeta Baggett |
| City Council Member – Post 1 East Ward | Susie Keck |
| City Council Member – Post 1 West Ward | Kim Johnson |
| City Council Member – Post 2 East Ward | Travis Moore |
| City Council Member – Post 2 West Ward | Charika Davis |
| City Council Member – Post 3 East Ward | Jared Rutberg |
| City Council Member – Post 3 West Ward | Anthony Henderson |

APPOINTED OFFICIALS

| | |
|-----------------------------------|-----------------|
| City Manager | Tres Thomas |
| Deputy City Manager | John King |
| City Clerk | Audra Gutierrez |
| Finance Director | Randy Smith |
| Gas Utility Director | Mike Jewell |
| Electric Utility Director | Joel Smith |
| Human Resources Director | Paul Dailey |
| E911 Director | Trudy Henry |
| Planning and Development Director | Judy Thagard |
| Police Chief | Philip Bradford |
| Fire Chief | Joe Doss |
| Municipal Court Solicitor | Cheryl Freeman |
| Municipal Court Manager | Kellie Key |
| Community Development Director | Ken Malcom |
| Public Works Director | Lee Harvey |
| Water Resources Director | Kevin Sorrow |
| Information Technology Director | Bobby Johnson |



Government Finance Officers Association

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**City of Covington
Georgia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

CITY OF
COVINGTON
GEORGIA
FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the City Council
City of Covington, Georgia
Covington, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Covington, Georgia** (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and American Rescue Plan Act ("ARPA") Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") (on pages 5 through 13), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on pages 71 and 72), the Schedule of City Contributions (on pages 73 and 74), the Schedule of Pension Investment Returns (on pages 75 and 76), and the Schedule of Changes in the City's Total OPEB Liability and Related Ratios (on pages 77 and 78) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB") who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedules of Expenditures of Special Purpose Local Option Sales Tax proceeds is presented for the purpose of additional analysis as required by the Official Code of Georgia Annotated ("O.C.G.A") §48-8-121, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, and the Schedules of Expenditures of Special Purpose Local Option Sales Tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Covington, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
December 18, 2024

CITY OF COVINGTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

As management of the City of Covington (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the year by \$314,235,517 (net position). Of this amount, \$97,703,646 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$38,765,187; governmental activities increased net position by \$6,820,052 and business-type activities increased net position by \$31,945,135.
- As of the close of June 30, 2024, the City's governmental funds reported combined ending fund balances of \$36,523,993 an increase of \$4,362,794 from the prior year. Approximately sixty-two percent (62%) of this total amount, or \$22,727,924, is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$22,727,924 or sixty-seven percent (67%) of general fund expenditures.
- The City's revenues for the year ended June 30, 2024 total \$158,668,381. Of this amount, \$106,488,847, or sixty-seven percent (67%), was generated from charges for services. Additionally, \$29,863,246 or nineteen percent (19%) was generated from operating and capital grants. The balance of \$22,316,288, or fourteen percent (14%), was generated from general revenues.
- The City's expenses for the year ended 2024 total \$119,903,194. Of this amount, \$35,582,715, or thirty percent (30%), was consumed by governmental activities. The balance of \$84,320,479, or seventy percent (70%), was consumed by business-type activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis ("MD&A") is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Covington.

Basic Financial Statements

The first two statements (pages 14 and 15) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the City's financial status.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The next statements (pages 16 through 26) are Fund Financial Statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements, and 3) the proprietary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City's individual funds. Budgetary information required by the general statutes also can be found in this part of the statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, fines and forfeiture revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, and housing and development services. The business-type activities of the City include water and sewer, natural gas and electric services, stormwater management, solid waste collection, airport operations, and telecommunications.

The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund financial statements. The fund financial statements provide a more detailed look at the City's most significant activities. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, such as general statutes or the City's budget ordinance. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Capital Projects Funds as these funds are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund and Capital Projects Funds to demonstrate compliance with these funds. Budgetary comparison statements have also been provided for the other Special Revenue Funds in the supplementary financial information elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16 through 18 of this report.

Proprietary funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer operation, Gas and Electric operation, Stormwater management, Solid Waste operations, the City's airport operations, and telecommunication operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements provide separate information for the Water and Sewer Utility Fund, the Electric Utility Fund, the Gas Utility Fund, and the Airport Fund, all of which are considered to be major funds of the City. Conversely, the nonmajor enterprise funds are combined into single, aggregated presentations in the proprietary fund financial statements. Individual fund data for the nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 22 through 25 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Custodial funds. Custodial funds are used to account for resources held for the benefit of parties outside the government. Custodial funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for custodial funds is much like that used for proprietary funds.

The basic custodial fund financial statements can be found on pages 25 and 26 of this report.

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 on pages 28 through 68 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 69 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds and enterprise funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 76 through 79 of this report.

Government-wide Financial Analysis

In order to allow for useful comparative analysis, government-wide financial information is provided for the fiscal years ended June 30, 2024 and June 30, 2023.

The City of Covington's Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------------|-------------------------|---------------|--------------------------|----------------|-----------------------|----------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current and other assets | \$ 40,399,389 | \$ 34,585,528 | \$ 112,558,755 | \$ 106,020,894 | \$ 152,958,144 | \$ 140,606,422 |
| Capital assets | 61,496,386 | 54,147,354 | 151,261,509 | 118,884,622 | 212,757,895 | 173,031,976 |
| Total assets | 101,895,775 | 88,732,882 | 263,820,264 | 224,905,516 | 365,716,039 | 313,638,398 |
| Deferred outflow s of resources | 4,703,533 | 4,190,877 | 483,176 | 516,798 | 5,186,709 | 4,707,675 |
| Long-term liabilities outstanding | 26,856,516 | 21,482,140 | 7,201,986 | 6,772,092 | 34,058,502 | 28,254,232 |
| Other liabilities | 1,986,723 | 2,047,896 | 14,867,685 | 10,194,495 | 16,854,408 | 12,242,391 |
| Total liabilities | 28,843,239 | 23,530,036 | 22,069,671 | 16,966,587 | 50,912,910 | 40,496,623 |
| Deferred inflow s of resources | 2,645,845 | 1,103,551 | 3,108,476 | 1,275,569 | 5,754,321 | 2,379,120 |
| Net position: | | | | | | |
| Net investment in capital assets | 54,902,518 | 52,207,887 | 145,445,870 | 114,820,073 | 200,348,388 | 167,027,960 |
| Restricted | 12,345,237 | 9,468,359 | 2,721,744 | 2,720,638 | 15,066,981 | 12,188,997 |
| Unrestricted | 7,862,469 | 6,613,926 | 90,957,679 | 89,639,447 | 98,820,148 | 96,253,373 |
| Total net position | \$ 75,110,224 | \$ 68,290,172 | \$ 239,125,293 | \$ 207,180,158 | \$ 314,235,517 | \$ 275,470,330 |

MANAGEMENT'S DISCUSSION AND ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the city (governmental and business-type activities in total), assets exceeded liabilities by \$314,235,517 and \$275,470,330 at June 30, 2024 and June 30, 2023, respectively.

By far the largest portion of the city's net position (64%) reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The city uses these capital assets to provide services to citizens; consequently, these are not available for future spending. Although the city's investments 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.

A portion of the city's net position, \$15,066,981 or 5%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position, \$97,703,646 or 31%, is unrestricted and may be used to meet the city's ongoing obligations to citizens and creditors.

At the end of June 30, 2024 and June 30, 2023 the city is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental activities. Governmental activities increased the city's net position by \$6,820,052 as of June 30, 2024 and increased the city's net position by \$4,727,028 as of June 30, 2023. As illustrated on the following table, taxes constitute the largest revenue source at \$16,872,777 or forty percent (40%) of total revenue as of June 30, 2024 and \$16,055,559 or forty-four percent (44%) as of June 30, 2023. The majority of the change in net position of the governmental activities from the prior year is attributable to the capital projects fund and the ARPA fund. The increase in the capital projects fund results from funding the budgeted projects that are not yet completed, and the increase in the ARPA fund is related to an outstanding receivable at year end.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Covington's Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 8,261,051 | \$ 6,723,267 | \$ 98,227,796 | \$ 97,939,929 | \$ 106,488,847 | \$ 104,663,196 |
| Operating grants and contributions | 581,671 | 532,687 | - | - | 581,671 | 532,687 |
| Capital grants and contributions | 24,751,441 | 11,495,149 | 4,530,134 | 3,081,838 | 29,281,575 | 14,576,987 |
| General revenues: | | | | | | |
| Taxes | 16,872,777 | 16,055,559 | - | - | 16,872,777 | 16,055,559 |
| Franchise fees | 857,226 | 961,840 | - | - | 857,226 | 961,840 |
| Investment earnings (loss) | 1,542,956 | 422,581 | 3,026,821 | 2,534,206 | 4,569,777 | 2,956,787 |
| Gain on sale | - | - | 16,508 | 28,326 | 16,508 | 28,326 |
| Lease income | - | - | - | - | - | - |
| Total revenues | <u>52,867,122</u> | <u>36,191,083</u> | <u>105,801,259</u> | <u>103,584,299</u> | <u>158,668,381</u> | <u>139,775,382</u> |
| Expenses | | | | | | |
| General government | 5,441,563 | 4,657,178 | - | - | 5,441,563 | 4,657,178 |
| Judicial | 990,499 | 824,201 | - | - | 990,499 | 824,201 |
| Public safety | 23,923,585 | 20,012,787 | - | - | 23,923,585 | 20,012,787 |
| Public works | 1,643,918 | 3,106,802 | - | - | 1,643,918 | 3,106,802 |
| Parks and recreation | 642,490 | 803,446 | - | - | 642,490 | 803,446 |
| Housing and development | 2,684,939 | 2,214,963 | - | - | 2,684,939 | 2,214,963 |
| Interest and fiscal charges | 255,721 | 65,336 | - | - | 255,721 | 65,336 |
| Water and sewer | - | - | 12,580,547 | 11,472,011 | 12,580,547 | 11,472,011 |
| Gas and electric | - | - | 64,602,869 | 69,417,272 | 64,602,869 | 69,417,272 |
| Stormwater | - | - | 888,937 | 906,255 | 888,937 | 906,255 |
| Sanitation | - | - | 3,536,393 | 3,436,335 | 3,536,393 | 3,436,335 |
| Telecommunications | - | - | 573,109 | 473,517 | 573,109 | 473,517 |
| Airport | - | - | 2,138,624 | 1,757,550 | 2,138,624 | 1,757,550 |
| Total expenses | <u>35,582,715</u> | <u>31,684,713</u> | <u>84,320,479</u> | <u>87,462,940</u> | <u>119,903,194</u> | <u>119,147,653</u> |
| Increase (decrease) in net position before transfers | <u>17,284,407</u> | <u>4,506,370</u> | <u>21,480,780</u> | <u>16,121,359</u> | <u>38,765,187</u> | <u>20,627,729</u> |
| Transfers | <u>(10,464,355)</u> | <u>220,658</u> | <u>10,464,355</u> | <u>(220,658)</u> | <u>-</u> | <u>-</u> |
| Change in net position | <u>6,820,052</u> | <u>4,727,028</u> | <u>31,945,135</u> | <u>15,900,701</u> | <u>38,765,187</u> | <u>20,627,729</u> |
| Net position, beginning | <u>68,290,172</u> | <u>63,563,144</u> | <u>207,180,158</u> | <u>191,279,457</u> | <u>275,470,330</u> | <u>254,842,601</u> |
| Net position, ending | <u>\$ 75,110,224</u> | <u>\$ 68,290,172</u> | <u>\$ 239,125,293</u> | <u>\$ 207,180,158</u> | <u>\$ 314,235,517</u> | <u>\$ 275,470,330</u> |

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type activities. The city's business-type activities increased the city's net position by \$31,945,135 and \$15,900,701 as of June 30, 2024 and June 30, 2023, respectively.

Financial Analysis of the City's Funds

As noted earlier, the city uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. 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 a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the city. For the fiscal year ended June 30, 2024, total fund balance of the general fund was \$22,937,772. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total fund balance represents approximately 68% of the total general fund expenditures. Transfers in from proprietary funds to supplement the general fund were \$7,479,640 for the year ended June 30, 2024, which represents 22% of total fund expenditures.

Proprietary funds. The city's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of 2024 amounted to \$13,715,377; those for the Electric Fund amounted to \$64,993,353, the Gas Fund amounted to \$9,249,440 and those for the Airport Fund amounted to \$201,253. The total change in net position for the Water and Sewer Fund, Electric Fund and Gas Fund were increases of \$26,286,957, \$5,395,515, and \$2,412,831 respectively. The total change in net position for the Airport Fund was a decrease of \$695,955 for the fiscal year ended June 30, 2024. The changes in net position of the proprietary funds can be traced to acquisition of assets and an increase in the value of investments. In the Airport Fund, the reduction of net position is attributed to a budgeted use for airport infrastructure projects.

General Fund Budgetary Highlights

The City's budget is prepared in accordance with the laws of the State of Georgia and the Code of Ordinances of the City of Covington. The city adopts the fiscal budget during June of the preceding fiscal year. A detailed budgetary comparison schedule for the fiscal year ended June 30, 2023 for the general fund can be found on page

The city adopted a general fund budget of \$19,318,345 for general fund revenues (excluding transfers in) and general fund expenditures of \$30,696,283 for fiscal year 2024. At the end of the fiscal year, the final actual revenues (excluding transfers in) totaled \$22,383,147 (an increase of \$3,064,802 over the original budget) and the final actual expenditures totaled \$33,768,987 (an increase of \$3,072,704 over the original budget).

MANAGEMENT'S DISCUSSION AND ANALYSIS

The primary reason for the difference between the original budget and the actual results in the general fund include:
Revenues:

- Licenses and permits revenues gained \$1,070,680 over projections due to unprecedented growth in the city
- Interest and investment income gained \$1,192,942 over projects due to market value increases Expenditures
- Debt service principal and interest expenditures as well as capital outlay expenditures were impacted by GASB 87 adjustments and actual expenditures were \$2,955,331 more than the original budget which accounts for 96% of the difference between budget and actual

Capital Asset and Debt Administration

Capital assets. The city's investment in capital assets for its governmental and business-type activities as of June 30, 2024 amounted to \$212,757,895 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles and equipment, park facilities, storm sewers, bridges, streets, water and sewer lines, and natural gas and electric lines.

City of Covington's Capital Assets (net of depreciation)

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------------|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Land | \$ 3,356,360 | \$ 3,356,360 | \$ 11,082,601 | \$ 11,280,477 | \$ 14,438,961 | \$ 14,636,837 |
| Buildings | 14,116,298 | 14,396,620 | 1,428,642 | 1,531,661 | 15,544,940 | 15,928,281 |
| Machinery and equipment | 2,873,539 | 2,156,734 | 2,627,305 | 2,553,543 | 5,500,844 | 4,710,277 |
| Furniture and fixtures | (1) | (1) | - | - | (1) | (1) |
| Vehicles | 837,538 | 1,404,644 | 19,697 | (55,854) | 857,235 | 1,348,790 |
| Intangibles | - | - | 2,484,135 | 2,605,673 | 2,484,135 | 2,605,673 |
| Improvements other than buildings | 32,657,817 | 30,601,262 | 103,312,612 | 97,896,697 | 135,970,429 | 128,497,959 |
| Construction in progress | 1,305,314 | 329,251 | 28,968,266 | 2,816,961 | 30,273,580 | 3,146,212 |
| Leased equipment | 6,349,521 | 1,902,484 | 1,338,251 | 255,464 | 7,687,772 | 2,157,948 |
| Total | <u>\$ 61,496,386</u> | <u>\$ 54,147,354</u> | <u>\$ 151,261,509</u> | <u>\$ 118,884,622</u> | <u>\$ 212,757,895</u> | <u>\$ 173,031,976</u> |

Additional information on the City's capital assets can be found in Note 5 of this report.

Long-term debt. As of June 30, 2024, the city had total bonded debt outstanding of \$160,000. Of this amount, none is backed by the full faith and credit of the city. The City's bond debt is secured solely by specific revenue sources (i.e., revenue bonds). The city also had total notes payable of \$3,049,702 for utility improvements. The city's business-type funds had leases payable of \$1,384,324 at June 30, 2024, net of accumulated amortization, relating to vehicle leases.

The city has no current rating from Standard & Poor's for its water revenue bonds. The city has had no current general obligation bond debt and, therefore, any prior ratings would not be relevant. The city does not anticipate issuing any general obligation debt in the future. The city's governmental activities had leases payable of \$6,593,868 at June 30, 2024, net of accumulated amortization relating to vehicle leases.

MANAGEMENT'S DISCUSSION AND ANALYSIS

State statutes limit the amount of general obligation debt a government entity may issue to 10% of its total assessed valuation. The current debt limitation for the city is \$134,048,032, which is significantly higher than the city's outstanding general obligation bonded debt, which is zero.

Additional information on the city's debt can be found in Note 7 of this report.

Factors affecting the July 1, 2023 – June 30, 2024 Budget:

The Mayor and Council of the City of Covington considered many factors when approving the City's July 1, 2023 – June 30, 2024 budget and are very aware of present economic conditions and their effect on its citizens. The Mayor and Council chose to continue to primarily use transfers from the business-type activities to the governmental activities instead of increasing taxes or rates within the governmental activities.

Annually, the City Manager submits to the Mayor and Council a proposed operating budget for the coming fiscal year which is required to be approved prior to June 30. Public hearings are held prior to adoption to allow citizens the opportunity to comment on the proposed budget. The City Council elected to change from a calendar year to a fiscal year beginning July 1, 2008 in order to align its budget for planning purposes with Newton County, the Newton County Board of Education, and the Newton County Water and Sewerage Authority.

Budgets are adopted for all governmental funds and the City's enterprise funds. Budgets for the enterprise funds are prepared for planning and control purposes only. Budgets are adopted for all special revenue funds. The legal level of budgetary control is the department level, with the Council being the only body authorized to make amendments to the budget.

Requests for information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

Director of Finance
City of Covington
P. O. Box 1527
2194 Emory Street, N.W.
Covington, Georgia 30015

BASIC FINANCIAL STATEMENTS

CITY OF COVINGTON, GEORGIA

**STATEMENT OF NET POSITION
JUNE 30, 2024**

| | Primary Government | | | Component Units | | | |
|--|-------------------------|--------------------------|-----------------------|-------------------|-------------------------|----------------------------------|-------------------|
| | Governmental Activities | Business-type Activities | Total | Parking Authority | Redevelopment Authority | Covington | |
| | | | | | | Downtown and Tourism Association | Airport Authority |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 19,004,938 | \$ 19,126,691 | \$ 38,131,629 | \$ 61,196 | \$ 1,567 | \$ 63,237 | \$ 114,966 |
| Investments | 13,096,198 | 60,842,110 | 73,938,308 | - | - | - | - |
| Taxes receivable | 289,575 | - | 289,575 | - | - | - | - |
| Accounts receivable, net of allowances | 1,218,790 | 16,513,947 | 17,732,737 | - | - | - | - |
| Lease receivable | 1,946,797 | 3,144,377 | 5,091,174 | - | - | - | - |
| Due from other governments | 9,622,343 | 161,182 | 9,783,525 | - | - | - | - |
| Internal balances | (5,349,174) | 5,349,174 | - | - | - | - | - |
| Inventories | 30,051 | 4,591,875 | 4,621,926 | - | - | - | - |
| Prepaid expenses | 192,798 | 108,188 | 300,986 | - | 1,048 | - | 968 |
| Restricted assets: | | | | | | | |
| Cash and cash equivalents | 347,073 | 2,721,211 | 3,068,284 | - | - | - | - |
| Notes receivable | - | - | - | - | - | - | - |
| Capital assets: | | | | | | | |
| Nondepreciable | 4,661,674 | 40,050,867 | 44,712,541 | 414,173 | - | - | - |
| Depreciable, net of accumulated depreciation | 56,834,712 | 111,210,642 | 168,045,354 | - | - | 62,776 | 268,169 |
| Total assets | <u>101,895,775</u> | <u>263,820,264</u> | <u>365,716,039</u> | <u>475,369</u> | <u>2,615</u> | <u>126,013</u> | <u>384,103</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | |
| Pension | 3,437,656 | 483,176 | 3,920,832 | - | - | - | - |
| Other post-employment benefits | 1,265,877 | - | 1,265,877 | - | - | - | - |
| Total deferred outflows of resources | <u>4,703,533</u> | <u>483,176</u> | <u>5,186,709</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| LIABILITIES | | | | | | | |
| Accounts payable | 1,286,925 | 11,551,681 | 12,838,606 | - | - | 19,034 | - |
| Accrued liabilities | 699,798 | 480,857 | 1,180,655 | - | - | 16,732 | 2,122 |
| Unearned revenues | - | 1,321,342 | 1,321,342 | 70,373 | - | - | 15,647 |
| Customer deposits payable | - | 1,513,805 | 1,513,805 | - | - | - | - |
| Leases due within one year | 1,448,737 | 320,291 | 1,769,028 | - | - | - | - |
| Leases due in more than one year | 5,145,131 | 1,064,033 | 6,209,164 | - | - | - | - |
| Notes payable due within one year | - | 221,744 | 221,744 | - | - | - | 29,381 |
| Notes payable due in more than one year | - | 2,827,959 | 2,827,959 | - | - | - | 93,153 |
| Bonds payable due within one year | - | 160,000 | 160,000 | - | - | - | - |
| Compensated absences due within one year | 960,180 | 309,504 | 1,269,684 | - | - | - | - |
| Compensated absences due in more than one year | 360,636 | 121,739 | 482,375 | - | - | - | - |
| Net pension liability due in more than one year | 15,486,730 | 2,176,716 | 17,663,446 | - | - | - | - |
| Total other post-employment benefits liability due within one year | 266,001 | - | 266,001 | - | - | - | - |
| Total other post-employment benefits liability due in more than one year | 3,189,101 | - | 3,189,101 | - | - | - | - |
| Total liabilities | <u>28,843,239</u> | <u>22,069,671</u> | <u>50,912,910</u> | <u>70,373</u> | <u>-</u> | <u>35,766</u> | <u>140,303</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Other post-employment benefits | 832,259 | - | 832,259 | - | - | - | - |
| Deferred leases receivable | 1,813,586 | 3,108,476 | 4,922,062 | - | - | - | - |
| Total deferred inflows of resources | <u>2,645,845</u> | <u>3,108,476</u> | <u>5,754,321</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | | | | | |
| Net investment in capital assets | 54,902,518 | 145,445,870 | 200,348,388 | 414,173 | - | 62,776 | 145,635 |
| Restricted for: | | | | | | | |
| Debt service | - | 2,721,744 | 2,721,744 | - | - | - | - |
| Law enforcement | 1,286,054 | - | 1,286,054 | - | - | - | - |
| Cemetery maintenance | 182,748 | - | 182,748 | - | - | - | - |
| Parks and recreation | 331,000 | - | 331,000 | - | - | - | - |
| Housing and development | 1,151,387 | - | 1,151,387 | - | - | - | - |
| Other capital projects | 9,394,048 | - | 9,394,048 | - | - | - | - |
| Unrestricted | 7,862,469 | 90,957,679 | 98,820,148 | (9,177) | 2,615 | 27,471 | 98,165 |
| Total net position | <u>\$ 75,110,224</u> | <u>\$ 239,125,293</u> | <u>\$ 314,235,517</u> | <u>\$ 404,996</u> | <u>\$ 2,615</u> | <u>\$ 90,247</u> | <u>\$ 243,800</u> |

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

CITY OF COVINGTON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| Functions/Programs | Program Revenues | | | | | | Net (Expenses) Revenues and Changes in Net Position | | | | | |
|--|-----------------------|-----------------------|------------------------------------|----------------------------------|-------------------------|--------------------------|---|-------------------|-------------------------|--|-------------------|-------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total | Component Units | | | | |
| | | | | | | | | Parking Authority | Redevelopment Authority | Covington Downtown and Tourism Association | Airport Authority | |
| Primary government | | | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | | | |
| General government | \$ 5,441,563 | \$ 3,434,525 | \$ - | \$ - | \$ (2,007,038) | \$ - | \$ (2,007,038) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Judicial | 990,499 | - | - | - | (990,499) | - | (990,499) | - | - | - | - | - |
| Public safety | 23,923,585 | 4,749,379 | 445,280 | - | (18,728,926) | - | (18,728,926) | - | - | - | - | - |
| Public works | 1,643,918 | - | - | 24,751,441 | 23,107,523 | - | 23,107,523 | - | - | - | - | - |
| Parks and recreation | 642,490 | 33,250 | 136,391 | - | (472,849) | - | (472,849) | - | - | - | - | - |
| Housing and development | 2,684,939 | 43,897 | - | - | (2,641,042) | - | (2,641,042) | - | - | - | - | - |
| Interest on long-term debt | 255,721 | - | - | - | (255,721) | - | (255,721) | - | - | - | - | - |
| Total governmental activities | <u>35,582,715</u> | <u>8,261,051</u> | <u>581,671</u> | <u>24,751,441</u> | <u>(1,988,552)</u> | <u>-</u> | <u>(1,988,552)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Business-type activities: | | | | | | | | | | | | |
| Water and sewer | 12,580,547 | 15,580,050 | - | 4,188,868 | - | 7,188,371 | 7,188,371 | - | - | - | - | - |
| Gas | 12,179,234 | 17,282,206 | - | - | - | 5,102,972 | 5,102,972 | - | - | - | - | - |
| Electric | 52,423,635 | 59,414,857 | - | - | - | 6,991,222 | 6,991,222 | - | - | - | - | - |
| Stormwater | 888,937 | 927,183 | - | 341,266 | - | 379,512 | 379,512 | - | - | - | - | - |
| Sanitation | 3,536,393 | 3,670,232 | - | - | - | 133,839 | 133,839 | - | - | - | - | - |
| Telecommunications | 573,109 | 69,980 | - | - | - | (503,129) | (503,129) | - | - | - | - | - |
| Airport | 2,138,624 | 1,283,288 | - | - | - | (855,336) | (855,336) | - | - | - | - | - |
| Total business-type activities | <u>84,320,479</u> | <u>98,227,796</u> | <u>-</u> | <u>4,530,134</u> | <u>-</u> | <u>18,437,451</u> | <u>18,437,451</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total primary government | <u>\$ 119,903,194</u> | <u>\$ 106,488,847</u> | <u>\$ 581,671</u> | <u>\$ 29,281,575</u> | <u>(1,988,552)</u> | <u>18,437,451</u> | <u>16,448,899</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Component units: | | | | | | | | | | | | |
| Parking Authority | \$ - | \$ 2,347 | \$ - | \$ - | - | - | - | 2,347 | - | - | - | - |
| Redevelopment Authority | 2,654 | - | - | - | - | - | - | - | (2,654) | - | - | - |
| Covington Downtown and Tourism Association | 753,037 | 726,092 | - | - | - | - | - | - | - | (26,945) | - | - |
| Airport Authority | 16,914 | 43,425 | - | - | - | - | - | - | - | - | 26,511 | - |
| Total component units | <u>\$ 772,605</u> | <u>\$ 771,864</u> | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,347</u> | <u>(2,654)</u> | <u>(26,945)</u> | <u>26,511</u> | <u>-</u> |
| General revenues: | | | | | | | | | | | | |
| Property taxes | - | - | - | - | 8,155,117 | - | 8,155,117 | - | - | - | - | - |
| Sales taxes | - | - | - | - | 4,202,866 | - | 4,202,866 | - | - | - | - | - |
| Insurance premium tax | - | - | - | - | 1,260,190 | - | 1,260,190 | - | - | - | - | - |
| Other taxes | - | - | - | - | 3,254,604 | - | 3,254,604 | - | - | - | - | - |
| Franchise fees | - | - | - | - | 857,226 | - | 857,226 | - | - | - | - | - |
| Unrestricted investment earnings | - | - | - | - | 1,542,956 | 3,026,821 | 4,569,777 | 6 | - | - | - | - |
| Gain on sale of capital assets | - | - | - | - | - | 16,508 | 16,508 | - | 4,000 | - | - | - |
| Transfers | - | - | - | - | (10,464,355) | 10,464,355 | - | - | - | - | - | - |
| Total general revenues and transfers | | | | | <u>8,808,604</u> | <u>13,507,684</u> | <u>22,316,288</u> | <u>6</u> | <u>4,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in net position | | | | | 6,820,052 | 31,945,135 | 38,765,187 | 2,353 | 1,346 | (26,945) | 26,511 | - |
| Net position, beginning of year | | | | | 68,290,172 | 207,180,158 | 275,470,330 | 402,643 | 1,269 | 117,192 | 217,289 | - |
| Net position, end of year | | | | | <u>\$ 75,110,224</u> | <u>\$ 239,125,293</u> | <u>\$ 314,235,517</u> | <u>\$ 404,996</u> | <u>\$ 2,615</u> | <u>\$ 90,247</u> | <u>\$ 243,800</u> | <u>\$ -</u> |

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

CITY OF COVINGTON, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

| ASSETS | General | Capital Projects Funds | ARPA | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|-----------------------------------|---------------------|--|---|
| Cash and cash equivalents | \$ 6,756,605 | \$ 2,544,739 | \$ - | \$ 9,703,594 | \$ 19,004,938 |
| Investments | 13,096,198 | - | - | - | 13,096,198 |
| Taxes receivable, net | 90,069 | - | - | 199,506 | 289,575 |
| Accounts receivable, net | 415,726 | - | - | 803,064 | 1,218,790 |
| Lease receivable | 1,946,797 | - | - | - | 1,946,797 |
| Due from other governments | 413,343 | 102,664 | 8,464,346 | 641,990 | 9,622,343 |
| Due from other funds | 3,115,172 | - | - | - | 3,115,172 |
| Inventories | 30,051 | - | - | - | 30,051 |
| Prepaid expenditures | 123,540 | - | - | 69,258 | 192,798 |
| Restricted assets: | | | | | |
| Cash and cash equivalents | 347,073 | - | - | - | 347,073 |
| Total assets | <u>\$ 26,334,574</u> | <u>\$ 2,647,403</u> | <u>\$ 8,464,346</u> | <u>\$ 11,417,412</u> | <u>\$ 48,863,735</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 883,078 | \$ 18,841 | \$ - | \$ 385,006 | \$ 1,286,925 |
| Accrued liabilities | 625,895 | - | - | 74,747 | 700,642 |
| Due to other funds | - | - | 8,464,346 | - | 8,464,346 |
| Total liabilities | <u>1,508,973</u> | <u>18,841</u> | <u>8,464,346</u> | <u>459,753</u> | <u>10,451,913</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | 74,243 | - | - | - | 74,243 |
| Unavailable revenue - lessor | 1,813,586 | - | - | - | 1,813,586 |
| Total deferred inflows of resources | <u>1,887,829</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,887,829</u> |
| FUND BALANCES | | | | | |
| Nonspendable: | | | | | |
| Inventories | 30,051 | - | - | - | 30,051 |
| Prepaid expenditures | 123,540 | - | - | 69,258 | 192,798 |
| Restricted for: | | | | | |
| Law enforcement | - | 272,814 | - | 1,013,240 | 1,286,054 |
| Cemetery maintenance | - | - | - | 182,748 | 182,748 |
| Parks and recreation | - | 331,000 | - | - | 331,000 |
| Housing and development | - | - | - | 1,151,387 | 1,151,387 |
| Other capital projects | - | 853,022 | - | 8,541,026 | 9,394,048 |
| Opioid Settlement | 56,257 | - | - | - | 56,257 |
| Committed to: | | | | | |
| Tourism projects | - | 128,922 | - | - | 128,922 |
| Assigned to: | | | | | |
| Capital projects | - | 1,042,804 | - | - | 1,042,804 |
| Unassigned | 22,727,924 | - | - | - | 22,727,924 |
| Total fund balances | <u>22,937,772</u> | <u>2,628,562</u> | <u>-</u> | <u>10,957,659</u> | <u>36,523,993</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 26,334,574</u> | <u>\$ 2,647,403</u> | <u>\$ 8,464,346</u> | <u>\$ 11,417,412</u> | |

Amounts reported for governmental activities in the Statement of Net Position are different because:

| | |
|---|----------------------|
| Capital assets and right to use lease assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 61,496,386 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. | 74,243 |
| The net pension liability and related deferred outflows of resources are not financial resources and, therefore, are not reported in the governmental funds. | (12,049,074) |
| The total OPEB liability and related deferred outflows and inflows of resources are not financial resources and, therefore, are not reported in the governmental funds. | (3,021,484) |
| Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | (7,913,840) |
| Net position of governmental activities | <u>\$ 75,110,224</u> |

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

CITY OF COVINGTON, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | <u>General</u> | <u>Capital Projects Funds</u> | <u>ARPA</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|-----------------------------------|---------------------|--|---|
| Revenues | | | | | |
| Property taxes | \$ 8,178,155 | \$ - | \$ - | \$ - | \$ 8,178,155 |
| Sales taxes | 4,202,866 | - | - | - | 4,202,866 |
| Insurance premium taxes | 1,260,190 | - | - | - | 1,260,190 |
| Other taxes | 1,424,978 | - | - | 1,829,626 | 3,254,604 |
| Charges for services | - | - | - | 3,863,623 | 3,863,623 |
| Licenses and permits | 1,839,880 | - | - | - | 1,839,880 |
| Intergovernmental | 581,671 | 703,229 | 20,390,936 | 3,657,276 | 25,333,112 |
| Franchise fees | 857,226 | - | - | - | 857,226 |
| Fines and forfeitures | 900,594 | - | - | 60,184 | 960,778 |
| Interest revenue | 1,542,942 | - | - | 14 | 1,542,956 |
| Lease income | 50,633 | - | - | - | 50,633 |
| Other revenues | 1,544,012 | - | - | 2,125 | 1,546,137 |
| Total revenues | <u>22,383,147</u> | <u>703,229</u> | <u>20,390,936</u> | <u>9,412,848</u> | <u>52,890,160</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 5,413,792 | - | - | - | 5,413,792 |
| Judicial | 964,095 | - | - | - | 964,095 |
| Public safety | 19,148,900 | - | - | 6,249,649 | 25,398,549 |
| Public works | 4,208,722 | - | - | - | 4,208,722 |
| Parks and recreation | 581,054 | - | - | 65,898 | 646,952 |
| Housing and development | 1,800,410 | - | - | 813,303 | 2,613,713 |
| Capital outlay | - | 920,726 | - | 1,664,114 | 2,584,840 |
| Debt service: | | | | | |
| Principal | 1,430,075 | - | - | 124,998 | 1,555,073 |
| Interest | 221,939 | - | - | 34,204 | 256,143 |
| Total expenditures | <u>33,768,987</u> | <u>920,726</u> | <u>-</u> | <u>8,952,166</u> | <u>43,641,879</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(11,385,840)</u> | <u>(217,497)</u> | <u>20,390,936</u> | <u>460,682</u> | <u>9,248,281</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 7,479,640 | 1,621,600 | - | 921,765 | 10,023,005 |
| Transfers out | - | (361,299) | (20,390,936) | (686,308) | (21,438,543) |
| Leases | 4,044,041 | - | - | 2,165,433 | 6,209,474 |
| Proceeds from the sale of capital assets | 320,577 | - | - | - | 320,577 |
| Total other financing sources (uses), net | <u>11,844,258</u> | <u>1,260,301</u> | <u>(20,390,936)</u> | <u>2,400,890</u> | <u>(4,885,487)</u> |
| Net change in fund balances | 458,418 | 1,042,804 | - | 2,861,572 | 4,362,794 |
| Fund balances, beginning of year | <u>22,479,354</u> | <u>1,585,758</u> | <u>-</u> | <u>8,096,087</u> | <u>32,161,199</u> |
| Fund balances, end of year | <u>\$ 22,937,772</u> | <u>\$ 2,628,562</u> | <u>\$ -</u> | <u>\$ 10,957,659</u> | <u>\$ 36,523,993</u> |

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

CITY OF COVINGTON, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Amounts reported for governmental activities in the Statement of Activities are different because:

| | |
|---|---------------------|
| Net change in fund balances - total governmental funds | \$ 4,362,794 |
| 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 and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. | 6,793,475 |
| The net effect of various miscellaneous transactions involving capital assets and leases (i.e., sales and donations) is to increase net position. | 555,557 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | (23,038) |
| 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 net position. | (4,654,401) |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | <u>(214,335)</u> |
| | <u>\$ 6,820,052</u> |

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

CITY OF COVINGTON, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---------------------------------|-------------------|-------------------|-------------------|----------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Property taxes | \$ 8,035,882 | \$ 8,035,882 | \$ 8,178,155 | \$ 142,273 |
| Sales taxes | 4,000,000 | 4,000,000 | 4,202,866 | 202,866 |
| Insurance premium taxes | 1,200,000 | 1,200,000 | 1,260,190 | 60,190 |
| Other taxes | 1,382,000 | 1,382,000 | 1,424,978 | 42,978 |
| Licenses and permits | 769,200 | 905,366 | 1,839,880 | 934,514 |
| Intergovernmental | 488,217 | 488,217 | 581,671 | 93,454 |
| Franchise fees | 935,000 | 935,000 | 857,226 | (77,774) |
| Fines and forfeitures | 775,000 | 888,115 | 900,594 | 12,479 |
| Interest revenue | 350,000 | 378,254 | 1,542,942 | 1,164,688 |
| Lease income | - | - | 50,633 | 50,633 |
| Other revenues | 1,383,046 | 1,540,426 | 1,544,012 | 3,586 |
| Total revenues | <u>19,318,345</u> | <u>19,753,260</u> | <u>22,383,147</u> | <u>2,629,887</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government: | | | | |
| Administrative services | 2,110,247 | 2,472,786 | 2,138,009 | 334,777 |
| Elected and appointed officials | 1,710,063 | 1,629,369 | 1,596,439 | 32,930 |
| Maintenance department | 523,049 | 711,385 | 710,860 | 525 |
| Purchasing | 64,108 | 70,178 | 65,702 | 4,476 |
| Personnel | 730,201 | 731,721 | 687,821 | 43,900 |
| Risk management | 185,268 | 241,229 | 214,961 | 26,268 |
| Total general government | <u>5,322,936</u> | <u>5,856,668</u> | <u>5,413,792</u> | <u>442,876</u> |
| Judicial | <u>860,592</u> | <u>974,132</u> | <u>964,095</u> | <u>10,037</u> |
| Public safety: | | | | |
| Police | 10,345,869 | 11,829,884 | 11,752,221 | 77,663 |
| Fire | 7,440,856 | 7,795,173 | 7,396,679 | 398,494 |
| Total public safety | <u>17,786,725</u> | <u>19,625,057</u> | <u>19,148,900</u> | <u>476,157</u> |
| Public works: | | | | |
| Highways and streets | 2,474,033 | 2,811,773 | 2,792,669 | 19,104 |
| Engineering | 1,153,491 | 753,521 | 725,914 | 27,607 |
| Facilities maintenance | 645,500 | 683,704 | 683,704 | - |
| Telecommunications | - | 6,435 | 6,435 | - |
| Total public works | <u>4,273,024</u> | <u>4,255,433</u> | <u>4,208,722</u> | <u>46,711</u> |
| Parks and recreation: | | | | |
| Recreation | 154,306 | 136,348 | 135,695 | 653 |
| Cemetery and parks | 418,774 | 449,347 | 445,359 | 3,988 |
| Total parks and recreation | <u>573,080</u> | <u>585,695</u> | <u>581,054</u> | <u>4,641</u> |
| Housing and development: | | | | |
| Planning and zoning | 1,628,396 | 1,866,597 | 1,800,410 | 66,187 |
| Total housing and development | <u>1,628,396</u> | <u>1,866,597</u> | <u>1,800,410</u> | <u>66,187</u> |

(Continued)

CITY OF COVINGTON, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|----------------------|----------------------|----------------------|----------------------------|
| | Original | Final | | |
| Expenditures (Continued) | | | | |
| Current (Continued): | | | | |
| Debt service: | | | | |
| Principal | \$ 251,530 | \$ 1,430,075 | \$ 1,430,075 | \$ - |
| Interest | - | 221,939 | 221,939 | - |
| Total debt service | <u>251,530</u> | <u>1,652,014</u> | <u>1,652,014</u> | <u>-</u> |
| | | | | |
| Total expenditures | <u>30,696,283</u> | <u>34,815,596</u> | <u>33,768,987</u> | <u>1,046,609</u> |
| | | | | |
| Deficiency of revenues under expenditures | <u>(11,377,938)</u> | <u>(15,062,336)</u> | <u>(11,385,840)</u> | <u>3,676,496</u> |
| | | | | |
| Other financing sources | | | | |
| Transfers in | 13,133,074 | 13,188,320 | 7,479,640 | (5,708,680) |
| Transfers out | - | (314,671) | - | 314,671 |
| Leases | - | 3,411,364 | 4,044,041 | 632,677 |
| Proceeds from the sale of capital assets | - | - | 320,577 | 320,577 |
| Total other financing sources | <u>13,133,074</u> | <u>16,285,013</u> | <u>11,844,258</u> | <u>(4,440,755)</u> |
| | | | | |
| Net change in fund balances | 1,755,136 | 1,222,677 | 458,418 | (764,259) |
| | | | | |
| Fund balances, beginning of year | <u>22,479,354</u> | <u>22,479,354</u> | <u>22,479,354</u> | <u>-</u> |
| | | | | |
| Fund balances, end of year | <u>\$ 24,234,490</u> | <u>\$ 23,702,031</u> | <u>\$ 22,937,772</u> | <u>\$ (764,259)</u> |

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

CITY OF COVINGTON, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
ARPA FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | <u>Original Budgeted Amounts</u> | <u>Final Budgeted Amounts</u> | <u>Actual</u> | <u>Variance</u> |
|---|--|---------------------------------------|---------------------|---------------------|
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ - | \$ 20,390,936 | \$ 20,390,936 |
| Total revenues | <u>-</u> | <u>-</u> | <u>20,390,936</u> | <u>20,390,936</u> |
| Excess of revenues over expenditures | - | - | 20,390,936 | 20,390,936 |
| OTHER FINANCING USES | | | | |
| Transfers out | - | - | (20,390,936) | (20,390,936) |
| Total other financing uses | <u>-</u> | <u>-</u> | <u>(20,390,936)</u> | <u>(20,390,936)</u> |
| Net change in fund balances | - | - | - | - |
| FUND BALANCES, beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

CITY OF COVINGTON, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024**

| | Water and Sewer Utility Fund | Electric Utility Fund | Gas Utility Fund | Airport Fund | Nonmajor Enterprise Funds | Totals |
|---|---|--------------------------------------|---------------------------------|-------------------------|--|-----------------------|
| ASSETS | | | | | | |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | \$ 9,696,290 | \$ - | \$ 7,867,053 | \$ 55,590 | \$ 1,507,758 | \$ 19,126,691 |
| Investments | - | 60,842,110 | - | - | - | 60,842,110 |
| Accounts receivable, net of allowances | 2,021,450 | 10,345,256 | 2,007,383 | 911,404 | 1,228,454 | 16,513,947 |
| Leases receivable | - | 2,053,543 | - | 1,090,834 | - | 3,144,377 |
| Due from other funds | 8,464,346 | - | - | - | - | 8,464,346 |
| Inventories | 225,605 | 3,928,744 | 393,891 | 43,635 | - | 4,591,875 |
| Prepaid expenses | 5,748 | 59,778 | 24,943 | 16,271 | 1,448 | 108,188 |
| Due from other governments | 32,726 | - | 10,800 | 117,656 | - | 161,182 |
| Restricted assets, cash | 2,721,211 | - | - | - | - | 2,721,211 |
| Total current assets | <u>23,167,376</u> | <u>77,229,431</u> | <u>10,304,070</u> | <u>2,235,390</u> | <u>2,737,660</u> | <u>115,673,927</u> |
| NON-CURRENT ASSETS | | | | | | |
| Capital assets: | | | | | | |
| Nondepreciable | 29,089,245 | 2,973,025 | 337,966 | 6,932,733 | 717,898 | 40,050,867 |
| Depreciable, net of accumulated depreciation | 45,794,606 | 26,159,930 | 9,833,583 | 20,122,195 | 9,300,328 | 111,210,642 |
| Total non-current assets | <u>74,883,851</u> | <u>29,132,955</u> | <u>10,171,549</u> | <u>27,054,928</u> | <u>10,018,226</u> | <u>151,261,509</u> |
| Total assets | <u>98,051,227</u> | <u>106,362,386</u> | <u>20,475,619</u> | <u>29,290,318</u> | <u>12,755,886</u> | <u>266,935,436</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Pension | 342,488 | 122,207 | 18,481 | - | - | 483,176 |
| LIABILITIES | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Accounts payable | 4,611,875 | 4,639,054 | 868,481 | 908,643 | 523,628 | 11,551,681 |
| Accrued liabilities | 290,156 | 466,756 | 121,375 | 15,416 | 18,397 | 912,100 |
| Current portion - lease payable | 172,453 | 73,836 | 55,293 | 7,439 | 11,270 | 320,291 |
| Current portion - notes payable | 221,744 | - | - | - | - | 221,744 |
| Customer deposits payable | - | 1,513,805 | - | - | - | 1,513,805 |
| Due to other funds | - | 3,115,172 | - | - | - | 3,115,172 |
| Unearned revenue | 732,905 | 51,600 | - | 22,956 | 513,881 | 1,321,342 |
| Payable from restricted assets: | | | | | | |
| Revenue bonds payable, current portion | 160,000 | - | - | - | - | 160,000 |
| Total current liabilities | <u>6,189,133</u> | <u>9,860,223</u> | <u>1,045,149</u> | <u>954,454</u> | <u>1,067,176</u> | <u>19,116,135</u> |
| NON-CURRENT LIABILITIES | | | | | | |
| Notes payable, net of current portion | 2,827,959 | - | - | - | - | 2,827,959 |
| Lease payable, net of current portion | 634,172 | 189,420 | 161,628 | 29,704 | 49,109 | 1,064,033 |
| Net pension liability | 1,542,917 | 550,544 | 83,255 | - | - | 2,176,716 |
| Total non-current liabilities | <u>5,005,048</u> | <u>739,964</u> | <u>244,883</u> | <u>29,704</u> | <u>49,109</u> | <u>6,068,708</u> |
| Total liabilities | <u>11,194,181</u> | <u>10,600,187</u> | <u>1,290,032</u> | <u>984,158</u> | <u>1,116,285</u> | <u>25,184,843</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred lease revenues | - | 2,021,354 | - | 1,087,122 | - | 3,108,476 |
| Total deferred inflows of resources | <u>-</u> | <u>2,021,354</u> | <u>-</u> | <u>1,087,122</u> | <u>-</u> | <u>3,108,476</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 69,645,911 | 28,869,699 | 9,954,628 | 27,017,785 | 9,957,847 | 145,445,870 |
| Restricted for debt service | 2,721,744 | - | - | - | - | 2,721,744 |
| Unrestricted | 14,831,879 | 64,993,353 | 9,249,440 | 201,253 | 1,681,754 | 90,957,679 |
| Total net position | <u>\$ 87,199,534</u> | <u>\$ 93,863,052</u> | <u>\$ 19,204,068</u> | <u>\$ 27,219,038</u> | <u>\$ 11,639,601</u> | <u>\$ 239,125,293</u> |

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

CITY OF COVINGTON, GEORGIA

**CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | Water and Sewer Utility Fund | Electric Utility Fund | Gas Utility Fund | Airport Fund | Nonmajor Enterprise Funds | Totals |
|---|---|--------------------------------------|---------------------------------|-------------------------|--|-----------------------|
| OPERATING REVENUES | | | | | | |
| Charges for services | \$ 15,494,160 | \$ 57,658,675 | \$ 16,501,755 | \$ 1,143,627 | \$ 4,650,787 | \$ 95,449,004 |
| Other services | 85,890 | 1,756,182 | 780,451 | 139,661 | 16,608 | 2,778,792 |
| Total operating revenues | <u>15,580,050</u> | <u>59,414,857</u> | <u>17,282,206</u> | <u>1,283,288</u> | <u>4,667,395</u> | <u>98,227,796</u> |
| OPERATING EXPENSES | | | | | | |
| Personnel services | 3,357,246 | 3,019,612 | 1,140,436 | 253,550 | 479,555 | 8,250,399 |
| Water purchases | 2,713,289 | - | - | - | - | 2,713,289 |
| Purchased power | - | 43,877,524 | - | - | - | 43,877,524 |
| Other costs of operations | 4,167,594 | 4,303,240 | 9,579,843 | 1,341,730 | 4,105,048 | 23,497,455 |
| Depreciation | 2,289,440 | 1,223,259 | 379,313 | 540,589 | 412,946 | 4,845,547 |
| Total operating expenses | <u>12,527,569</u> | <u>52,423,635</u> | <u>11,099,592</u> | <u>2,135,869</u> | <u>4,997,549</u> | <u>83,184,214</u> |
| Operating income (loss) | <u>3,052,481</u> | <u>6,991,222</u> | <u>6,182,614</u> | <u>(852,581)</u> | <u>(330,154)</u> | <u>15,043,582</u> |
| NON-OPERATING REVENUE (EXPENSES) | | | | | | |
| Intergovernmental | - | - | (1,074,599) | - | - | (1,074,599) |
| Interest income | - | 2,991,361 | - | 35,460 | - | 3,026,821 |
| Interest expense | (52,978) | - | (5,043) | (2,755) | (890) | (61,666) |
| Gain on sale of capital assets | 2,650 | 13,638 | - | - | 220 | 16,508 |
| Loss on disposal of capital assets | - | - | - | (197,876) | (753,307) | (951,183) |
| Total non-operating revenue (expenses) | <u>(50,328)</u> | <u>3,004,999</u> | <u>(1,079,642)</u> | <u>(165,171)</u> | <u>(753,977)</u> | <u>955,881</u> |
| Income (loss) before transfers and capital contributions | <u>3,002,153</u> | <u>9,996,221</u> | <u>5,102,972</u> | <u>(1,017,752)</u> | <u>(1,084,131)</u> | <u>15,999,463</u> |
| CAPITAL CONTRIBUTIONS | <u>4,188,868</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>341,266</u> | <u>4,530,134</u> |
| TRANSFERS | | | | | | |
| Transfers in | 20,390,936 | - | 15,521 | 321,797 | - | 20,728,254 |
| Transfers out | (1,295,000) | (4,600,706) | (2,705,662) | - | (711,348) | (9,312,716) |
| Total transfers | <u>19,095,936</u> | <u>(4,600,706)</u> | <u>(2,690,141)</u> | <u>321,797</u> | <u>(711,348)</u> | <u>11,415,538</u> |
| Change in net position | 26,286,957 | 5,395,515 | 2,412,831 | (695,955) | (1,454,213) | 31,945,135 |
| NET POSITION, beginning of year | <u>60,912,577</u> | <u>88,467,537</u> | <u>16,791,237</u> | <u>27,914,993</u> | <u>13,093,814</u> | <u>207,180,158</u> |
| NET POSITION, end of year | <u>\$ 87,199,534</u> | <u>\$ 93,863,052</u> | <u>\$ 19,204,068</u> | <u>\$ 27,219,038</u> | <u>\$ 11,639,601</u> | <u>\$ 239,125,293</u> |

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

CITY OF COVINGTON, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | Water and Sewer Utility Fund | Electric Utility Fund | Gas Utility Fund | Airport Fund | Nonmajor Enterprise Funds | Totals |
|---|---|--------------------------------------|---------------------------------|-------------------------|--|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Receipts from customers and users | \$ 9,219,251 | \$ 59,754,440 | \$ 16,886,060 | \$ 592,456 | \$ 4,784,988 | \$ 91,237,195 |
| Payments to suppliers | (4,226,212) | (47,927,947) | (9,489,752) | (638,865) | (4,237,906) | (66,520,682) |
| Payments to employees | (3,339,971) | (3,168,021) | (1,259,520) | (248,528) | (478,179) | (8,494,219) |
| Net cash provided by (used in) operating activities | 1,653,068 | 8,658,472 | 6,136,788 | (294,937) | 68,903 | 16,222,294 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | | | |
| Intergovernmental expense | - | - | (1,074,599) | - | - | (1,074,599) |
| Transfers out | (1,295,000) | (4,600,706) | (2,705,662) | - | (711,348) | (9,312,716) |
| Transfers in | 20,390,936 | - | 15,521 | 321,797 | - | 20,728,254 |
| Net cash provided by (used in) non-capital financing activities | 19,095,936 | (4,600,706) | (3,764,740) | 321,797 | (711,348) | 10,340,939 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Proceeds from sale of capital assets | 64,917 | 32,999 | - | 24,679 | 13,025 | 135,620 |
| Lease proceeds | 818,189 | 258,071 | 184,558 | 38,189 | 57,054 | 1,356,061 |
| Acquisition and construction of capital assets and leases | (29,910,212) | (6,130,635) | (1,080,940) | (76,999) | (1,093,943) | (38,292,729) |
| Principal paid on notes payable | (220,638) | - | - | - | - | (220,638) |
| Principal paid on bonds | (210,000) | - | - | - | - | (210,000) |
| Principal paid on lease | (157,697) | (79,956) | (26,348) | (10,780) | (16,054) | (290,835) |
| Capital contributions | 4,188,868 | - | - | - | 341,266 | 4,530,134 |
| Interest paid | (52,978) | - | (5,043) | (2,755) | (890) | (61,666) |
| Net cash used in capital and related financing activities | (25,479,551) | (5,919,521) | (927,773) | (27,666) | (699,542) | (33,054,053) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Purchase of investments | - | (1,135,057) | - | - | - | (1,135,057) |
| Interest and dividends received | - | 2,991,361 | - | 35,460 | - | 3,026,821 |
| Net cash provided by investing activities | - | 1,856,304 | - | 35,460 | - | 1,891,764 |
| Change in cash and cash equivalents | (4,730,547) | (5,451) | 1,444,275 | 34,654 | (1,341,987) | (4,599,056) |
| Cash and cash equivalents: | | | | | | |
| Beginning of year | 17,148,048 | 5,451 | 6,422,778 | 20,936 | 2,849,745 | 26,446,958 |
| End of year | \$ 12,417,501 | \$ - | \$ 7,867,053 | \$ 55,590 | \$ 1,507,758 | \$ 21,847,902 |
| Classified as: | | | | | | |
| Cash and cash equivalents | \$ 9,696,290 | \$ - | \$ 7,867,053 | \$ 55,590 | \$ 1,507,758 | \$ 19,126,691 |
| Restricted assets, cash | 2,721,211 | - | - | - | - | 2,721,211 |
| | \$ 12,417,501 | \$ - | \$ 7,867,053 | \$ 55,590 | \$ 1,507,758 | \$ 21,847,902 |

(Continued)

CITY OF COVINGTON, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | Water and Sewer Utility Fund | Electric Utility Fund | Gas Utility Fund | Airport Fund | Nonmajor Enterprise Funds | Totals |
|--|---|--------------------------------------|---------------------------------|-------------------------|--|----------------------|
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | | | | | | |
| Operating income (loss): | \$ 3,052,481 | \$ 6,991,222 | \$ 6,182,614 | \$ (852,581) | \$ (330,154) | \$ 15,043,582 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Depreciation and amortization | 2,289,440 | 1,223,259 | 379,313 | 540,589 | 412,946 | 4,845,547 |
| Changes in assets and liabilities: | | | | | | |
| Increase in lease receivable | - | (1,410,542) | - | (445,986) | - | (1,856,528) |
| Decrease in deferred lease revenues | | 1,400,211 | | 444,166 | | 1,844,377 |
| (Increase) decrease in accounts receivable | (255,010) | (2,800,474) | (392,846) | (869,277) | 74,009 | (4,243,598) |
| (Increase) decrease in inventories | (113,966) | (166,563) | (159,329) | 13,547 | - | (426,311) |
| Increase in due from other funds | (6,820,572) | - | - | - | - | (6,820,572) |
| Decrease in prepaids and other assets | 11,803 | 16,709 | 1,837 | 4,971 | 8,584 | 43,904 |
| (Increase) decrease in due from other governments | 3,803 | 5,304 | (3,300) | 180,266 | - | 186,073 |
| (Increase) decrease in deferred outflows of resources related to pension | (21,916) | 29,132 | 26,406 | - | - | 33,622 |
| Increase (decrease) in accounts payable | 2,729,599 | 114,170 | 162,700 | 684,347 | (141,442) | 3,549,374 |
| Increase in accrued liabilities | 27,235 | 270,311 | 66,693 | 5,022 | 1,376 | 370,637 |
| Increase (decrease) in unearned revenues | 710,980 | - | - | (1) | 43,584 | 754,563 |
| Increase in customer deposits | - | 29,912 | - | - | - | 29,912 |
| Decrease in deferred inflows of resources related to pension | (7,115) | (3,359) | (996) | - | - | (11,470) |
| Increase (decrease) in net pension liability | 46,306 | (155,992) | (126,304) | - | - | (235,990) |
| Decrease in due to other funds and advances | - | 3,115,172 | - | - | - | 3,115,172 |
| Net cash provided by (used in) operating activities | <u>\$ 1,653,068</u> | <u>\$ 8,658,472</u> | <u>\$ 6,136,788</u> | <u>\$ (294,937)</u> | <u>\$ 68,903</u> | <u>\$ 16,222,294</u> |

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

CITY OF COVINGTON, GEORGIA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024**

| | | <u>Custodial Fund</u> | |
|---|---------------------|-----------------------------|-------------------------------|
| | | <u>Impound Evidence</u> | <u>Pension Trust Fund</u> |
| | ASSETS | | |
| Cash and cash equivalents | | \$ 204,274 | \$ 1,427,863 |
| Receivables: | | | |
| Miscellaneous | | - | 9,352 |
| Investments, at fair value: | | | |
| Common stock | | - | 39,357,282 |
| Governmental bonds | | - | 656,400 |
| Property | | - | 6,877,992 |
| Mutual funds | | - | 7,214,608 |
| Corporate bonds | | - | 7,794,580 |
| Total assets | | <u>204,274</u> | <u>63,338,077</u> |
| | LIABILITIES | | |
| Due to others | | <u>9,184</u> | <u>60,264</u> |
| | NET POSITION | | |
| Net position restricted for individuals, organizations, and other governments | | 195,090 | - |
| Net position restricted for pension benefits | | - | 63,277,813 |
| Total net position | | <u>\$ 195,090</u> | <u>\$ 63,277,813</u> |

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

CITY OF COVINGTON, GEORGIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | Custodial Fund Impound Evidence | Pension Trust Fund |
|--|--|-------------------------------|
| Additions | | |
| Contributions: | | |
| Employer | \$ - | \$ 2,740,278 |
| Additions | - | - |
| Total contributions | - | 2,740,278 |
| Investment income: | | |
| Interest income | 85 | 1,598,098 |
| Add: Net appreciation in fair value of investments | - | 6,048,698 |
| Total investment income | 85 | 7,646,796 |
| Total additions | 85 | 10,387,074 |
| Deductions | | |
| Benefits paid | - | 4,002,843 |
| Administrative expenses | 9,224 | 388,835 |
| Total deductions | 9,224 | 4,391,678 |
| Net increase (decrease) | (9,139) | 5,995,396 |
| Net position restricted for pension benefits: | | |
| Beginning of year | 204,229 | 57,282,417 |
| End of year | \$ 195,090 | \$ 63,277,813 |

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

NOTES TO FINANCIAL STATEMENTS

CITY OF COVINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Covington, Georgia (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. 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 City’s accounting policies are described below.

A. The Financial Reporting Entity

The City 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 the 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). As required by GAAP, these financial statements present the primary government and its component units. The component units discussed below are included in the City’s reporting entity because of the significance of their operational and financial relationships with the City.

The **Parking Authority** has been included as a discretely presented component unit in the accompanying financial statements. The Parking Authority maintains the downtown parking area of the City. The City possesses the authority to review, approve, and revise the budget and governs collection and disbursement of funds. The governing body of the Parking Authority is also appointed by the City. The Parking Authority is audited and included along with the primary government financial statements in accordance with GASB Statement No. 14, as amended. However, separate financial statements are not prepared.

The **Redevelopment Authority** has been included as a discretely presented component unit in the accompanying financial statements. The Redevelopment Authority was created to implement the City’s Urban Redevelopment Plan. The City possesses the authority to review, approve, and revise the budget and governs collection and disbursement of funds. The governing body of the Redevelopment Authority is also appointed by the City. The Redevelopment Authority is audited and included along with the primary government financial statements in accordance with GASB Statement No. 14, as amended. However, separate financial statements are not prepared.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Financial Reporting Entity (Continued)

The **Covington Downtown & Tourism Association** has been included as a discretely presented component unit in the accompanying financial statements. The Covington Downtown & Tourism Association was created as the city's destination marketing organization ("DMO") to promote Covington as an attractive travel destination. The Covington Downtown & Tourism Association is fiscally dependent on the primary government as all Hotel Motel Excises Taxes are collected by the primary government and remitted to the DMO. The association is audited and included along with the primary government financial statements in accordance with GASB Statement No. 14, as amended; however, separate financial statements are not prepared.

The **Airport Authority** has been included as a discretely presented component unit in the accompanying financial statements with a March 31, 2024 year-end. The Airport Authority was created to provide, operate, maintain, and develop a premier air transportation facility to serve the City, Newton County and surrounding areas. The City possesses the authority to review, approve and revise the budget and governs collection and disbursement of funds. The governing body of the Airport Authority is appointed by the City. The Airport Authority is audited and included along with the primary government financial statements in accordance with GASB Statement No. 14, as amended. However, separate financial statements are not prepared.

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 non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and 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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for Governmental Funds, Proprietary Funds, and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of 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 and the Fiduciary Fund Financial Statements, the Custodial Funds use the economic resources measurement focus. 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 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, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

The **Capital Projects Funds** are used to account for financial resources that are restricted and assigned for the construction and financing of general capital assets.

The **American Rescue Plan Act ("ARPA") Fund** is a Special Revenue Fund used to account for the American Rescue Plan Act's grant revenues and expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The City reports the following major proprietary funds:

The ***Water and Sewer Utility Fund*** accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The ***Electric Utility Fund*** accounts for the provision of electrical services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The ***Gas Utility Fund*** accounts for the provision of gas services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The ***Airport Fund*** accounts for the revenues and expenses for the operation of the City's airport. Funding is provided by City appropriations, user fees and intergovernmental grants.

Additionally, the City reports the following fund types:

The ***Special Revenue Funds*** account for revenue sources that are legally restricted to expenditure for specific purposes.

The ***Capital Projects Funds*** account for the acquisition of capital assets and construction or improvement of major capital projects such as construction of new roads.

The ***Custodial Fund*** is used to account for the collection and disbursement of impounded monies collected by the City until directed for payout by court order.

The ***Pension Trust Fund*** is used to account for the activities of the City's Employee Retirement Plan, which accumulates resources for pension benefit payments to qualified City employees.

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 City's water and sewer function, gas and electric function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) 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. 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 connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

D. Budgets and Budgetary Accounting

The City followed these procedures in establishing the budgetary data reflected in the financial statements for the year ended June 30, 2024:

1. Budget requests are completed in March.
2. Proposed budgets are reviewed and prepared by the City Manager for submission to the Mayor and the City Council in May.
3. Public hearings on the proposed budget are held in June.
4. The budget is legally adopted by the Mayor and City Council prior to June 30.
5. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgeted amounts in excess of \$5,000 between departments requires the approval of the City Council. This is consistent with the legal level of budgetary control as the budget is adopted at the department level. Revisions that alter the total expenditures of any department or fund must be approved by the City Council. The City Council made several immaterial supplemental budget appropriations during the year.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

6. Formal budgetary integration is employed as a management control device during the year for all the governmental funds and the enterprise funds. Budgets for the enterprise funds are prepared for planning and control purposes only.
7. 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.

E. Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition. For purposes of the Statements of Cash Flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

F. Deposits and Investments

State statutes authorize the City to invest in obligations of the U.S. government and agencies of corporations of the U.S. government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit; time deposits of any national state bank or savings and loans which have deposits insured by the Federal Deposit Insurance Corporation ("FDIC") or Federal Savings and Loan Insurance Corporation ("FSLIC"); prime bankers' acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia ("Georgia Fund 1"). Georgia Fund 1, created by the Official Code of Georgia Annotated ("O.C.G.A."), §36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the Securities and Exchange Commission ("SEC") as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair value as of year-end and the City's investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Deposits and Investments (Continued)

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values. Increases or decreases in the fair value during the year are recognized as a component of interest income.

G. Inventory and Prepaid Items

Inventory held in the governmental funds, which is valued at cost, consists of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventory held for resale in the proprietary funds is valued at lower of cost or market, and the weighted average method is used to determine the cost. Prepaid expenditures are accounted for using the consumption method. A prepaid expenditure is recognized when a cash expenditure is made for goods or services that were purchased for consumption, but not consumed as of June 30.

H. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” in the fund financial statements. Short-term interfund loans are classified as “interfund receivables/payables.” If and when applicable, long-term interfund loans are classified as “advances.”

I. Grants from Other Governments

Federal and state governmental units represent an important source of supplementary funding used to finance housing, business development employment, construction programs, capital asset additions and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded in both governmental and proprietary funds. Grant contributions in the proprietary funds, which are for the purpose of construction activities, or land easement or capital asset acquisitions, are recorded as capital contributions within the Statement of Revenues and Expenses. For all funds, a grant receivable is recorded when the City has a right to receive the related grant amounts.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement is reported at acquisition value.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of its donation. Major outlays for capital assets and major improvements are capitalized as projects are constructed.

Depreciation and amortization is provided on the straight-line method over the following estimated useful lives:

Governmental Assets

| | |
|------------------------------|---------------|
| Buildings and improvements | 50 years |
| Furniture and fixtures | 5 – 10 years |
| Machinery and equipment | 5 – 25 years |
| Right-to-use lease equipment | 5 – 10 years |
| Right-to-use lease vehicles | 7 – 10 years |
| Vehicles | 10 years |
| Infrastructure | 35 – 50 years |

Business-type Assets

| | |
|----------------------------|--------------|
| Buildings and improvements | 5 – 33 years |
| Furniture and fixtures | 5 years |
| Machinery and equipment | 3 – 25 years |

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts and deferred charges are deferred and amortized over the life of the bonds using the straight-line method, which is not materially different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Deferred Outflows/Inflows of Resources

GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, establish accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a Statement of Net Position.

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only two items which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the Governmental Funds Balance Sheet. The governmental funds report unavailable revenues from three sources: property taxes, sales tax and intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available. *Deferred inflows from lease receipts* are reported in the Governmental Funds Balance Sheet as well as the government-wide Statement of Net Position. The County reports deferred inflows from lease receipts and amortized into lease revenues over the remaining life of the lease.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources (Continued)

The City also has deferred inflows and outflows related to the recording of changes in its net pension and Other Post-employment Benefits (“OPEB”) liabilities. Certain changes in the net pension liability and total OPEB liability are recognized as expense over time instead of all being recognized in the year of occurrence. Experience gains and losses result from periodic studies by the City’s actuaries which adjust the net pension liability and total OPEB liability for actual experiences for certain trend information that was previously assumed, for example, the assumed dates of retirement of plan members.

These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability and total OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. The difference between projected investment return on investments and actual return on those investments is also deferred and amortized against expense over a five-year period. Contributions made by the City to the pension plans before year-end but subsequent to the measurement date of the City’s net pension liability are reported as deferred outflows of resources.

M. Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when the employees separate from service with the City. Therefore, all sick pay is expensed when incurred. However, the City does allow for employees to accumulate earned but unused vacation and compensatory time with such time being fully vested when earned. For the City’s government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

N. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year-end are reported as committed or assigned fund balances since they do not constitute expenditures or liabilities. At June 30, 2024, there were no encumbrances outstanding.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Non-spendable** – Fund balances are reported as non-spendable when amounts cannot be spent because they are either: a) not in spendable form (i.e., items that are not expected to be converted to cash), or b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Manager or his or her designee to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (Continued)

Fund Balance (Continued)

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

P. Restricted Assets

The Water and Sewer and the Gas and Electric Utility Funds, based on certain bond covenants, are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt.

Q. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

R. Leases

Lessee

The City is a lessee for noncancellable leases of equipment and vehicles. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Leases (Continued)

Lessee (Continued)

Key estimates and judgments related to leases include how the City determines: 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

Lessor

The City is a lessor for noncancellable leases of communication towers and hangar space. The City recognizes a lease receivable and deferred inflow of lease receipts in both the fund level and government-wide financial statements. The City recognizes lease receivables with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Leases (Continued)

Lessor (Continued)

Key estimates and judgments related to leases include how the City determines: 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments:

- The City uses the interest rate as the discount rate. When the interest rate is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments and purchase option prices that the lessee is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred inflows of lease receipts are reported with other deferred inflows related to pension and lease receivables are reported with current assets on the Statement of Net Position.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The Governmental Fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this difference are as follows:

| | |
|--|-----------------------|
| Lease payable | \$ (6,593,868) |
| Compensated absences | (1,320,816) |
| Accrued interest payable | 844 |
| Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i> | <u>\$ (7,913,840)</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this difference are as follows:

| | |
|--|---------------|
| Capital outlay | \$ 11,376,697 |
| Depreciation expense | (4,583,222) |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | \$ 6,793,475 |

Another element of that reconciliation states that “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 net position.” The details of this difference are as follows:

| | |
|--|----------------|
| Issuance of lease liabilities | \$ (6,209,474) |
| Principal payments - lease liabilities | 1,555,073 |
| Net adjustment to decrease <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i> | \$ (4,654,401) |

Another element of that reconciliation states that “Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.” The details of this difference are as follows:

| | |
|--|--------------|
| Compensated absences | \$ (143,009) |
| Net pension liability and deferred outflows of resources related to pensions | (9,292) |
| Total OPEB liability and deferred outflows and inflows of resources related to other post-employment benefits | (62,456) |
| Accrued interest | 422 |
| Net adjustment to reduce <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i> | \$ (214,335) |

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2024 are summarized as follows:

As reported in the Statement of Net Position

Primary government:

| | |
|---------------------------|---------------|
| Cash and cash equivalents | \$ 38,131,629 |
| Investments | 73,938,308 |

Restricted Assets:

| | |
|---------------------------|-----------|
| Cash and cash equivalents | 3,068,284 |
|---------------------------|-----------|

Custodial Fund:

| | |
|---------------------------|---------|
| Cash and cash equivalents | 204,274 |
|---------------------------|---------|

Pension Trust Fund:

| | |
|---------------------------|------------|
| Cash and cash equivalents | 1,427,863 |
| Investments | 61,900,862 |

Component Units:

| | |
|---------------------------|---------|
| Cash and cash equivalents | 240,966 |
|---------------------------|---------|

| |
|----------------|
| \$ 178,912,186 |
|----------------|

| | |
|--|---------------|
| Cash deposited with financial institutions | \$ 53,858,547 |
|--|---------------|

| | |
|-------------------------|-----------|
| Certificates of deposit | 1,145,185 |
|-------------------------|-----------|

| | |
|---|------------|
| Investment in Municipal Competitive Trust | 60,842,109 |
|---|------------|

| | |
|--|-----------|
| Investment in U.S. Government Securities | 1,165,483 |
|--|-----------|

| | |
|--------------------------------|------------|
| Pension Trust Fund investments | 61,900,862 |
|--------------------------------|------------|

| |
|----------------|
| \$ 178,912,186 |
|----------------|

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. At June 30, 2024, the City had the following investments:

| Investment Type | Fair Value | Investment Maturities (in Years) | | | | | | Rating |
|-------------------------|-----------------------|----------------------------------|---------------------|---------------------|-------------------|---------------------|-------------------|--------|
| | | Less than 1 | 1 - 5 | 6 - 10 | 11 - 15 | 16 - 20 | 21 - 25 | |
| Entity-wide: | | | | | | | | |
| Municipal Competitive | | | | | | | | |
| Trust - Short-term | \$ 20,037,734 | \$ 20,037,734 | \$ - | \$ - | \$ - | \$ - | \$ - | NR |
| Municipal Competitive | | | | | | | | |
| Trust - Intermediate | 40,804,375 | 40,804,375 | - | - | - | - | - | NR |
| Government bonds | 1,165,483 | 662,264 | 503,219 | - | - | - | - | N/A |
| Certificates of deposit | 1,145,185 | 1,145,185 | - | - | - | - | - | N/A |
| Georgia Fund 1 | 10,785,531 | 10,785,531 | - | - | - | - | - | AAAF |
| Subtotal | <u>73,938,308</u> | <u>73,435,089</u> | <u>503,219</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | |
| Pension Trust Funds: | | | | | | | | |
| Common stock | 39,357,282 | 39,357,282 | - | - | - | - | - | N/A |
| Government bonds | 656,400 | - | 71,825 | 584,575 | - | - | - | N/A |
| Corporate bonds | 7,794,580 | 965,869 | 4,031,001 | 835,963 | 397,399 | 1,208,583 | 355,765 | N/A |
| Property | 6,877,992 | 6,877,992 | - | - | - | - | - | N/A |
| Mutual Funds | 7,214,608 | 7,214,608 | - | - | - | - | - | N/A |
| Subtotal | <u>61,900,862</u> | <u>54,415,751</u> | <u>4,102,826</u> | <u>1,420,538</u> | <u>397,399</u> | <u>1,208,583</u> | <u>355,765</u> | |
| Total fair value | <u>\$ 135,839,170</u> | <u>\$ 127,850,840</u> | <u>\$ 4,606,045</u> | <u>\$ 1,420,538</u> | <u>\$ 397,399</u> | <u>\$ 1,208,583</u> | <u>\$ 355,765</u> | |

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2024:

| Investment | Level 1 | Level 2 | Level 3 | Fair Value |
|---------------------------------------|----------------------|-------------|-------------|----------------------|
| United States Treasuries | \$ 1,165,483 | \$ - | \$ - | \$ 1,165,483 |
| Municipal Competitive Trust | 60,842,109 | - | - | 60,842,109 |
| Total Investments by fair value level | <u>\$ 62,007,592</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 62,007,592</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued). The United States Treasuries, and the Municipal Competitive Trust in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2024, the City had no amounts exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

Pension Plan – Investments

The Employees' Retirement Plan (the "Plan") policy in regard to investments, including the allocation of invested assets, is established and may be amended by the City of Covington Pension Committee. The Plan is authorized to invest in obligations of the United States Treasury or its agencies and instrumentalities; collateralized mortgage obligations; asset and mortgage-backed securities; taxable bonds that are obligations of any state and its agencies, instrumentalities, and political subdivisions; and in certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations. Additionally, the Plan is authorized to invest in common stocks, money market instruments, and corporate bonds and debentures, which are not in default as to principal and interest.

The Plan's investment policy adopts the following asset allocation mix to achieve the lowest level of risk for the Plan: that the overall asset investment allocation mix includes various asset classes and investment management styles that, in total, are expected to offer the opportunity to diversify the portfolio in a manner consistent with the specified value in corporate stocks with an emphasis on high yield and dividend stocks. The fund shall not invest more than 75% of retirement system assets in equities.

As of June 30, 2024, the Plan had \$61,900,862 invested in common stock, government bonds, corporate bonds, and property and mutual funds. Those investments are categorized by risk in the investments table previously disclosed in this footnote.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Pension Plan – Investments (Continued)

Credit Risk – It is the Plan’s policy to limit investments in common or preferred stock of a corporation to those corporations listed on one or more of the recognized national stock exchanges in the United States of America. The policy also limits stock investments to not more than 3% of the assets of any fund in common or preferred stock of any one issuing corporation at the time of purchase. Domestic bonds are limited to those with ratings that meet or exceed investment grade as defined by Moody’s or Standard & Poor’s. U.S. Government Treasuries and Agency bonds are not classified by credit quality. Corporate equities and mutual funds invested in equities are also not classified by credit quality.

Concentration – On June 30, 2024, the Plan did not have debt or equity investments in any one organization which represented greater than 3% of plan fiduciary net position.

Interest Rate Risk – As of June 30, 2024, the Plan had \$61,900,862 invested in the following types of investments as categorized by interest rate risk:

| Investment Type | Fair Value | Weighted Average Maturity (years) |
|------------------|---------------|---|
| Common stock | \$ 39,357,282 | N/A |
| Corporate bonds | 7,794,580 | 3.13 |
| Government bonds | 656,400 | 1.31 |
| Property | 6,877,992 | N/A |
| Mutual funds | 7,214,608 | N/A |
| Total | \$ 61,900,862 | |

Rate of Return – For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.75%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Pension Plan – Investments (Continued)

Fair Value Measurements. The Plan has the following recurring fair value measurements, broken into the fair value hierarchy, as of June 30, 2024:

| Investment | Level 1 | Level 2 | Level 3 | Fair Value |
|-----------------------------|----------------------|-------------------|---------------------|----------------------|
| Corporate Equity Securities | \$ 39,357,282 | \$ - | \$ - | \$ 39,357,282 |
| Mutual Funds | 7,214,608 | - | - | 7,214,608 |
| United States Treasuries | - | 656,400 | - | 656,400 |
| Property | - | - | 6,877,992 | 6,877,992 |
| Corporate Bonds | 7,794,580 | - | - | 7,794,580 |
| | <u>\$ 54,366,470</u> | <u>\$ 656,400</u> | <u>\$ 6,877,992</u> | <u>\$ 61,900,862</u> |

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments classified in Level 2 of the fair value hierarchy have limited trade information, these securities are priced using the last trade price or estimated using recent trade prices.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES

A. Accounts Receivable

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>General</u> | <u>Capital Projects Fund</u> | <u>ARPA Fund</u> | <u>Nonmajor Governmental</u> | <u>Water and Sewer</u> |
|------------------------------------|---------------------|----------------------------------|----------------------|----------------------------------|----------------------------|
| Receivables: | | | | | |
| Taxes | \$ 146,434 | \$ - | \$ - | \$ 200,511 | \$ - |
| Accounts | 415,726 | - | 8,464,346 | 803,064 | 2,135,097 |
| Lease receivable | 1,946,797 | - | - | - | - |
| Intergovernmental | 413,343 | 102,664 | - | 641,990 | 32,726 |
| Gross receivables | <u>2,922,300</u> | <u>102,664</u> | <u>8,464,346</u> | <u>1,645,565</u> | <u>2,167,823</u> |
| Less: allowance for uncollectibles | (56,365) | - | - | (1,005) | (113,647) |
| Net total receivables | <u>\$ 2,865,935</u> | <u>\$ 102,664</u> | <u>\$ 8,464,346</u> | <u>\$ 1,644,560</u> | <u>\$ 2,054,176</u> |

| | <u>Electric Fund</u> | <u>Airport</u> | <u>Gas Fund</u> | <u>Nonmajor Enterprise</u> | <u>Total</u> |
|------------------------------------|--------------------------|---------------------|---------------------|--------------------------------|----------------------|
| Receivables: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ 346,945 |
| Accounts | 10,999,179 | 911,404 | 2,080,042 | 1,522,890 | 27,331,748 |
| Lease receivable | - | 1,090,834 | - | - | 3,037,631 |
| Intergovernmental | - | 117,656 | 10,800 | - | 1,319,179 |
| Gross receivables | <u>10,999,179</u> | <u>2,119,894</u> | <u>2,090,842</u> | <u>1,522,890</u> | <u>32,035,503</u> |
| Less: allowance for uncollectibles | (653,923) | - | (72,659) | (294,436) | (1,192,035) |
| Net total receivables | <u>\$ 10,345,256</u> | <u>\$ 2,119,894</u> | <u>\$ 2,018,183</u> | <u>\$ 1,228,454</u> | <u>\$ 30,843,468</u> |

B. Property Taxes

Property taxes were levied on behalf of the City by Newton County on August 29, 2023 (levy date) based upon property values assessed as of January 1. The billings were mailed on August 31, 2023 and the first installment was payable on or before October 20, 2023, and the final installment was payable on or before December 20, 2023 for the fiscal year 2024 tax. Taxes not paid by January 1 are subject to property tax liens. Property tax revenues are recognized when levied to the extent they result in current receivables. The City does maintain an allowance for uncollectible property taxes. At June 30, 2024, the allowance for uncollectible property taxes was \$56,365.

The tax rate levied during calendar year 2023 for the City's operations was 5.756 mills (mill equals \$1 per thousand dollars of assessed value).

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended June 30, 2024 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|---------------------|-------------------|---------------------------|
| Governmental activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 3,356,360 | \$ - | \$ (197,876) | \$ 197,876 | \$ 3,356,360 |
| Construction in progress | 329,251 | 981,449 | (5,386) | - | 1,305,314 |
| Total capital assets, not being depreciated | <u>3,685,611</u> | <u>981,449</u> | <u>(203,262)</u> | <u>197,876</u> | <u>4,661,674</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 20,753,680 | 221,643 | (41,880) | 20,829 | 20,954,272 |
| Machinery and equipment | 11,117,606 | 1,265,737 | - | 164,936 | 12,548,279 |
| Furniture and fixtures | 122,424 | - | - | - | 122,424 |
| Lease equipment | 3,375,549 | 6,221,141 | (433,916) | 156,038 | 9,318,812 |
| Vehicles | 8,233,379 | - | (957,966) | - | 7,275,413 |
| Infrastructure | 54,916,245 | 2,686,727 | - | 762,614 | 58,365,586 |
| Total capital assets, being depreciated | <u>98,518,883</u> | <u>10,395,248</u> | <u>(1,433,762)</u> | <u>1,104,417</u> | <u>108,584,786</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (6,357,060) | (485,527) | 6,701 | (2,088) | (6,837,974) |
| Machinery and equipment | (8,960,872) | (626,666) | - | (87,202) | (9,674,740) |
| Furniture and fixtures | (122,425) | - | - | - | (122,425) |
| Lease equipment | (1,473,065) | (1,681,543) | 341,355 | (156,038) | (2,969,291) |
| Vehicles | (6,828,735) | (502,482) | 893,342 | - | (6,437,875) |
| Infrastructure | (24,314,983) | (1,287,004) | - | (105,782) | (25,707,769) |
| Total accumulated depreciation | <u>(48,057,140)</u> | <u>(4,583,222)</u> | <u>1,241,398</u> | <u>(351,110)</u> | <u>(51,750,074)</u> |
| Total capital assets, being depreciated, net | <u>50,461,743</u> | <u>5,812,026</u> | <u>(192,364)</u> | <u>753,307</u> | <u>56,834,712</u> |
| Governmental activities capital assets, net | <u>\$ 54,147,354</u> | <u>\$ 6,793,475</u> | <u>\$ (395,626)</u> | <u>\$ 951,183</u> | <u>\$ 61,496,386</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|--|-----------------------|----------------------|---------------------|---------------------|-----------------------|
| Business-type activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 11,280,477 | \$ - | \$ - | \$ (197,876) | \$ 11,082,601 |
| Construction in progress | 2,816,961 | 26,301,227 | (58,783) | (91,139) | 28,968,266 |
| Total capital assets, not being depreciated | <u>14,097,438</u> | <u>26,301,227</u> | <u>(58,783)</u> | <u>(289,015)</u> | <u>40,050,867</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings | 5,182,003 | 113,940 | - | (20,829) | 5,275,114 |
| Machinery and equipment | 7,463,541 | 613,582 | (24,217) | (164,936) | 7,887,970 |
| Vehicles | 2,362,892 | 193,605 | (434,744) | - | 2,121,753 |
| Lease equipment | 685,849 | 1,428,511 | (246,386) | (105,217) | 1,762,757 |
| Intangibles | 4,397,830 | - | - | - | 4,397,830 |
| Improvements other than buildings | 164,086,286 | 9,641,864 | (11,401) | (671,475) | 173,045,274 |
| Total capital assets, being depreciated | <u>184,178,401</u> | <u>11,991,502</u> | <u>(716,748)</u> | <u>(962,457)</u> | <u>194,490,698</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (3,650,342) | (198,218) | - | 2,088 | (3,846,472) |
| Machinery and equipment | (4,909,998) | (462,086) | 24,217 | 87,202 | (5,260,665) |
| Vehicles | (2,418,746) | (118,054) | 434,744 | - | (2,102,056) |
| Lease equipment | (430,385) | (296,796) | 197,458 | 105,217 | (424,506) |
| Intangibles | (1,792,157) | (121,538) | - | - | (1,913,695) |
| Improvements other than buildings | (66,189,589) | (3,648,855) | - | 105,782 | (69,732,662) |
| Total accumulated depreciation | <u>(79,391,217)</u> | <u>(4,845,547)</u> | <u>656,419</u> | <u>300,289</u> | <u>(83,280,056)</u> |
| Total capital assets, being depreciated, net | <u>104,787,184</u> | <u>7,145,955</u> | <u>(60,329)</u> | <u>(662,168)</u> | <u>111,210,642</u> |
| Business-type activities capital assets, net | <u>\$ 118,884,622</u> | <u>\$ 33,447,182</u> | <u>\$ (119,112)</u> | <u>\$ (951,183)</u> | <u>\$ 151,261,509</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 284,498 |
| Judicial | 391 |
| Public safety | 2,696,901 |
| Public works | 1,534,146 |
| Housing and development | 67,286 |
| Total depreciation expense - governmental activities | <u>\$ 4,583,222</u> |
| Business-type activities: | |
| Water and sewer | \$ 2,289,440 |
| Electric | 1,223,259 |
| Gas | 379,313 |
| Airport | 540,589 |
| Stormwater | 353,300 |
| Sanitation | 23,964 |
| Telecommunications | 35,682 |
| Total depreciation expense - business-type activities | <u>\$ 4,845,547</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

B. Component Units

Parking Authority

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 414,173 | \$ - | \$ - | \$ 414,173 |
| Total capital assets, not being depreciated | <u>414,173</u> | <u>-</u> | <u>-</u> | <u>414,173</u> |
| Parking Authority assets, net | <u>\$ 414,173</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 414,173</u> |

Airport Authority

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|-------------------|------------------|---------------------------|
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | \$ 363,620 | \$ - | \$ - | \$ 363,620 |
| Total capital assets, being depreciated | <u>363,620</u> | <u>-</u> | <u>-</u> | <u>363,620</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (86,361) | (9,090) | - | (95,451) |
| Total accumulated depreciation | <u>(86,361)</u> | <u>(9,090)</u> | <u>-</u> | <u>(95,451)</u> |
| Airport Authority assets, net | <u>\$ 277,259</u> | <u>\$ (9,090)</u> | <u>\$ -</u> | <u>\$ 268,169</u> |

Covington Downtown & Tourism Association

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|---|------------------------------|------------------|------------------|------------------|---------------------------|
| Capital assets, not being depreciated: | | | | | |
| Construction in progress | \$ 1,000 | \$ 7,207 | \$ - | \$ (8,207) | \$ - |
| Total capital assets, not being depreciated | <u>1,000</u> | <u>7,207</u> | <u>-</u> | <u>(8,207)</u> | <u>-</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 61,678 | - | - | 8,207 | 69,885 |
| Total capital assets, being depreciated | <u>62,678</u> | <u>-</u> | <u>-</u> | <u>8,207</u> | <u>69,885</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (2,773) | (4,336) | - | - | (7,109) |
| Total accumulated depreciation | <u>(2,773)</u> | <u>(4,336)</u> | <u>-</u> | <u>-</u> | <u>(7,109)</u> |
| Covington Downtown & Tourism Association assets, net | <u>\$ 59,905</u> | <u>\$ 2,871</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 62,776</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT

A. Revenue Bonds

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The City's Water and Sewer Fund's revenue bond outstanding at June 30, 2024, is as follows:

| Description | Original Amount | Interest Rate | Due Date | Amount |
|------------------------------|-----------------|---------------|----------------------|-------------|
| 2013 Revenue Refunding Bonds | \$ 14,860,000 | 2.6% | 2025 | \$ 160,000 |
| | | | | 160,000 |
| | | | Less current portion | (160,000) |
| | | | | <u>\$ -</u> |

Revenue bond debt service requirements to maturity for the City's Water and Sewer Fund, including interest, are as follows:

| Fiscal Year Payable | Total | Principal | Interest |
|---------------------|-------------------|-------------------|-----------------|
| 2025 | \$ 161,648 | \$ 160,000 | \$ 1,648 |
| | <u>\$ 161,648</u> | <u>\$ 160,000</u> | <u>\$ 1,648</u> |

B. Note Payable

The City has also incurred debt to the Georgia Environmental Facilities Authority ("GEFA") for construction of various water and sewer system projects. This note is a construction line of credit agreement with a rate of 0.50% for \$4,500,000. As of June 30, 2024, the City has no unused lines of credit relating to this note. The City's line of credit outstanding at June 30, 2024, is as follows:

| Purpose | Original Amount | Interest Rate | Due Date | Amount |
|-----------------------|-----------------|---------------|-------------------------|---------------------|
| GEFA Loan - DW 13-006 | \$ 4,500,000 | 0.50% | 2038 | \$ 3,049,703 |
| | | | | 3,049,703 |
| | | | Less current maturities | (221,744) |
| | | | | <u>\$ 2,827,959</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

B. Note Payable (Continued)

The City's outstanding note from direct borrowings related to business-type activities of \$3,049,703 is secured by the City's revenue-raising power. The City covenants and agrees that it shall, to the extent necessary, levy an annual ad valorem tax on all taxable property within the City as necessary to produce revenues that will be sufficient to fulfill the City's obligations of this note. The outstanding note from direct borrowings contains a provision that in an event of default, the lender may declare the outstanding principal and accrued interest immediately due and may terminate its remaining commitment (if any) to make further advances of the loan.

Construction line of credit debt service requirements to maturity for the City's Water and Sewer Fund, including interest, are as follows:

| Fiscal Year Payable | Total | Principal | Interest |
|---------------------|---------------------|---------------------|-------------------|
| 2025 | \$ 236,485 | \$ 221,744 | 14,741 |
| 2026 | 236,485 | 222,855 | 13,630 |
| 2027 | 236,485 | 223,972 | 12,513 |
| 2028 | 236,484 | 225,094 | 11,390 |
| 2029 – 2033 | 1,182,422 | 1,142,505 | 39,917 |
| 2034 – 2038 | 1,024,764 | 1,013,533 | 11,231 |
| | <u>\$ 3,153,125</u> | <u>\$ 3,049,703</u> | <u>\$ 103,422</u> |

C. Lease Liabilities

The City enters into lease agreements for periods between one and five years as lessee for the use of certain vehicles. The leases have an imputed interest rate of 3 – 6%.

Principal and interest requirements to maturity for the governmental lease liabilities as of June 30, 2024 are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|---------------------|-------------------|---------------------|
| 2025 | \$ 1,448,737 | \$ 57,718 | \$ 1,506,455 |
| 2026 | 1,380,129 | 49,158 | 1,429,287 |
| 2027 | 1,171,540 | 40,327 | 1,211,867 |
| 2028 | 562,922 | 33,061 | 595,983 |
| 2029 | 353,382 | 29,145 | 382,527 |
| 2030 – 2034 | 708,718 | 98,221 | 806,939 |
| 2035 – 2039 | 637,099 | 50,554 | 687,653 |
| 2040 – 2042 | 331,341 | 5,246 | 336,587 |
| Total | <u>\$ 6,593,868</u> | <u>\$ 363,430</u> | <u>\$ 6,957,298</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

C. Lease Liabilities (Continued)

Principal and interest requirements to maturity for the enterprise lease liabilities as of June 30, 2024 are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|---------------------|-------------------|---------------------|
| 2025 | \$ 320,291 | \$ 76,035 | \$ 396,326 |
| 2026 | 281,510 | 57,070 | 338,580 |
| 2027 | 335,534 | 37,827 | 373,361 |
| 2028 | 247,155 | 18,693 | 265,848 |
| 2029 | 199,834 | 3,775 | 203,609 |
| Total | <u>\$ 1,384,324</u> | <u>\$ 193,400</u> | <u>\$ 1,577,724</u> |

D. Changes in Long-Term Liabilities – Primary Government

Long-term liability activity for the year ended June 30, 2024, was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Due in One Year</u> |
|---|------------------------------|----------------------|-----------------------|---------------------------|----------------------------|
| Governmental activities: | | | | | |
| Leases | \$ 1,939,467 | \$ 6,209,474 | \$ (1,555,073) | \$ 6,593,868 | \$ 1,448,737 |
| Net pension liability | 15,229,525 | 5,547,320 | (5,290,115) | 15,486,730 | - |
| Total OPEB Liability | 3,135,341 | 797,737 | (477,976) | 3,455,102 | 266,001 |
| Compensated absences | 1,177,807 | 1,103,189 | (960,180) | 1,320,816 | 960,180 |
| Governmental activities long-term liabilities | <u>\$ 21,482,140</u> | <u>\$ 13,657,720</u> | <u>\$ (8,283,344)</u> | <u>\$ 26,856,516</u> | <u>\$ 2,674,918</u> |
| Business-type activities: | | | | | |
| Revenue bonds | \$ 370,000 | \$ - | \$ (210,000) | \$ 160,000 | \$ 160,000 |
| Notes payable from direct borrowings | 3,270,341 | - | (220,638) | 3,049,703 | 221,744 |
| Leases | 319,098 | 1,356,061 | (290,835) | 1,384,324 | 320,291 |
| Net pension liability | 2,412,706 | 779,696 | (1,015,686) | 2,176,716 | - |
| Compensated absences | 399,947 | 340,800 | (309,504) | 431,243 | 309,504 |
| Business-type activities long-term liabilities | <u>\$ 6,772,092</u> | <u>\$ 2,476,557</u> | <u>\$ (2,046,663)</u> | <u>\$ 7,201,986</u> | <u>\$ 1,011,539</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

D. Changes in Long-Term Liabilities – Primary Government (Continued)

For governmental activities, compensated absences are liquidated by the General Fund and the Emergency Telephone Fund. For governmental activities, pension and OPEB liabilities are liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Water and Sewer Utility Fund, the Gas and Electric Utility Fund, and the Airport Fund. For business-type activities, the pension liability is liquidated by the Water and Sewer Utility Fund and the Gas and Electric Utility Fund.

E. Changes in Long-Term Liabilities – Airport Authority

Long-term liability activity for the Covington Municipal Airport Authority (“Airport Authority”) for the year ended March 31, 2024, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Due in One Year |
|--|----------------------|-----------|-------------|-------------------|--------------------|
| Airport Authority: | | | | | |
| Note payable from direct borrowings | \$ 151,118 | \$ - | \$ (28,584) | \$ 122,534 | \$ 29,381 |
| Airport Authority long-term liabilities | \$ 151,118 | \$ - | \$ (28,584) | \$ 122,534 | \$ 29,381 |

F. Airport Authority Note Payable

In January 2013, the Airport Authority borrowed \$400,000 from Branch Banking and Trust pursuant to a note payable agreement. The proceeds were used for the construction of new hangars at the Covington Municipal Airport. The note bears interest at a rate of 2.79% with an annual payment of \$32,800. The note fully matures on August 23, 2027.

The annual payments as of March 31, 2024, are as follows:

| Fiscal Year Payable | Total | Principal | Interest |
|---------------------|------------|------------|----------|
| 2025 | \$ 32,800 | \$ 29,381 | \$ 3,419 |
| 2026 | 30,800 | 30,201 | 599 |
| 2027 | 32,799 | 31,043 | 1,756 |
| 2028 | 32,799 | 31,909 | 890 |
| | \$ 129,198 | \$ 122,534 | \$ 6,664 |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

F. Airport Authority Note Payable (Continued)

The Airport Authority's outstanding note from direct borrowings of \$122,534 is secured by the building constructed with the loan. The outstanding note from direct borrowings contains a provision that in an event of default, the lender may withdraw any balance remaining in the Airport Authority's project funds and apply such balance against outstanding required payments.

NOTE 7. PENSION PLAN

A. Plan Description

Plan Administration. The City maintains a noncontributory single-employer defined benefit pension plan, the City of Covington Employee's Retirement Plan (the "Plan"). The Plan is administered by an appointed Pension Review Committee as Trustee for the Plan in accordance with a Trust Agreement between the City and the Trustee. This committee is comprised of the City Manager, who serves as Chairman, the Human Resources Director, the Finance Director and two appointees from the City Council. The City Council has appointed the Pension Review Committee as the corporate Trustee for the Plan and Southeastern Advisory Services, Inc as investment consultants. The City Council has appointed the City Manager as the Plan Administrator. Benefit provisions and contributions are established and may be amended by the City Council.

Plan Membership. As of June 30, 2023, the date of the most recent actuarial valuation, there were 471 participants consisting of the following:

| | |
|---|------------|
| Retirees and beneficiaries currently receiving benefits | 236 |
| Vested terminated employees not yet receiving benefits | 122 |
| Active employees | 113 |
| Total | <u>471</u> |

Benefits Provided. The Plan covers all full-time employees of the City and the elected officials except those who elected to be a part of the City's defined contribution plan. Employees become eligible to participate in the Plan after one year of service and those employees hired prior to July 1, 2002 are fully vested after completion of four years of credited service and are entitled to a benefit computed as the sum of: (i) 1.5% of their highest five-year average earnings multiplied by their years of total credited service through December 31, 2001, plus (ii) 2.5% of the average of their highest five-year average earnings multiplied by their years of total credited service at retirement. Those employees hired after July 1, 2002 are fully vested after ten years of credited service and are entitled to a benefit computed as 2.0% of their final average earnings multiplied by their years of total credited service at retirement. Benefit provisions are established by statute and City ordinance. The Plan provides retirement, disability and death benefits to Plan members and beneficiaries. The Plan does not issue a stand-alone financial statement.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

A. Plan Description (Continued)

Contributions. The City is required to contribute all amounts necessary to fund the Plan, using the actuarial basis specified by the pension board. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. Administrative costs of the Plan are financed through investment income.

The actuarially determined contribution for the current year was determined as part of the June 30, 2023 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 6.75% per year, compounded annually and net of investment expenses, and (b) projected salary increases based on years of service. The period and related method for amortizing the initial unfunded actuarial accrued liability is 40 years from 1983 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for Plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods are open for this Plan year.

B. Net Pension Liability of the City

The City's net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|-------|
| Investment rate of return | 6.75% |
| Inflation | 3.50% |

Projected Salary Increases:

| <u>Years of Service</u> | <u>Rate</u> |
|-------------------------|-------------|
| 0 – 9 | 4.50% |
| 10 – 19 | 3.50% |
| 20 – 24 | 3.00% |
| 25+ | 2.50% |

Mortality rates were based upon the RP–2014 Mortality Table projected back to 2006 and projected generationally using the MP 2021 mortality improvement scale.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

Actuarial Assumptions (Continued). The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience performed in July 2018 based on Plan experience from January 1, 2013 to December 31, 2017.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 are: Fixed Income – 2.2%, and Domestic Equities – 3%.

Discount Rate. The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended June 30, 2024, were as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| Balances at June 30, 2023 | \$ 72,541,080 | \$ 54,898,849 | \$ 17,642,231 |
| Changes for the year: | | | |
| Service cost | 557,486 | - | 557,486 |
| Interest | 4,813,412 | - | 4,813,412 |
| Experience differences | 611,407 | - | 611,407 |
| Assumption changes | - | - | - |
| Contributions - employer | - | 2,343,304 | (2,343,304) |
| Net investment income | - | 3,962,498 | (3,962,498) |
| Benefit payments, including refunds of employee contributions | (3,577,522) | (3,577,522) | - |
| Administrative expense | - | (344,712) | 344,712 |
| Net changes | <u>2,404,783</u> | <u>2,383,568</u> | <u>21,215</u> |
| Balances at June 30, 2024 | <u>\$ 74,945,863</u> | <u>\$ 57,282,417</u> | <u>\$ 17,663,446</u> |

The Plan's fiduciary net position as a percentage of the total pension liability 76.4%

Changes in the Net Pension Liability of the City (Continued). The Required Schedule of Changes in the City's Net Pension Liability and Related Ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|------------------------------|------------------------|-------------------------------------|------------------------|
| City's net pension liability | \$ 26,611,662 | \$ 17,663,446 | \$ 10,099,051 |

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2024, and the current sharing pattern of costs between employer and employee.

For the year ended June 30, 2024, the City recognized pension expense of \$2,623,243. At June 30, 2024, the City reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$ 874,851 | \$ - |
| Net difference between expected and actual experience | 305,703 | - |
| City contributions subsequent to the measurement date | 2,740,278 | - |
| Total | \$ 3,920,832 | \$ - |

C. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued). City contributions subsequent to the measurement date of \$2,740,278 are reported as a deferred outflow of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. The remaining deferred outflows of resources related to pensions will be recognized in pension expense as follows:

| Year ending June 30, | |
|----------------------|--------------|
| 2025 | \$ 619,144 |
| 2026 | (349,415) |
| 2027 | 972,848 |
| 2028 | (62,023) |
| Total | \$ 1,180,554 |

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED CONTRIBUTION PLANS

The City of Covington, Georgia Defined Contribution Retirement Plan is a defined contribution plan established by the City of Covington City Council to provide benefits for its full-time employees. This plan was originally adopted on July 1, 2011 and is set up under the provisions of the Internal Revenue Code section 401(a). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after one year of service from the date of employment. The plan as established by the City Council requires that the City contribute an amount equal to 4-6% of the employee's salary each pay period following a tiered approach based on the employee's pay grade. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested after six years of continuous service. Benefit provisions and contribution requirements are established and may be amended by the City Council. The City contributed \$600,153 in fiscal year 2024.

The City also offers its employees a choice of a deferred compensation plan (the "457 Plan") which is administered by Voya Financial. The 457 Plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the 457 Plan is optional, however, employees are auto-enrolled upon employment and must opt-out if they do not wish to participate. Employee's contributions are fully vested at the time of contribution. The deferred compensation under the 457 Plan is not available to employees until termination, retirement, death, or unforeseeable emergency. Benefit provisions and contributions are established and may be amended by the City Council. Additionally, the City matches 100% of the first 2% of contributions, and an additional 50% of contributions from 3-6% following a tiered approach based on years of service. These additional contributions are contributed to the 401(a) plan. During the year ended June 30, 2024, City employees contributed \$1,291,938 to the 457 Plan.

Pursuant to GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City does not have a fiduciary relationship with the Defined Contribution Plan or the 457 Plan. Accordingly, the balances and transactions of the City's plans are not reported in the City's financial statements.

NOTE 9. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of June 30, 2024, are as follows:

| Receivable Fund | Payable Fund | Total |
|-----------------|-----------------------|---------------|
| General Fund | Electric Utility Fund | \$ 3,115,172 |
| Water Sewer | ARPA | 8,464,346 |
| Total | | \$ 11,579,518 |

Interfund receivables and payables result from timing differences related to payroll and other year-end transactions which normally clear within one to two months.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Interfund transfers for the year ended June 30, 2024 consisted of the following:

| Transfer To | Transfer From | | | | | | | Total |
|------------------------|---------------------|---------------------|-----------------------|----------------------|----------------------|---------------------|-----------------------|----------------------|
| | Gas Fund | Electric Fund | Capital Projects Fund | ARPA Fund | Water and Sewer Fund | Nonmajor Enterprise | Nonmajor Governmental | |
| General Fund | \$ 508,075 | \$ 4,278,909 | \$ - | \$ - | \$ 1,295,000 | \$ 711,348 | \$ 686,308 | \$ 7,479,640 |
| Capital Projects Funds | 1,621,600 | - | - | - | - | - | - | 1,621,600 |
| Gas Fund | 15,521 | - | - | - | - | - | - | 15,521 |
| Airport Fund | - | 321,797 | - | - | - | - | - | 321,797 |
| Water and Sewer Fund | - | - | - | 20,390,936 | - | - | - | 20,390,936 |
| Nonmajor Governmental | 560,466 | - | 361,299 | - | - | - | - | 921,765 |
| Total | <u>\$ 2,705,662</u> | <u>\$ 4,600,706</u> | <u>\$ 361,299</u> | <u>\$ 20,390,936</u> | <u>\$ 1,295,000</u> | <u>\$ 711,348</u> | <u>\$ 686,308</u> | <u>\$ 30,751,259</u> |

Transfers are used to: 1) move unrestricted Gas and Electric fund revenues to the General Fund, Airport Fund and other Nonmajor Governmental Funds to generate revenue to forestall the need for property tax increases and use unrestricted revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations, 2) to transfer revenues from the ARPA fund to the General Fund as revenue replacement for general government services provided by our jurisdiction, including but not limited to maintenance and repairs of city facilities, financial support for employees, repairs and replacements to roads and bridges and to pandemic related expenses that provide for the mitigation and mediation of public health. ARPA fund revenues have also been transferred to the Water and Sewer Fund for projects provided for by Georgia's share of the State Fiscal Recovery Fund created by the American Rescue Plan Act of 2021. 3) move unrestricted nonmajor enterprise revenues to the General Fund, Capital Projects Fund and various Nonmajor Governmental Funds to generate revenue to forestall the need for property tax increases.

NOTE 10. RELATED ORGANIZATION

The City's governing body is responsible for appointing a majority of the Board members of the City of Covington Housing Authority. However, the City has no further accountability for this organization.

NOTE 11. HOTEL/MOTEL LODGING TAX

The City has levied an 8% lodging tax. For the year ended June 30, 2024, \$1,829,626 of hotel/motel tax was collected. Of the total collected, 43.75% was used for the promotion of tourism within the City.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. JOINT VENTURES

Northeast Georgia Regional Commission

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Northeast Georgia Regional Commission (“RC”) and is required to pay annual dues thereto. During its year ended June 30, 2024, the City paid \$14,065 in such dues. Membership in an RC is required by the O.C.G.A. §50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area.

O.C.G.A. §50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Northeast Georgia Regional Commission
305 Research Dr.
Athens, Georgia 30605.

Industrial Development Park

For the purpose of encouraging and promoting the expansion and development of industrial and commercial facilities within the City, the City of Covington and Newton County entered into a joint agreement for the acquisition and development of an industrial park area. All revenues and expenditures are allocated on a 50/50 basis. The City's portion is included in the operations of the General Fund. Separate financial statements are not available.

Wastewater Treatment Facilities

The City and the Newton County Water and Sewerage Authority have entered into an agreement for the operations and maintenance of a wastewater land application facility. The City operates the land application system and receives reimbursement for a pro rata share of the operating expenses from the Newton County Water and Sewer Authority based upon their respective effluent discharge volumes. Separate financial statements may be obtained from: Newton County Water and Sewerage Authority, 11325 Brown Bridge Road, Covington, Georgia 30016.

Communication Center

The City operates a joint communication center (the “Center”) for police, fire and emergency medical services for the City of Covington and Newton County. The Center is owned and managed by the City. The County has agreed to reimburse the City for 50% of all operating costs. County reimbursements are included in intergovernmental revenues of the Emergency 911 Fund. Computerized communication equipment and emergency 911 services equipment have been contributed equally by the City and the County. The Center also provides 911 and dispatching services to the cities of Porterdale and Oxford who reimburse the Center based on their percentage of calls for service.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS

A. Plan Administration and Benefits

The City, as authorized by the City Council, administers a single-employer defined benefit post-employment healthcare plan (the "Retiree Health Plan"). The Retiree Health Plan provides healthcare insurance for eligible retirees and their dependents through the City's group health insurance plan, which covers both active and retired members. Medical coverage ceases at age 65. Benefit provisions are established by the City. The City allows eligible retirees to continue participating in the City's health plans for life at the same cost as active participants. Retirees are also allowed to elect coverage for their dependents. Medical insurance costs are 100% paid for by the retiree.

Additionally, the City provides access to a Health Reimbursement Account ("HRA") to help eligible retirees pay for any out-of-pocket medical expenses and individual health insurance premiums. Only full-time employees fully vested in the Defined Benefit Plan or Defined Contribution Plan, aged 55, and with five years of service are eligible. The City will contribute up to \$30,000 to the HRA depending on years of service with the City. Contributions on behalf of retirees are made annually for five years to the HRA account beginning at eligibility.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the Retiree Health Plan.

B. Plan Membership

Membership of the Retiree Health Plan consisted of the following at June 30, 2023, the date of the latest actuarial valuation:

| | |
|---|-------------------|
| Active participants | 347 |
| Retirees and beneficiaries currently receiving benefits | 30 |
| Covered spouses | <u>2</u> |
| Total plan members | <u><u>379</u></u> |

C. Contributions

Contribution requirements are established annually by the City. The required contribution is based on projected "pay as you go" financing requirements. For the year ended June 30, 2024, the City contributed \$229,759 for the pay as you go benefits for the Retiree Health Plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

D. Total OPEB Liability of the City

The City's total OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2023.

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions:

| | |
|-----------------------------|---|
| Discount rate: | 4.21% |
| Healthcare cost trend rate: | Initial rate of 7.50% declining to an ultimate rate of 4.00% after 55 years |
| Inflation rate: | 2.50% |
| Salary increase: | 4.50% if employee has 9 years of service or less 3.50% if employee has 10 to 19 years of service 3.00% if employee has 20 to 24 years of service 2.50% if employee has more than 24 years of service |
| Participation rate: | 20% for continuing healthcare coverage 50% electing spouse coverage 100% are expected to utilize the HRA benefit, if eligible |

Mortality rates were based on the RP-2014 mortality tables. The tables were projected back to 2006 and forward generationally using the MP 2021 mortality improvement scale.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period 2013 – 2017.

E. Discount Rate

Given the City's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 4.21%. The high quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20-Year High-Grade Rate Index as published by S&P Dow Jones indices. The S&P Municipal 20-Year High-Grade Rate Index consists of bonds in the S&P Municipal Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

F. Changes in the Total OPEB Liability of the City

The changes in the total OPEB liability of the City for the year ended June 30, 2024 were as follows:

| Total OPEB Liability | Primary Government |
|---|-----------------------|
| Beginning Balance | \$ 3,135,341 |
| Changes for the year: | |
| Service cost | 108,641 |
| Interest | 127,293 |
| Differences between expensed and actual experience | (211,975) |
| Effect of assumption changes | 561,803 |
| Benefit payments | (266,001) |
| Net changes | 319,761 |
| Ending Balance | \$ 3,455,102 |

The Required Schedule of Changes in the City's Total OPEB Liability and Related Ratios immediately following the notes to the financial statements presents multi-year trend information about the total OPEB liability.

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.21%) or 1-percentage-point higher (5.21%) than the current discount rate:

| | Sensitivity of the Total OPEB Liability to Changes in the Discount Rate | | |
|----------------------|--|--|--------------------------------|
| | 1% Decrease (3.21%) | Current Discount Rate (4.21%) | 1% Increase (5.21%) |
| Total OPEB Liability | \$ 3,708,492 | \$ 3,455,102 | \$ 3,219,593 |

NOTES TO FINANCIAL STATEMENTS

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

G. Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| OPEB Liability to Changes in the Healthcare Cost Trend Rates | | | | |
|---|--------------------------------------|--|--------------------------------------|--|
| | 1% Decrease 3.00% - 6.50% | Current Healthcare Cost Trend Assumption Rate 4.00% - 7.50% | 1% Increase 5.00% - 8.50% | |
| Total OPEB Liability | \$ 3,326,351 | \$ 3,455,102 | \$ 3,607,144 | |

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Net difference between expected and actual experience | \$ 244,547 | \$ 188,422 |
| Assumption changes | 791,571 | 643,837 |
| Employer contributions subsequent to the measurement date | 229,759 | - |
| Total | \$ 1,265,877 | \$ 832,259 |

City contributions subsequent to the measurement date of \$229,759 are reported as deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2025. The remaining deferred inflows of resources for the City related to OPEB will be recognized in OPEB expense as follows:

| Year ending June 30, | |
|-----------------------------|-------------------|
| 2025 | \$ 56,281 |
| 2026 | 56,281 |
| 2027 | 56,281 |
| 2028 | 72,230 |
| 2029 | (29,327) |
| Thereafter | (7,887) |
| Total | \$ 203,859 |

NOTES TO FINANCIAL STATEMENTS

NOTE 14. COMMITMENTS AND CONTINGENCIES

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorney, the resolution of these matters will not have a materially adverse effect on the financial condition of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Agreements with the Municipal Electric Authority of Georgia

The Municipal Electric Authority of Georgia ("MEAG") is a public corporation and an instrumentality of the State of Georgia created to supply electricity to local government electric distribution systems. As provided by state law, MEAG establishes rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit unless any such profits inure to the benefit of the public.

As of June 30, 2024, the City is an electric utility participant in MEAG and obligated to purchase all of its bulk power supply requirements from MEAG for a period not to exceed 50 years. The City has agreed to purchase all of its future power and energy requirements in excess of that received by the City through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by the MEAG. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each participating City has guaranteed a portion of the unpaid debt based on their individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations. Payments to MEAG are made monthly based on kWh usage. The total payments under these contracts amounted to \$44,379,157 in 2024.

At June 30, 2024, the outstanding debt of MEAG was approximately \$9.10 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately \$419.10 million at June 30, 2024.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Agreements with the Municipal Gas Authority of Georgia

The City has entered into a contract for the purchase of wholesale natural gas supplies and related services with the Municipal Gas Authority of Georgia ("MGAG") that requires the City to purchase all of its natural gas from MGAG. The gas supply contract with MGAG authorizes MGAG to establish rates and charges so as to produce revenues sufficient to cover its operating costs and retire its bonds issued to acquire long-term gas supplies for sale to its members, including the City. In the event that revenues are insufficient to cover all costs and retire bonds issued by MGAG, the City is obligated to pay its obligation share of the costs of the gas supply and related services MGAG provides to the City; costs include amounts equal to principal and interest on MGAG's bonds. These obligations, which extend through the year 2023, are general obligations of the City to which the City's full faith, credit and taxing powers are pledged. The City's obligation to MGAG for gas supply costs are based on MGAG's costs to provide such supply, including bonds issued to purchase long-term rights to bulk supply. Payments to MGAG are made monthly based on actual usage. The total payments under these contracts amounted to \$8,524,044 in 2024.

At June 30, 2024, the outstanding debt of MGAG was approximately \$68.3 million. The City's guarantee varies by individual projects undertaken by MGAG and totals approximately \$3.74 million at June 30, 2024.

Contractual Commitments

In addition to the liabilities enumerated in the Balance Sheet at June 30, 2024, the City has contractual commitments on uncompleted construction contracts of approximately \$22,526,179

NOTE 15. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City maintains commercial insurance coverage covering each of the above risks of loss. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the City. It is the policy of the City not to purchase commercial insurance for the risks of losses to which it is exposed for workers' compensation claims up to a maximum claim of \$550,000 for police and fire employees and \$500,000 for all other employees. The City does purchase commercial insurance for claims in excess of this amount for workers' compensation. Settlements have not exceeded insurance coverage in each of the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COVINGTON, GEORGIA

**REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30,**

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| Total pension liability | | | | |
| Service cost | \$ 557,486 | \$ 582,846 | \$ 629,828 | \$ 666,288 |
| Interest on total pension liability | 4,813,412 | 4,676,165 | 4,568,092 | 4,422,224 |
| Changes in experience differences | 611,407 | 182,360 | (59,332) | 434,967 |
| Assumption changes | - | 109,903 | (192,281) | (213,957) |
| Benefit payments, including refunds of employee contributions | (3,577,522) | (3,407,719) | (3,188,792) | (3,035,298) |
| Other changes | - | - | - | - |
| Net change in total pension liability | <u>2,404,783</u> | <u>2,143,555</u> | <u>1,757,515</u> | <u>2,274,224</u> |
| Total pension liability - beginning | <u>72,541,081</u> | <u>70,397,526</u> | <u>68,640,011</u> | <u>66,365,787</u> |
| Total pension liability - ending (a) | <u>74,945,864</u> | <u>72,541,081</u> | <u>70,397,526</u> | <u>68,640,011</u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | 2,343,304 | 2,981,131 | 3,371,405 | 3,218,936 |
| Contributions - employee | - | - | - | - |
| Net investment income | 3,962,498 | (1,350,436) | 9,806,853 | (98,799) |
| Benefit payments, including refunds of member contributions | (3,577,522) | (3,407,719) | (3,188,792) | (3,035,298) |
| Administrative expenses | (344,712) | (375,908) | (375,932) | (382,999) |
| Other changes | - | - | - | - |
| Net change in plan fiduciary net position | <u>2,383,568</u> | <u>(2,152,932)</u> | <u>9,613,534</u> | <u>(298,160)</u> |
| Plan fiduciary net position - beginning | <u>54,898,850</u> | <u>57,051,782</u> | <u>47,438,248</u> | <u>47,736,408</u> |
| Plan fiduciary net position - ending (b) | <u>57,282,418</u> | <u>54,898,850</u> | <u>57,051,782</u> | <u>47,438,248</u> |
| City's net pension liability - ending (a) - (b) | <u>\$ 17,663,446</u> | <u>\$ 17,642,231</u> | <u>\$ 13,345,744</u> | <u>\$ 21,201,763</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 76.4% | 75.7% | 81.0% | 69.1% |
| Covered payroll | \$ 8,381,243 | \$ 8,503,828 | \$ 9,137,466 | \$ 9,547,345 |
| Net pension liability as a percentage of covered payroll | 210.7% | 207.5% | 146.1% | 222.1% |

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|----|-------------|---------------|---------------|---------------|---------------|---------------|
| \$ | 695,998 | \$ 728,055 | \$ 493,714 | \$ 423,626 | \$ 465,688 | \$ 434,472 |
| | 4,284,617 | 4,200,906 | 3,650,312 | 3,315,798 | 3,019,622 | 2,904,711 |
| | 177,171 | (1,140,659) | 1,470,212 | 2,313,285 | 2,393,142 | - |
| | (232,581) | - | 9,994,061 | - | - | - |
| | (2,678,454) | (2,353,713) | (2,201,881) | (2,032,437) | (1,925,160) | (1,688,917) |
| | - | - | - | 30,908 | 49,360 | - |
| | 2,246,751 | 1,434,589 | 13,406,418 | 4,051,180 | 4,002,652 | 1,650,266 |
| | 64,119,036 | 62,684,447 | 49,278,029 | 45,226,849 | 41,224,197 | 39,573,931 |
| | 66,365,787 | 64,119,036 | 62,684,447 | 49,278,029 | 45,226,849 | 41,224,197 |
| | 3,566,646 | 3,600,000 | 3,502,117 | 2,900,000 | 2,800,000 | 2,400,000 |
| | - | - | - | 30,908 | 49,360 | 246,088 |
| | 3,570,234 | 2,576,127 | 3,532,043 | 679,622 | 1,142,698 | 3,528,041 |
| | (2,678,454) | (2,353,713) | (2,201,881) | (2,032,437) | (1,925,160) | (1,688,917) |
| | (356,900) | (201,337) | (207,754) | (202,608) | (246,954) | (243,045) |
| | 1 | - | - | - | - | - |
| | 4,101,527 | 3,621,077 | 4,624,525 | 1,375,485 | 1,819,944 | 4,242,167 |
| | 43,634,881 | 40,013,804 | 35,389,279 | 34,013,794 | 32,193,850 | 27,951,683 |
| | 47,736,408 | 43,634,881 | 40,013,804 | 35,389,279 | 34,013,794 | 32,193,850 |
| \$ | 18,629,379 | \$ 20,484,155 | \$ 22,670,643 | \$ 13,888,750 | \$ 11,213,055 | \$ 9,030,347 |
| | 71.9% | 68.1% | 63.8% | 71.8% | 75.2% | 78.1% |
| \$ | 9,967,630 | \$ 10,355,722 | \$ 10,773,250 | \$ 11,313,614 | \$ 11,303,614 | \$ 11,018,519 |
| | 186.9% | 197.8% | 210.4% | 122.8% | 99.2% | 82.0% |

CITY OF COVINGTON, GEORGIA

**REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30,**

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|-----------------------|---------------------|
| Actuarially determined contribution | \$ 2,109,586 | \$ 2,022,771 | \$ 2,236,576 | \$ 2,327,580 |
| Contributions in relation to the actuarially determined contribution | <u>2,545,760</u> | <u>2,588,019</u> | <u>3,285,652</u> | <u>3,218,936</u> |
| Contribution deficiency (excess) | <u>\$ (436,174)</u> | <u>\$ (565,248)</u> | <u>\$ (1,049,076)</u> | <u>\$ (891,356)</u> |
| Covered payroll | \$ 8,465,600 | \$ 8,381,243 | \$ 8,503,828 | \$ 9,137,466 |
| Contributions as a percentage of covered payroll | 30.07% | 30.88% | 32.99% | 35.23% |

Notes to the Schedule:

(1) Actuarial Assumptions

| | |
|---------------------------------------|-------------------------------------|
| Valuation Date | June 30, 2023 |
| Cost Method | Entry Age Normal |
| Actuarial Asset Valuation Method | Fair Value of Assets |
| Assumed Rate of Return on Investments | 6.75% |
| Cost-of-living Adjustment | N/A |
| Amortization Method | Level dollar for unfunded liability |
| Remaining Amortization Period | 30 years (open) |

Projected Salary Increases:

| <u>Years of Service</u> | <u>Rate</u> |
|-------------------------|-------------|
| 0-9 | 4.50% |
| 10-19 | 3.50% |
| 20-24 | 3.00% |
| 25+ | 2.50% |

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|----|-------------|----------------|----------------|---------------|---------------|---------------|
| \$ | 2,394,267 | \$ 2,441,637 | \$ 1,550,940 | \$ 2,900,000 | \$ 2,800,000 | \$ 2,400,000 |
| | 3,566,646 | 3,600,000 | 3,502,117 | 2,900,000 | 2,800,000 | 2,400,000 |
| \$ | (1,172,379) | \$ (1,158,363) | \$ (1,951,177) | \$ - | \$ - | \$ - |
| \$ | 9,547,345 | \$ 9,967,630 | \$ 10,355,722 | \$ 10,773,250 | \$ 11,313,614 | \$ 11,303,614 |
| | 37.36% | 36.12% | 33.82% | 26.92% | 24.75% | 21.23% |

CITY OF COVINGTON, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF PENSION INVESTMENT RETURNS
FOR THE FISCAL YEAR ENDED JUNE 30,

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expenses for the City's Pension Plan | 6.8% | 6.8% | 6.8% | 6.8% |

| <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 6.8% | 6.8% | 6.8% | 4.0% | 5.6% | 12.5% |

CITY OF COVINGTON, GEORGIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30,**

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|--|----------------------------|----------------------------|----------------------------|
| Total OPEB liability | | | |
| Service cost | \$ 108,641 | \$ 153,525 | \$ 153,983 |
| Interest on total OPEB liability | 127,293 | 79,617 | 102,290 |
| Differences between expected and actual experience | (211,975) | - | 130,115 |
| Changes of assumptions | 561,803 | (472,053) | (306,483) |
| Benefit payments, including refunds of employee contributions | <u>(266,001)</u> | <u>(247,443)</u> | <u>(297,468)</u> |
| Net change in total OPEB liability | 319,761 | (486,354) | (217,563) |
| Total OPEB liability - beginning | 3,135,341 | 3,621,695 | 3,839,258 |
| Total OPEB liability - ending (a) | <u>\$ 3,455,102</u> | <u>\$ 3,135,341</u> | <u>\$ 3,621,695</u> |
| Covered employee payroll | \$ 23,560,368 | \$ 19,707,435 | \$ 18,946,011 |
| City's total OPEB liability as a percentage of covered employee payroll | 14.66% | 15.91% | 19.12% |

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

No assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

| | 2021 | 2020 | 2019 | 2018 |
|----|------------------|---------------------|---------------------|---------------------|
| \$ | 144,631 | \$ 97,438 | \$ 99,781 | \$ 111,514 |
| | 107,049 | 108,953 | 100,247 | 82,347 |
| | - | 355,058 | - | - |
| | 34,618 | 614,157 | (61,305) | (159,480) |
| | (276,714) | (126,429) | (116,257) | (107,645) |
| | 9,584 | 1,049,177 | 22,466 | (73,264) |
| | 3,829,674 | 2,780,497 | 2,758,031 | 2,831,295 |
| \$ | <u>3,839,258</u> | <u>\$ 3,829,674</u> | <u>\$ 2,780,497</u> | <u>\$ 2,758,031</u> |
| \$ | 19,353,485 | \$ 18,646,772 | \$ 17,169,505 | \$ 16,027,917 |
| | 19.84% | 20.54% | 16.19% | 17.21% |

COMBINING STATEMENTS AND SCHEDULES

CITY OF COVINGTON, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The **Emergency Telephone Fund** accounts for revenue sources and expenditures that are legally restricted to expenditures for the Emergency 911 system.

The **Hotel/Motel Tax Fund** accounts for the Hotel/Motel accommodation excise tax receipts and distributions. These funds are designated for the promotion of tourism and cultural development.

The **Confiscated Assets Fund** accounts for the collection and use of funds confiscated from convicted offenders.

The **Neighborhood Stabilization Fund** accounts for the revenues and expenditures of a federal and state grant focusing on neighborhood development.

The **Legion Field Recreational Facility Fund** is used to account for the revenues and expenditures used to support the City's Legion Field recreational facility.

The **Cemetery Trust Fund** is used to account for restricted funds to be used only for the annual maintenance of the City's cemetery.

CAPITAL PROJECTS FUNDS

The **Special Purpose Local Option Sales Tax ("SPLOST") Fund** accounts for the Capital Projects within the City from resources provided by the 2017 and 2023 special Newton County 1% sales and use tax.

CITY OF COVINGTON, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024**

| | Special Revenue Funds | | | |
|--------------------------------------|---|--------------------------------------|--|--|
| | Emergency Telephone Fund | Hotel/ Motel Tax Fund | Confiscated Assets Fund | Neighborhood Stabilization Fund |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 174,257 | \$ 1,018,791 | \$ 252,419 | \$ 39,263 |
| Taxes receivable | - | 199,506 | - | - |
| Accounts receivable | 750,994 | - | - | 50,916 |
| Due from other governments | - | - | - | - |
| Prepaid expenditures | 69,258 | - | - | - |
| Total assets | <u>\$ 994,509</u> | <u>\$ 1,218,297</u> | <u>\$ 252,419</u> | <u>\$ 90,179</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 89,683 | \$ 157,089 | \$ - | \$ - |
| Accrued liabilities | 74,747 | - | - | - |
| Total liabilities | <u>164,430</u> | <u>157,089</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Non-spendable: | | | | |
| Prepaid expenditures | 69,258 | - | - | - |
| Restricted for: | | | | |
| Law enforcement | 760,821 | - | 252,419 | - |
| Cemetery maintenance | - | - | - | - |
| Capital projects | - | - | - | - |
| Housing and development | - | 1,061,208 | - | 90,179 |
| Total fund balances | <u>830,079</u> | <u>1,061,208</u> | <u>252,419</u> | <u>90,179</u> |
| Total liabilities and fund balances | <u>\$ 994,509</u> | <u>\$ 1,218,297</u> | <u>\$ 252,419</u> | <u>\$ 90,179</u> |

| Special Revenue Funds | | Capital | |
|-----------------------|-------------------|---------------------|----------------------|
| Legion Field | Cemetery | Projects | |
| Recreational | Trust | SPLOST | |
| Facility Fund | Fund | Fund | Totals |
| \$ 2,496 | \$ 182,748 | \$ 8,033,620 | \$ 9,703,594 |
| - | - | - | 199,506 |
| 1,154 | - | - | 803,064 |
| - | - | 641,990 | 641,990 |
| - | - | - | 69,258 |
| <u>\$ 3,650</u> | <u>\$ 182,748</u> | <u>\$ 8,675,610</u> | <u>\$ 11,417,412</u> |
| | | | |
| \$ 3,650 | \$ - | \$ 134,584 | \$ 385,006 |
| - | - | - | 74,747 |
| <u>3,650</u> | <u>-</u> | <u>134,584</u> | <u>459,753</u> |
| | | | |
| - | - | - | 69,258 |
| - | - | - | 1,013,240 |
| - | 182,748 | - | 182,748 |
| - | - | 8,541,026 | 8,541,026 |
| - | - | - | 1,151,387 |
| <u>-</u> | <u>182,748</u> | <u>8,541,026</u> | <u>10,957,659</u> |
| <u>\$ 3,650</u> | <u>\$ 182,748</u> | <u>\$ 8,675,610</u> | <u>\$ 11,417,412</u> |

CITY OF COVINGTON, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | Special Revenue Funds | | | |
|--|---|--------------------------------------|--|--|
| | Emergency Telephone Fund | Hotel/ Motel Tax Fund | Confiscated Assets Fund | Neighborhood Stabilization Fund |
| Revenues | | | | |
| Other taxes | \$ - | \$ 1,829,626 | \$ - | \$ - |
| Charges for services | 3,786,476 | - | - | 43,897 |
| Intergovernmental | - | - | - | - |
| Fines and forfeitures | - | - | 60,184 | - |
| Interest revenue | - | - | 8 | - |
| Other revenues | - | - | 2,125 | - |
| Total revenues | <u>3,786,476</u> | <u>1,829,626</u> | <u>62,317</u> | <u>43,897</u> |
| Expenditures | | | | |
| Public safety | 6,169,237 | - | 80,412 | - |
| Parks and recreation | - | - | - | - |
| Housing and development | - | 813,303 | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | 124,998 | - | - | - |
| Interest | 34,204 | - | - | - |
| Total expenditures | <u>6,328,439</u> | <u>813,303</u> | <u>80,412</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,541,963)</u> | <u>1,016,323</u> | <u>(18,095)</u> | <u>43,897</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 527,819 | 361,298 | - | - |
| Transfers out | - | (686,308) | - | - |
| Lease proceeds | 2,165,433 | - | - | - |
| Total other financing sources (uses) | <u>2,693,252</u> | <u>(325,010)</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 151,289 | 691,313 | (18,095) | 43,897 |
| Fund balances, beginning of year | <u>678,790</u> | <u>369,895</u> | <u>270,514</u> | <u>46,282</u> |
| Fund balances, end of year | <u>\$ 830,079</u> | <u>\$ 1,061,208</u> | <u>\$ 252,419</u> | <u>\$ 90,179</u> |

| Special Revenue Funds | | Capital | |
|-----------------------|-------------------|---------------------|----------------------|
| Legion Field | Cemetery | Projects | |
| Recreational | Trust | SPLOST | |
| Facility Fund | Fund | Fund | Totals |
| \$ - | \$ - | \$ - | \$ 1,829,626 |
| 33,250 | - | - | 3,863,623 |
| - | - | 3,657,276 | 3,657,276 |
| - | - | - | 60,184 |
| - | 6 | - | 14 |
| - | - | - | 2,125 |
| <u>33,250</u> | <u>6</u> | <u>3,657,276</u> | <u>9,412,848</u> |
| - | - | - | 6,249,649 |
| 65,898 | - | - | 65,898 |
| - | - | - | 813,303 |
| - | - | 1,664,114 | 1,664,114 |
| - | - | - | 124,998 |
| - | - | - | 34,204 |
| <u>65,898</u> | <u>-</u> | <u>1,664,114</u> | <u>8,952,166</u> |
| <u>(32,648)</u> | <u>6</u> | <u>1,993,162</u> | <u>460,682</u> |
| 32,648 | - | - | 921,765 |
| - | - | - | (686,308) |
| - | - | - | 2,165,433 |
| <u>32,648</u> | <u>-</u> | <u>-</u> | <u>2,400,890</u> |
| - | 6 | 1,993,162 | 2,861,572 |
| - | 182,742 | 6,547,864 | 8,096,087 |
| <u>\$ -</u> | <u>\$ 182,748</u> | <u>\$ 8,541,026</u> | <u>\$ 10,957,659</u> |

CITY OF COVINGTON, GEORGIA

**EMERGENCY TELEPHONE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual | Variance |
|--|--|---------------------------------------|--------------------|-------------------|
| REVENUES | | | | |
| Charges for services | \$ 4,157,608 | \$ 4,247,094 | \$ 3,786,476 | \$ (460,618) |
| EXPENDITURES | | | | |
| Public safety | 4,786,661 | 6,169,237 | 6,169,237 | - |
| Debt Service: | | | | |
| Principal | 124,998 | 124,998 | 124,998 | - |
| Interest | 34,204 | 34,204 | 34,204 | - |
| Total expenditures | <u>4,945,863</u> | <u>6,328,439</u> | <u>6,328,439</u> | <u>-</u> |
| Deficiency of revenues over expenditures | <u>(788,255)</u> | <u>(2,081,345)</u> | <u>(2,541,963)</u> | <u>(460,618)</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 677,585 | 680,661 | 527,819 | (152,842) |
| Leases Proceeds | - | 1,400,684 | 2,165,433 | 764,749 |
| Total other financing sources | <u>677,585</u> | <u>2,081,345</u> | <u>2,693,252</u> | <u>611,907</u> |
| Net change in fund balances | (110,670) | - | 151,289 | 151,289 |
| FUND BALANCES, beginning of year | <u>678,790</u> | <u>678,790</u> | <u>678,790</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ 568,120</u> | <u>\$ 678,790</u> | <u>\$ 830,079</u> | <u>\$ 151,289</u> |

CITY OF COVINGTON, GEORGIA

**HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | <u>Original Budgeted Amounts</u> | <u>Final Budgeted Amounts</u> | <u>Actual</u> | <u>Variance</u> |
|---|--|---------------------------------------|---------------------|-------------------|
| REVENUES | | | | |
| Other taxes | \$ 1,600,000 | \$ 1,705,525 | \$ 1,829,626 | \$ 124,101 |
| EXPENDITURES | | | | |
| Housing and development | 1,000,000 | 1,031,380 | 813,303 | 218,077 |
| Total expenditures | <u>1,000,000</u> | <u>1,031,380</u> | <u>813,303</u> | <u>218,077</u> |
| Excess of revenues over expenditures | <u>600,000</u> | <u>674,145</u> | <u>1,016,323</u> | <u>342,178</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in | - | - | 361,298 | 361,298 |
| Transfers out | <u>(600,000)</u> | <u>(674,145)</u> | <u>(686,308)</u> | <u>(12,163)</u> |
| Total other financing uses, net | <u>(600,000)</u> | <u>(674,145)</u> | <u>(325,010)</u> | <u>349,135</u> |
| Net change in fund balances | - | - | 691,313 | 691,313 |
| FUND BALANCES, beginning of year | <u>369,895</u> | <u>369,895</u> | <u>369,895</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ 369,895</u> | <u>\$ 369,895</u> | <u>\$ 1,061,208</u> | <u>\$ 691,313</u> |

CITY OF COVINGTON, GEORGIA

**CONFISCATED ASSETS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | <u>Original Budgeted Amounts</u> | <u>Final Budgeted Amounts</u> | <u>Actual</u> | <u>Variance</u> |
|---|--|---------------------------------------|-------------------|------------------|
| REVENUES | | | | |
| Fines and forfeitures | \$ - | \$ - | \$ 60,184 | \$ 60,184 |
| Interest | - | - | 8 | 8 |
| Total revenues | <u>-</u> | <u>-</u> | <u>62,317</u> | <u>62,317</u> |
| EXPENDITURES | | | | |
| Public safety | 37,055 | 93,134 | 80,412 | 12,722 |
| Total expenditures | <u>37,055</u> | <u>93,134</u> | <u>80,412</u> | <u>12,722</u> |
| Net change in fund balances | (37,055) | (93,134) | (18,095) | 75,039 |
| FUND BALANCES, beginning of year | <u>270,514</u> | <u>270,514</u> | <u>270,514</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ 233,459</u> | <u>\$ 177,380</u> | <u>\$ 252,419</u> | <u>\$ 75,039</u> |

CITY OF COVINGTON, GEORGIA

**NEIGHBORHOOD STABILIZATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | <u>Original Budgeted Amounts</u> | <u>Final Budgeted Amounts</u> | <u>Actual</u> | <u>Variance</u> |
|---|--|---------------------------------------|------------------|------------------|
| REVENUES | | | | |
| Charges for services | \$ 16,331 | \$ 16,331 | \$ 43,897 | \$ 27,566 |
| Total revenues | <u>16,331</u> | <u>16,331</u> | <u>43,897</u> | <u>27,566</u> |
| EXPENDITURES | | | | |
| Housing and development | 16,331 | 16,331 | - | 16,331 |
| Total expenditures | <u>16,331</u> | <u>16,331</u> | <u>-</u> | <u>16,331</u> |
| Net change in fund balances | - | - | 43,897 | 43,897 |
| FUND BALANCES, beginning of year | <u>46,282</u> | <u>46,282</u> | <u>46,282</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ 46,282</u> | <u>\$ 46,282</u> | <u>\$ 90,179</u> | <u>\$ 43,897</u> |

CITY OF COVINGTON, GEORGIA

**LEGION FIELD RECREATIONAL FACILITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | <u>Original Budgeted Amounts</u> | <u>Final Budgeted Amounts</u> | <u>Actual</u> | <u>Variance</u> |
|---|--|---------------------------------------|---------------|-----------------|
| REVENUES | | | | |
| Charges for services | \$ 12,000 | \$ 12,000 | \$ 33,250 | \$ 21,250 |
| Total revenues | <u>12,000</u> | <u>12,000</u> | <u>33,250</u> | <u>21,250</u> |
| EXPENDITURES | | | | |
| Parks and recreation | <u>123,250</u> | <u>123,250</u> | <u>65,898</u> | <u>57,352</u> |
| Total expenditures | <u>123,250</u> | <u>123,250</u> | <u>65,898</u> | <u>57,352</u> |
| Deficiency of revenues under expenditures | (111,250) | (111,250) | (32,648) | 78,602 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>111,250</u> | <u>111,250</u> | <u>32,648</u> | <u>(78,602)</u> |
| Total other financing sources | <u>111,250</u> | <u>111,250</u> | <u>32,648</u> | <u>(78,602)</u> |
| Net change in fund balances | - | - | - | - |
| FUND BALANCES, beginning of year | - | - | - | - |
| FUND BALANCES, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF COVINGTON, GEORGIA

**CEMETERY TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | <u>Original Budgeted Amounts</u> | <u>Final Budgeted Amounts</u> | <u>Actual</u> | <u>Variance</u> |
|---|--|---------------------------------------|-------------------|-----------------|
| REVENUES | | | | |
| Interest revenues | \$ 20 | \$ 20 | \$ 6 | \$ (14) |
| Total revenues | <u>20</u> | <u>20</u> | <u>6</u> | <u>(14)</u> |
| Net change in fund balances | 20 | 20 | 6 | (14) |
| FUND BALANCES, beginning of year | <u>182,742</u> | <u>182,742</u> | <u>182,742</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ 182,762</u> | <u>\$ 182,762</u> | <u>\$ 182,748</u> | <u>\$ (14)</u> |

CITY OF COVINGTON, GEORGIA

**2017 SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| <u>Project Description</u> | <u>Original Estimated Cost</u> | <u>Revised Estimated Cost</u> | <u>Expenditures</u> | | <u>Total</u> |
|--|--|---------------------------------------|------------------------|-------------------------|----------------------|
| | | | <u>Prior Years</u> | <u>Current Year</u> | |
| Transportation projects | \$ 4,029,944 | \$ 7,883,225 | \$ 2,305,807 | \$ 484,703 | \$ 2,790,510 |
| Sanitary sewer inspection and construction | 1,575,000 | 1,575,000 | 1,346,653 | - | 1,346,653 |
| Public safety | 3,820,817 | 6,348,175 | 5,598,702 | 749,473 | 6,348,175 |
| | <u>\$ 9,425,761</u> | <u>\$ 15,806,400</u> | <u>\$ 9,251,162</u> | <u>\$ 1,234,176</u> | <u>\$ 10,485,338</u> |

Note: The current year expenditures consisted of payments for transportation projects.

CITY OF COVINGTON, GEORGIA

**2023 SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| <u>Project Description</u> | <u>Original Estimated Cost</u> | <u>Revised Estimated Cost</u> | <u>Expenditures</u> | | |
|----------------------------|--|---------------------------------------|------------------------|-------------------------|-------------------|
| | | | <u>Prior Years</u> | <u>Current Year</u> | <u>Total</u> |
| Public safety | \$ 17,658,000 | \$ 17,658,000 | \$ - | \$ 429,938 | \$ 429,938 |
| | <u>\$ 17,658,000</u> | <u>\$ 17,658,000</u> | <u>\$ -</u> | <u>\$ 429,938</u> | <u>\$ 429,938</u> |

Note: The current year expenditures consisted of the construction of a public safety building and transportation projects.

CITY OF COVINGTON, GEORGIA

NONMAJOR ENTERPRISE FUNDS

Operations of enterprise funds are designed to be self-supporting.

The **Stormwater Utility Fund** accounts for revenues and expenses relating to the stormwater services provided to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The **Sanitation Fund** is used to account for the financing, construction, operation and maintenance of the solid waste services provided to the residents of the City and some residents of Newton County. All activities necessary to provide such services are accounted for in this fund.

The **Telecommunications Fund** accounts for all activity relating to the fiber optic network through the city, including the sale of fiber connectivity, broadband internet, voice-over-IP phones and service. This fund also accounts for activity relating to the city's Public, Educational and Governmental access channels and streaming employee channels.

CITY OF COVINGTON, GEORGIA

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2024**

| | Stormwater Utility Fund | Sanitation Fund | Telecommunications Fund | Totals |
|--|--|----------------------------|------------------------------------|----------------------|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash | \$ 1,338,653 | \$ 164,105 | \$ 5,000 | \$ 1,507,758 |
| Accounts receivable, net of allowances | 655,082 | 553,706 | 19,666 | 1,228,454 |
| Prepaid expenses | 188 | 1,260 | - | 1,448 |
| Total current assets | <u>1,993,923</u> | <u>719,071</u> | <u>24,666</u> | <u>2,737,660</u> |
| NON-CURRENT ASSETS | | | | |
| Capital assets: | | | | |
| Nondepreciable | 704,896 | 13,002 | - | 717,898 |
| Depreciable, net of accumulated depreciation | 9,217,143 | 83,185 | - | 9,300,328 |
| Total non-current assets | <u>9,922,039</u> | <u>96,187</u> | <u>-</u> | <u>10,018,226</u> |
| Total assets | <u>11,915,962</u> | <u>815,258</u> | <u>24,666</u> | <u>12,755,886</u> |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | 20,951 | 496,223 | 6,454 | 523,628 |
| Accrued liabilities | - | 12,288 | 6,109 | 18,397 |
| Current portion - lease liability | - | 11,270 | - | 11,270 |
| Unearned revenue | 499,200 | - | 14,681 | 513,881 |
| Total current liabilities | <u>520,151</u> | <u>519,781</u> | <u>27,244</u> | <u>1,067,176</u> |
| LONG-TERM LIABILITIES | | | | |
| Leases liabilities | - | 49,109 | - | 49,109 |
| Total long-term liabilities | <u>-</u> | <u>49,109</u> | <u>-</u> | <u>49,109</u> |
| Total liabilities | <u>520,151</u> | <u>568,890</u> | <u>27,244</u> | <u>1,116,285</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 9,922,039 | 35,808 | - | 9,957,847 |
| Unrestricted | 1,473,772 | 210,560 | (2,578) | 1,681,754 |
| Total net position | <u>\$ 11,395,811</u> | <u>\$ 246,368</u> | <u>\$ (2,578)</u> | <u>\$ 11,639,601</u> |

CITY OF COVINGTON, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

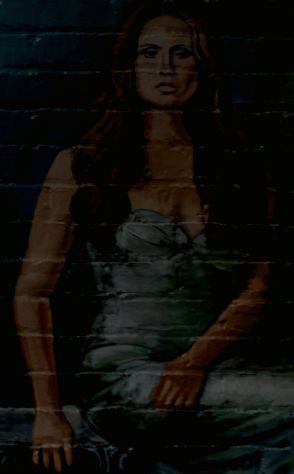
| | Stormwater Utility Fund | Sanitation Fund | Telecommunications Fund | Totals |
|--|--|----------------------------|------------------------------------|----------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 927,183 | \$ 3,670,232 | \$ 53,372 | \$ 4,650,787 |
| Other services | - | - | 16,608 | 16,608 |
| Total operating revenues | <u>927,183</u> | <u>3,670,232</u> | <u>69,980</u> | <u>4,667,395</u> |
| OPERATING EXPENSES | | | | |
| Personnel services | 17,002 | 177,798 | 284,755 | 479,555 |
| Other costs of operations | 518,635 | 3,333,756 | 252,657 | 4,105,048 |
| Depreciation | 353,300 | 23,964 | 35,682 | 412,946 |
| Total operating expenses | <u>888,937</u> | <u>3,535,518</u> | <u>573,094</u> | <u>4,997,549</u> |
| Operating income (loss) | <u>38,246</u> | <u>134,714</u> | <u>(503,114)</u> | <u>(330,154)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Gain on sale of capital assets | - | - | 220 | 220 |
| Interest expense | - | (875) | (15) | (890) |
| Loss on transfer of capital assets | - | - | (753,307) | (753,307) |
| Total non-operating Revenues (expenses), net | <u>-</u> | <u>(875)</u> | <u>(753,102)</u> | <u>(753,977)</u> |
| Income (loss) before capital contributions transfers | <u>38,246</u> | <u>133,839</u> | <u>(1,256,216)</u> | <u>(1,084,131)</u> |
| CAPITAL CONTRIBUTIONS | <u>341,266</u> | <u>-</u> | <u>-</u> | <u>341,266</u> |
| TRANSFERS | | | | |
| Transfers out | - | - | (711,348) | (711,348) |
| Total transfers | <u>-</u> | <u>-</u> | <u>(711,348)</u> | <u>(711,348)</u> |
| Change in net position | 379,512 | 133,839 | (1,967,564) | (1,454,213) |
| NET POSITION, beginning of year | <u>11,016,299</u> | <u>112,529</u> | <u>1,964,986</u> | <u>13,093,814</u> |
| NET POSITION, end of year | <u>\$ 11,395,811</u> | <u>\$ 246,368</u> | <u>\$ (2,578)</u> | <u>\$ 11,639,601</u> |

CITY OF COVINGTON, GEORGIA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | Stormwater Utility Fund | Sanitation Fund | Telecommunications Fund | Totals |
|--|--|----------------------------|------------------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and users | \$ 1,140,107 | \$ 3,578,551 | \$ 66,330 | \$ 4,784,988 |
| Payments to suppliers | (503,419) | (3,461,196) | (273,291) | (4,237,906) |
| Payments to employees | (17,002) | (176,915) | (284,262) | (478,179) |
| Net cash provided by (used in) operating activities | <u>619,686</u> | <u>(59,560)</u> | <u>(491,223)</u> | <u>68,903</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | |
| Transfers out | - | - | (711,348) | (711,348) |
| Net cash used in non-capital financing activities | <u>-</u> | <u>-</u> | <u>(711,348)</u> | <u>(711,348)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Proceeds from the sale of capital assets | 11,401 | 1,404 | 220 | 13,025 |
| Principal paid on lease | - | (12,130) | (3,924) | (16,054) |
| Lease proceeds | - | 57,054 | - | 57,054 |
| Capital contributions | 341,266 | - | - | 341,266 |
| Acquisition and construction of capital assets | (878,039) | (65,061) | (150,843) | (1,093,943) |
| Interest paid | - | (875) | (15) | (890) |
| Net cash used in capital and related financing activities | <u>(525,372)</u> | <u>(19,608)</u> | <u>(154,562)</u> | <u>(699,542)</u> |
| Change in cash and cash equivalents | 94,314 | (79,168) | (1,357,133) | (1,341,987) |
| Cash and cash equivalents: | | | | |
| Beginning of year | <u>1,244,339</u> | <u>243,273</u> | <u>1,362,133</u> | <u>2,849,745</u> |
| End of year | <u>\$ 1,338,653</u> | <u>\$ 164,105</u> | <u>\$ 5,000</u> | <u>\$ 1,507,758</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ 38,246 | \$ 134,714 | \$ (503,114) | \$ (330,154) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation and amortization | 353,300 | 23,964 | 35,682 | 412,946 |
| (Increase) decrease in accounts receivable | 169,340 | (91,681) | (3,650) | 74,009 |
| (Increase) decrease in prepaids and other assets | (9) | (61) | 8,654 | 8,584 |
| Increase (decrease) in accounts payable | 15,225 | (127,379) | (29,288) | (141,442) |
| Increase in accrued liabilities | - | 883 | 493 | 1,376 |
| Increase in unearned revenue | 43,584 | - | - | 43,584 |
| Net cash provided by (used in) operating activities | <u>\$ 619,686</u> | <u>\$ (59,560)</u> | <u>\$ (491,223)</u> | <u>\$ 68,903</u> |

CITY OF
COVINGTON
STATISTICAL
SECTION
GEORGIA



STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Covington, Georgia’s (the “City”) Annual Comprehensive Financial Report (“ACFR”) 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.

Page

Financial Trends 94 – 99

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 100 – 103

These schedules contain information to help the reader assess the City’s most significant local revenue source, property taxes.

Debt Capacity 104 – 106

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.....107 and 108

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 109 – 112

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.

CITY OF COVINGTON, GEORGIA

**NET POSITION BY COMPONENT
(accrual basis of accounting)
(amounts expressed in thousands)**

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Governmental activities: | | | | | | | | | | |
| Net Investment in capital assets | \$ 33,435 | \$ 32,492 | \$ 32,207 | \$ 34,018 | \$ 34,196 | \$ 39,003 | \$ 40,251 | \$ 49,121 | \$ 52,614 | \$ 54,903 |
| Restricted | 6,658 | 7,909 | 9,061 | 8,406 | 10,058 | 8,811 | 9,499 | 7,979 | 9,468 | 12,345 |
| Unrestricted | 19,365 | 16,816 | 16,359 | 10,916 | 7,364 | 6,656 | 5,610 | 6,463 | 6,614 | 7,862 |
| Total governmental activities net position | 59,458 | 57,217 | 57,627 | 53,340 | 51,618 | 54,470 | 55,360 | 63,563 | 68,696 | 75,110 |
| Business-type activities: | | | | | | | | | | |
| Net Investment in capital assets | 65,867 | 68,338 | 73,961 | 80,037 | 88,401 | 94,304 | 100,802 | 103,593 | 114,820 | 145,446 |
| Restricted | 750 | 925 | 2,693 | 2,715 | 2,716 | 217 | 2,718 | 2,720 | 2,721 | 2,722 |
| Unrestricted | 47,526 | 57,934 | 60,225 | 65,019 | 72,718 | 82,835 | 83,650 | 84,967 | 89,639 | 90,957 |
| Total business-type activities net position | 114,143 | 127,197 | 136,879 | 147,771 | 163,835 | 177,356 | 187,170 | 191,280 | 207,180 | 239,125 |
| Primary government: | | | | | | | | | | |
| Net Investment in capital assets | 99,302 | 100,830 | 106,168 | 114,055 | 122,597 | 133,307 | 141,053 | 152,714 | 167,434 | 200,349 |
| Restricted | 7,408 | 8,834 | 11,724 | 11,121 | 12,774 | 9,028 | 12,217 | 10,699 | 12,189 | 15,067 |
| Unrestricted | 66,891 | 74,750 | 76,614 | 75,935 | 80,082 | 89,491 | 89,260 | 91,430 | 96,253 | 98,819 |
| Total primary government net position | \$ 173,601 | \$ 184,414 | \$ 194,506 | \$ 201,111 | \$ 215,453 | \$ 231,826 | \$ 242,530 | \$ 254,843 | \$ 275,876 | \$ 314,235 |

CITY OF COVINGTON, GEORGIA

**STATEMENT OF ACTIVITIES
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)**

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 3,121 | \$ 3,585 | \$ 3,737 | \$ 4,349 | \$ 4,466 | \$ 4,558 | \$ 4,839 | \$ 4,484 | \$ 4,657 | \$ 5,442 |
| Judicial | 625 | 707 | 739 | 722 | 592 | 684 | 512 | 624 | 824 | 990 |
| Public safety | 13,982 | 16,161 | 16,503 | 18,182 | 19,910 | 19,683 | 18,164 | 18,466 | 20,013 | 23,924 |
| Public works | 3,377 | 4,286 | 3,763 | 4,288 | 4,106 | 5,027 | 6,736 | 989 | 3,107 | 1,644 |
| Parks and recreation | 138 | 285 | 457 | 377 | 389 | 403 | 483 | 521 | 804 | 642 |
| Housing and development | 1,485 | 1,783 | 1,431 | 1,691 | 1,683 | 1,726 | 1,535 | 1,981 | 2,215 | 2,685 |
| Interest on long-term debt | 34 | 26 | 20 | 20 | 15 | 6 | 1 | 48 | 65 | 256 |
| Total governmental activities expenses | 22,762 | 26,833 | 26,650 | 29,629 | 31,161 | 32,087 | 32,270 | 27,113 | 31,685 | 35,583 |
| Business-type activities: | | | | | | | | | | |
| Water and sewer | 9,210 | 9,502 | 10,220 | 10,140 | 10,250 | 10,421 | 10,513 | 10,801 | 11,472 | 12,580 |
| Gas | 10,597 | 8,005 | 9,396 | 10,034 | 10,805 | 8,421 | 9,206 | 14,557 | 16,205 | 12,179 |
| Electric | 35,003 | 32,642 | 32,847 | 33,704 | 34,693 | 34,656 | 38,488 | 47,865 | 53,213 | 52,424 |
| Stormwater | 694 | 743 | 508 | 551 | 571 | 709 | 744 | 655 | 906 | 889 |
| Sanitation | 2,857 | 2,892 | 3,010 | 3,088 | 3,251 | 3,372 | 3,006 | 3,094 | 3,436 | 3,536 |
| Telecommunications | - | - | - | - | - | - | - | - | 474 | 573 |
| Airport | 1,024 | 994 | 997 | 1,287 | 1,300 | 1,316 | 1,437 | 1,649 | 1,757 | 2,139 |
| Total business-type activities expenses | 59,385 | 54,778 | 56,978 | 58,804 | 60,870 | 58,895 | 63,394 | 78,621 | 87,463 | 84,320 |
| Total primary government expenses | 82,147 | 81,611 | 83,628 | 88,433 | 92,031 | 90,982 | 95,664 | 105,734 | 119,148 | 119,903 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 936 | 668 | 774 | 919 | 1,754 | 1,596 | 1,535 | 1,529 | 2,115 | 3,435 |
| Public safety | 2,500 | 3,453 | 3,418 | 3,444 | 3,596 | 3,679 | 3,511 | 4,215 | 4,570 | 4,749 |
| Parks and recreation | - | - | - | - | - | 64 | 10 | 13 | 22 | 33 |
| Housing and development | - | - | - | - | - | 16 | 16 | 16 | 16 | 44 |
| Operating grants and contributions | 829 | 779 | 899 | 945 | 800 | 728 | 1,065 | 587 | 533 | 582 |
| Capital grants and contributions | 2,808 | 2,601 | 2,066 | 1,891 | 2,205 | 4,186 | 2,809 | 3,551 | 11,495 | 24,751 |
| Total governmental activities program revenues | 7,073 | 7,501 | 7,157 | 7,199 | 8,355 | 10,269 | 8,946 | 9,911 | 18,751 | 33,594 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water and sewer | 10,967 | 11,114 | 12,190 | 11,999 | 13,423 | 13,746 | 12,969 | 13,484 | 14,998 | 15,580 |
| Gas | 15,500 | 12,883 | 13,025 | 14,821 | 15,534 | 14,053 | 14,662 | 19,953 | 20,977 | 17,282 |
| Electric | 44,924 | 45,059 | 45,112 | 45,789 | 47,168 | 46,267 | 47,249 | 53,058 | 56,438 | 59,415 |

(Continued)

CITY OF COVINGTON, GEORGIA

**STATEMENT OF ACTIVITIES
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)**

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|
| Business-type activities (Continued): | | | | | | | | | | |
| Charges for services (Continued): | | | | | | | | | | |
| Stormwater | 839 | 839 | 801 | 995 | 849 | 1,027 | 913 | 936 | 920 | 927 |
| Sanitation | 2,543 | 2,743 | 2,769 | 2,834 | 2,919 | 3,489 | 3,080 | 3,142 | 3,389 | 3,670 |
| Telecommunications | - | - | - | - | - | - | - | - | 2,015 | 70 |
| Airport | 421 | 403 | 476 | 576 | 634 | 591 | 710 | 994 | 1,177 | 1,283 |
| Operating grants and contributions | 261 | - | - | - | 662 | 242 | 1,391 | - | - | - |
| Capital grants and contributions | - | 512 | 1,890 | 1,865 | 2,369 | 1,880 | 2,037 | 316 | 3,082 | 4,530 |
| Total business-type activities program revenues | <u>75,455</u> | <u>73,553</u> | <u>76,263</u> | <u>78,879</u> | <u>83,558</u> | <u>81,295</u> | <u>83,011</u> | <u>91,883</u> | <u>102,996</u> | <u>102,757</u> |
| Total primary government program revenues | <u>82,528</u> | <u>81,054</u> | <u>83,420</u> | <u>86,078</u> | <u>91,913</u> | <u>91,564</u> | <u>91,957</u> | <u>101,794</u> | <u>121,747</u> | <u>136,351</u> |
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | (15,689) | (19,332) | (19,493) | (22,430) | (22,806) | (21,818) | (23,324) | (17,202) | (12,934) | (1,989) |
| Business-type activities | 16,070 | 18,775 | 19,285 | 20,075 | 22,688 | 22,400 | 19,617 | 13,262 | 15,533 | 18,437 |
| Total primary government net expense | <u>\$ 381</u> | <u>\$ (557)</u> | <u>\$ (208)</u> | <u>\$ (2,355)</u> | <u>\$ (118)</u> | <u>\$ 582</u> | <u>\$ (3,707)</u> | <u>\$ (3,940)</u> | <u>\$ 2,599</u> | <u>\$ 16,448</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | \$ 4,729 | \$ 4,646 | \$ 4,885 | \$ 5,088 | \$ 5,656 | \$ 6,421 | \$ 6,972 | \$ 7,633 | \$ 7,785 | \$ 8,155 |
| Sales taxes | 2,012 | 1,981 | 2,032 | 2,176 | 2,477 | 2,910 | 3,082 | 3,647 | 4,052 | 4,203 |
| Franchise fees | 775 | 756 | 764 | 872 | 820 | 892 | 776 | 809 | 962 | 857 |
| Insurance premium taxes | 707 | 745 | 819 | 2,016 | 956 | 1,007 | 1,054 | 1,089 | 1,179 | 1,260 |
| Other taxes | 1,648 | 1,786 | 1,746 | 720 | 2,025 | 1,992 | 2,199 | 2,842 | 3,039 | 3,255 |
| Unrestricted investment earnings | 31 | 28 | 42 | 57 | 128 | 157 | 48 | 51 | 423 | 1,543 |
| Gain on sale of capital assets | - | - | - | - | - | - | - | - | - | - |
| Lease income | - | - | - | - | - | - | - | 94 | - | - |
| Transfers | 11,081 | 7,149 | 9,617 | 9,946 | 9,022 | 11,292 | 10,081 | 9,240 | 221 | (10,464) |
| Total governmental activities | <u>20,983</u> | <u>17,091</u> | <u>19,905</u> | <u>20,875</u> | <u>21,084</u> | <u>24,671</u> | <u>24,212</u> | <u>25,405</u> | <u>17,661</u> | <u>8,809</u> |
| Business-type activities: | | | | | | | | | | |
| Unrestricted investment earnings (losses) | 524 | 1,427 | 327 | 726 | 2,382 | 1,835 | 125 | 20 | 561 | 3,027 |
| Gain on sale of capital assets (1) | 6 | - | - | 38 | 15 | 577 | 135 | 67 | 28 | 17 |
| Transfers | (11,081) | (7,149) | (9,928) | (9,946) | (9,022) | (11,291) | (10,081) | (9,240) | (221) | 10,464 |
| Total business-type activities | <u>(10,551)</u> | <u>(5,722)</u> | <u>(9,601)</u> | <u>(9,182)</u> | <u>(6,625)</u> | <u>(8,879)</u> | <u>(9,821)</u> | <u>(9,153)</u> | <u>368</u> | <u>13,508</u> |
| Total primary government | <u>\$ 10,813</u> | <u>\$ 10,812</u> | <u>\$ 10,096</u> | <u>\$ 9,338</u> | <u>\$ 14,341</u> | <u>\$ 16,374</u> | <u>\$ 10,684</u> | <u>\$ 12,312</u> | <u>\$ 20,628</u> | <u>\$ 38,765</u> |
| Change in Net Position: | | | | | | | | | | |
| Governmental activities | \$ 5,294 | \$ (2,241) | \$ 412 | \$ (1,555) | \$ (1,722) | \$ 2,853 | \$ 888 | \$ 8,203 | \$ 4,727 | \$ 6,820 |
| Business-type activities | 5,519 | 13,053 | 9,684 | 10,893 | 16,063 | 13,521 | 9,796 | 4,109 | 15,901 | 31,945 |
| Total primary government | <u>\$ 10,813</u> | <u>\$ 10,812</u> | <u>\$ 10,096</u> | <u>\$ 9,338</u> | <u>\$ 14,341</u> | <u>\$ 16,374</u> | <u>\$ 10,684</u> | <u>\$ 12,312</u> | <u>\$ 20,628</u> | <u>\$ 38,765</u> |

CITY OF COVINGTON, GEORGIA

**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)**

| Fiscal Year | Property Taxes | Sales Taxes | Hotel/ Motel Taxes | Alcoholic Beverage Taxes | Insurance Premium Taxes | Other Taxes | Total |
|--------------------|-----------------------|--------------------|-------------------------------|---------------------------------|--------------------------------|--------------------|--------------|
| 2015 | 4,729 | 2,012 | 639 | 591 | 707 | 418 | 9,096 |
| 2016 | 4,646 | 1,981 | 685 | 606 | 745 | 495 | 9,158 |
| 2017 | 4,885 | 2,032 | 700 | 572 | 819 | 474 | 9,482 |
| 2018 | 5,110 | 2,175 | 862 | 638 | 872 | 516 | 10,173 |
| 2019 | 5,656 | 2,477 | 891 | 622 | 956 | 512 | 11,114 |
| 2020 | 6,421 | 2,910 | 891 | 622 | 1,007 | 479 | 12,330 |
| 2021 | 6,972 | 3,082 | 969 | 716 | 1,054 | 514 | 13,307 |
| 2022 | 7,633 | 3,647 | 1,432 | 793 | 1,089 | 617 | 15,211 |
| 2023 | 7,785 | 4,052 | 1,626 | 796 | 1,179 | 617 | 16,055 |
| 2024 | 8,155 | 4,203 | 1,830 | 796 | 1,260 | 629 | 16,873 |

CITY OF COVINGTON, GEORGIA

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)**

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| General fund: | | | | | | | | | | |
| Non-spendable | \$ 3,315 | \$ 3,242 | \$ 2,778 | \$ 582 | \$ 120 | \$ 79 | \$ 92 | \$ 188 | \$ 173 | \$ 154 |
| Restricted | - | - | - | - | - | - | - | - | 56 | 56 |
| Committed | 233 | 258 | - | - | - | - | - | - | - | - |
| Assigned | 2,692 | 3,270 | 37 | 37 | - | - | - | - | - | - |
| Unassigned | 18,818 | 15,380 | 18,407 | 19,703 | 18,688 | 20,451 | 21,940 | 22,049 | 22,250 | 22,728 |
| Total general fund | 25,058 | 22,150 | 21,222 | 20,322 | 18,808 | 20,530 | 22,032 | 22,237 | 22,479 | 22,938 |
| All other governmental funds: | | | | | | | | | | |
| Non-spendable | 15 | 50 | 31 | 46 | 19 | 9 | 23 | 32 | 85 | 69 |
| Restricted for: | | | | | | | | | | |
| Law enforcement | - | 716 | 800 | 791 | 662 | 736 | 931 | 1,352 | 1,138 | 1,286 |
| Cemetery maintenance | 177 | 177 | 178 | 179 | 181 | 183 | 183 | 183 | 183 | 183 |
| Public safety | 852 | - | - | - | - | - | - | - | - | - |
| Parks and recreation | - | - | - | - | - | 38 | 38 | 331 | 331 | 331 |
| Housing and development | 10 | 25 | 40 | 187 | 278 | 121 | 84 | 95 | 416 | 1,151 |
| Capital projects | 5,619 | 6,991 | 8,013 | 7,249 | 8,143 | 7,733 | 8,300 | 6,018 | 7,400 | 9,394 |
| Opioid Settlement | - | - | - | - | - | - | - | - | - | - |
| Assigned to: | | | | | | | | | | |
| Capital projects | - | - | - | - | 794 | 810 | 1,210 | 239 | - | 1,043 |
| Assigned to: | | | | | | | | | | |
| Tourism projects | - | - | - | - | - | - | - | - | 129 | 129 |
| Unassigned | - | (258) | - | - | - | - | - | - | - | - |
| Total all other governmental funds | 6,673 | 7,701 | 9,062 | 8,452 | 10,077 | 9,630 | 10,769 | 8,250 | 9,682 | 13,586 |
| Total all governmental funds | \$ 31,731 | \$ 29,851 | \$ 30,284 | \$ 28,774 | \$ 28,885 | \$ 30,160 | \$ 32,801 | \$ 30,487 | \$ 32,161 | \$ 36,524 |

2017 - The increase in fund balance from FY16 to FY17 can be attributed to a significant decrease in transfers out of the general fund as well as lease proceeds received in the year.

2018 - The decrease in fund balance from FY17 to FY18 is the result of a budgeted use of fund balance for capital improvement projects.

CITY OF COVINGTON, GEORGIA

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)**

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|-----------------|-------------------|---------------|-------------------|---------------|-----------------|-----------------|-------------------|-------------------|-----------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 9,069 | \$ 9,217 | \$ 9,467 | \$ 10,173 | \$ 11,090 | \$ 12,030 | \$ 13,659 | \$ 15,127 | \$ 16,042 | \$ 16,896 |
| Licenses and permits | 230 | 188 | 243 | 279 | 402 | 446 | 715 | 756 | 1,037 | 1,840 |
| Intergovernmental | 3,637 | 3,380 | 2,964 | 2,836 | 3,005 | 4,108 | 4,680 | 4,138 | 12,028 | 25,333 |
| Charges for services | 1,005 | 2,909 | 2,882 | 2,800 | 2,945 | 3,090 | 3,118 | 3,439 | 3,500 | 3,864 |
| Franchise fees | 775 | 745 | 764 | 720 | 820 | 892 | 777 | 809 | 962 | 857 |
| Fines and forfeitures | 1,491 | 743 | 542 | 644 | 651 | 658 | 420 | 805 | 1,108 | 961 |
| Interest earned | 31 | 28 | 42 | 57 | 128 | 157 | 48 | 51 | 423 | 1,543 |
| Lease Income | - | - | - | - | - | - | - | 94 | 93 | 50 |
| Miscellaneous | 706 | 481 | 530 | 640 | 1,352 | 1,160 | 820 | 773 | 984 | 1,546 |
| Total revenues | <u>16,944</u> | <u>17,691</u> | <u>17,434</u> | <u>18,149</u> | <u>20,393</u> | <u>22,541</u> | <u>24,237</u> | <u>25,992</u> | <u>36,177</u> | <u>52,890</u> |
| Expenditures | | | | | | | | | | |
| General government | 3,944 | 3,945 | 3,742 | 3,732 | 4,088 | 3,946 | 4,420 | 5,221 | 4,714 | 5,414 |
| Judicial | 626 | 704 | 681 | 700 | 662 | 621 | 514 | 674 | 852 | 964 |
| Public safety | 14,566 | 16,124 | 16,661 | 16,281 | 17,964 | 16,608 | 16,710 | 18,669 | 19,761 | 25,398 |
| Public works | 3,743 | 3,452 | 3,876 | 3,078 | 2,780 | 2,815 | 3,246 | 3,335 | 3,224 | 4,209 |
| Parks and recreation | 308 | 332 | 483 | 362 | 370 | 370 | 469 | 521 | 559 | 647 |
| Housing and development | 1,617 | 1,758 | 1,451 | 1,586 | 1,634 | 1,905 | 1,785 | 1,958 | 2,143 | 2,614 |
| Capital outlay | 979 | 7 | - | 3,649 | 1,606 | 6,121 | 4,598 | 12,726 | 7,324 | 2,585 |
| Debt service: | | | | | | | | | | |
| Principal retirement | 373 | 381 | 273 | 198 | 205 | 213 | 65 | 389 | 664 | 1,555 |
| Interest charges | 35 | 28 | 20 | 21 | 15 | 7 | 1 | 49 | 66 | 256 |
| Total expenditures | <u>26,191</u> | <u>26,731</u> | <u>27,187</u> | <u>29,607</u> | <u>29,324</u> | <u>32,606</u> | <u>31,808</u> | <u>43,542</u> | <u>39,307</u> | <u>43,642</u> |
| Excess (deficiency) of revenues over expenditures | (9,247) | (9,040) | (9,753) | (11,458) | (8,931) | (10,065) | (7,571) | (17,550) | (3,130) | 9,248 |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | 11,201 | 10,153 | 10,743 | 11,871 | 10,274 | 11,919 | 10,612 | 11,142 | 7,779 | 10,023 |
| Transfers out | (120) | (3,004) | (824) | (1,925) | (1,252) | (628) | (531) | (1,967) | (7,558) | (21,439) |
| Leases | - | - | 254 | - | 21 | - | - | 748 | 1,157 | 6,210 |
| Proceeds from sale of capital assets | 68 | 11 | 13 | 13 | - | 49 | 95 | 12 | 170 | 321 |
| Total other financing sources (uses) | <u>11,149</u> | <u>7,160</u> | <u>10,186</u> | <u>9,959</u> | <u>9,043</u> | <u>11,340</u> | <u>10,176</u> | <u>9,935</u> | <u>1,548</u> | <u>(4,885)</u> |
| Net change in fund balances | <u>\$ 1,902</u> | <u>\$ (1,880)</u> | <u>\$ 433</u> | <u>\$ (1,499)</u> | <u>\$ 112</u> | <u>\$ 1,275</u> | <u>\$ 2,605</u> | <u>\$ (7,615)</u> | <u>\$ (1,582)</u> | <u>\$ 4,363</u> |

CITY OF COVINGTON, GEORGIA

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE - ALL TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(amounts expressed in thousands)**

| Fiscal Year | Tax Year | Real Property | Personal Property | Motor Vehicles | Other (1) | Less: Tax Exempt Real Property | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Value | Assessed Value as a Percentage of Actual Value |
|--------------------|-----------------|----------------------|--------------------------|-----------------------|------------------|---|-------------------------------------|------------------------------|-------------------------------|---|
| 2015 | 2014 | 359,002 | 262,745 | 20,771 | 81 | 84,212 | 558,387 | 7.708 | 1,606,498 | 40.00% |
| 2016 | 2015 | 369,539 | 285,215 | 16,077 | 169 | 95,080 | 575,920 | 7.654 | 1,677,500 | 40.00% |
| 2017 | 2016 | 385,802 | 315,046 | 12,507 | 126 | 109,438 | 604,043 | 7.654 | 1,783,703 | 40.00% |
| 2018 | 2017 | 401,935 | 347,539 | 9,742 | 352 | 131,704 | 627,864 | 7.654 | 1,898,920 | 40.00% |
| 2019 | 2018 | 443,379 | 362,968 | 7,611 | 147 | 135,653 | 678,452 | 7.654 | 2,035,263 | 40.00% |
| 2020 | 2019 | 472,002 | 384,809 | 6,560 | 287 | 148,029 | 715,629 | 7.654 | 2,159,145 | 40.00% |
| 2021 | 2020 | 469,362 | 383,743 | 3,829 | 224 | 138,406 | 718,752 | 7.186 | 2,142,895 | 40.00% |
| 2022 | 2021 | 564,610 | 401,632 | 2,894 | 357 | 124,639 | 844,854 | 6.884 | 2,423,733 | 40.00% |
| 2023 | 2022 | 655,140 | 449,255 | 2,616 | 352 | 134,740 | 972,623 | 6.256 | 2,768,408 | 40.00% |
| 2024 | 2023 | 802,396 | 534,858 | 3,089 | 135 | 240,499 | 1,099,979 | 5.756 | 3,350,860 | 40.00% |

Source: Newton County Tax Commissioner.

Note: Property in the County is reassessed annually. The County assesses property at 40 percent of its estimated actual value for all types of real and personal property. Tax rates are per \$1,000 of assessed value.

(1) Includes mobile homes, heavy duty equipment, and timber.

CITY OF COVINGTON, GEORGIA

**PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
(Per \$1,000 of Assessed Value)
LAST TEN FISCAL YEARS**

| Fiscal Year | Tax Year | City of Covington | Community Improvement District | Newton County | Newton Board of Education | Newton Ambulance Service | Newton Medical Center | State of Georgia | Total Direct & Overlapping Rates |
|--------------------|-----------------|--------------------------|---------------------------------------|----------------------|----------------------------------|---------------------------------|------------------------------|-------------------------|---|
| 2015 | 2014 | 7.708 | N/A | 11.225 | 20.450 | 0.451 | 1.200 | 0.100 | 41.134 |
| 2016 | 2015 | 7.654 | N/A | 12.990 | 20.000 | 0.451 | N/A | 0.100 | 41.195 |
| 2017 | 2016 | 7.654 | N/A | 12.990 | 20.000 | 0.451 | N/A | N/A | 41.095 |
| 2018 | 2017 | 7.654 | 5.000 | 13.441 | 20.000 | N/A | N/A | N/A | 46.095 |
| 2019 | 2018 | 7.654 | 5.000 | 13.441 | 20.000 | N/A | N/A | N/A | 46.095 |
| 2020 | 2019 | 7.654 | 5.000 | 13.441 | 20.000 | N/A | N/A | N/A | 46.095 |
| 2021 | 2020 | 7.186 | 5.000 | 12.916 | 19.788 | N/A | N/A | N/A | 44.890 |
| 2022 | 2021 | 6.884 | 5.000 | 11.145 | 18.288 | N/A | N/A | N/A | 41.317 |
| 2023 | 2022 | 6.256 | 5.000 | 9.454 | 16.788 | N/A | N/A | N/A | 37.498 |
| 2024 | 2023 | 5.756 | 5.000 | 8.439 | 16.000 | N/A | N/A | N/A | 35.195 |

Source: Georgia Department of Revenue.

CITY OF COVINGTON, GEORGIA

**PRINCIPAL TAXPAYERS
CURRENT AND TEN YEARS AGO
(amounts expressed in thousands)**

| Taxpayer | Fiscal Year 2024 | | | | Fiscal Year 2015 | | | |
|--|------------------------|------|--------------------------------------|-----------------|------------------------|------|--------------------------------------|-----------------|
| | Taxable Assessed Value | Rank | Percentage of Taxable Assessed Value | Taxes Levied | Taxable Assessed Value | Rank | Percentage of Taxable Assessed Value | Taxes Levied |
| General Mills | \$ 147,163 | 1 | 13.38% | \$ 1,701 | \$ 41,081 | 1 | 6.44% | \$ 301 |
| SKC | 157,050 | 2 | 14.28% | 1,326 | 45,219 | 2 | 7.09% | 246 |
| Bard C.R. Inc | 272,529 | 3 | 24.78% | 1,038 | 36,915 | 6 | 5.79% | 118 |
| Indorama (fka Fibervisions) | 77,925 | 4 | 7.08% | 803 | 21,481 | 5 | 3.37% | 127 |
| Pactiv LLC | 68,617 | 5 | 6.24% | 582 | 20,158 | 7 | 3.16% | 117 |
| Nisshinbo Automotive MFG Inc. | 68,663 | 6 | 6.24% | 564 | | | | |
| Newton County Industrial Development Authority | 39,953 | 7 | 3.63% | 483 | | | | |
| Fieldcrest Walk Apartments LLC | 26,943 | 8 | 2.45% | 325 | | | | |
| Engineered Polymer Solutions Inc | 49,431 | 9 | 4.49% | 287 | | | | |
| Verescence North America Inc | 35,585 | 10 | 3.24% | 283 | | | | |
| Tenneco Plastics | | | | | 34,165 | 3 | 5.36% | 177 |
| Bellsouth/ AT&T | | | | | 20,119 | 4 | 3.16% | 134 |
| Eric Zorn/ Walmart | | | | | 10,329 | 8 | 1.62% | 79 |
| Michelin North America | | | | | 10,789 | 9 | 1.69% | 79 |
| Saint - Gobain Desjonqueres | | | | | 13,048 | 10 | 2.05% | 76 |
| | <u>\$ 943,859</u> | | <u>85.81%</u> | <u>\$ 7,392</u> | <u>\$ 253,304</u> | | <u>39.73%</u> | <u>\$ 1,454</u> |

Source: Newton County Tax Commissioner.

CITY OF COVINGTON, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
(amounts expressed in thousands)

| Fiscal Year | Tax Year | Total Tax Levy (1) | Collected prior to or within the Fiscal Year of the Levy | | Delinquent Tax Collections | | |
|-------------|----------|--------------------|--|------------------------|----------------------------|----------|--------------------|
| | | | Amount | Percentage of Levy (2) | | Amount | Percentage of Levy |
| 2015 | 2014 | 4,143 | \$ 4,137 | 99.86% | 30 | \$ 4,167 | 100.58% |
| 2016 | 2015 | 4,284 | \$ 4,237 | 98.90% | 29 | \$ 4,266 | 99.58% |
| 2017 | 2016 | 4,531 | \$ 4,471 | 98.68% | 35 | \$ 4,506 | 99.45% |
| 2018 | 2017 | 4,729 | \$ 4,670 | 98.75% | 35 | \$ 4,705 | 99.49% |
| 2019 | 2018 | 5,134 | \$ 5,059 | 98.54% | 85 | \$ 5,144 | 100.19% |
| 2020 | 2019 | 5,255 | \$ 5,182 | 98.61% | 114 | \$ 5,296 | 100.78% |
| 2021 | 2020 | 5,339 | \$ 5,328 | 99.79% | 43 | \$ 5,371 | 100.60% |
| 2022 | 2021 | 5,681 | \$ 5,680 | 99.98% | 82 | \$ 5,762 | 101.43% |
| 2023 | 2022 | 5,791 | \$ 5,653 | 97.62% | 228 | \$ 5,881 | 101.55% |
| 2024 | 2023 | 6,314 | \$ 6,082 | 96.33% | 220 | \$ 6,302 | 99.81% |

(1) Does not include motor vehicle taxes.

(2) In the years in which the total collections as a percentage of the levy exceed 100%, the City received tax collections for property taxes not recorded in the tax digest. The City previously did not adjust the total levy amount for these receipts. Beginning in 2016 and going forward the total tax levy includes the property tax not on digest collections.

CITY OF COVINGTON, GEORGIA

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS**

(amounts expressed in thousands, except per capita amount)

| Fiscal Year | Governmental Activities | Business-Type Activities | | | | Total Primary Government | Per Capita (1) |
|----------------|----------------------------|--------------------------|------------------|--------------------------------|--------|--------------------------------|-------------------|
| | Leases | Revenue Bonds | Notes Payable | Intergovernmental Agreement | Leases | | |
| 2015 | 1,081 | 11,740 | 1,766 | - | 1,185 | 15,772 | 1,172 |
| 2016 | 700 | 10,130 | 3,000 | - | 868 | 14,698 | 1,056 |
| 2017 | 682 | 8,485 | 4,500 | - | 547 | 14,214 | 1,017 |
| 2018 | 483 | 6,810 | 4,357 | - | 220 | 11,870 | 845 |
| 2019 | 277 | 5,095 | 4,142 | - | - | 9,514 | 679 |
| 2020 | 65 | 3,670 | 3,925 | - | - | 7,660 | 539 |
| 2021 | - | 2,215 | 3,708 | - | - | 5,923 | 417 |
| 2022 | 1,446 | 730 | 3,490 | - | 379 | 6,045 | 426 |
| 2023 | 1,939 | 370 | 3,270 | - | 319 | 5,898 | 410 |
| 2024 | 6,594 | 160 | 3,050 | - | 1,384 | 11,188 | 762 |

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

(1) See the Demographic and Economic Statistics for population data.

CITY OF COVINGTON, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2024

(amounts expressed in thousands)

| | <u>Net General Obligation Bonded Debt Outstanding</u> | <u>Percentage Applicable to City of Covington (1)</u> | <u>Amount Applicable to City of Covington</u> |
|--------------------------------------|---|---|---|
| Direct debt: | | | |
| City of Covington | \$ 6,594 | 100.00% | \$ 6,594 |
| Total direct debt | <u>6,594</u> | | <u>6,594</u> |
| Overlapping debt: | | | |
| Newton County Board of Education | 68,985,000 | 28.25% | 19,488,263 |
| Newton County Board of Commissioners | - | | - |
| Total overlapping debt | <u>68,985,000</u> | | <u>19,488,263</u> |
| Total direct and overlapping debt | <u>\$ 68,991,594</u> | | <u>\$ 19,494,857</u> |

Sources: Newton County Board of Education and Newton County Tax Commissioner

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

CITY OF COVINGTON, GEORGIA

**LEGAL DEBT MARGIN INFORMATION
LAST TEN TAX YEARS
(amounts expressed in thousands)**

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| Debt limit | \$ 64,260 | \$ 67,100 | \$ 71,348 | \$ 75,957 | \$ 78,260 | \$ 83,077 | \$ 85,716 | \$ 96,949 | \$ 106,302 | \$ 134,048 |
| Total net debt applicable to limit | - | - | - | - | - | - | - | - | - | - |
| Legal debt margin | <u>\$ 64,260</u> | <u>\$ 67,100</u> | <u>\$ 71,348</u> | <u>\$ 75,957</u> | <u>\$ 78,260</u> | <u>\$ 83,077</u> | <u>\$ 85,716</u> | <u>\$ 96,949</u> | <u>\$ 106,302</u> | <u>\$ 134,048</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Legal Debt Margin Calculation for Taxable Year 2024

| | |
|--|-------------------|
| Assessed value | \$ 1,099,981 |
| Plus exempt property | 240,499 |
| Total assessed value | <u>1,340,480</u> |
| Debt limit (10% of total assessed value) | <u>134,048</u> |
| Debt applicable to limit: | |
| General obligation bonds | - |
| Less: Amount set aside for repayment of general obligation debt | <u>-</u> |
| Total net debt applicable to limit | <u>-</u> |
| Legal debt margin (in thousands) | <u>\$ 134,048</u> |

CITY OF COVINGTON, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS (1)
LAST TEN YEARS

| Fiscal Year | Population (1) | Median Household Income (1) | Per Capita Personal Income (3) | Median Age (1) | Percentage of Population Age 25 and Older with Greater than 12 Years of Formal Schooling (1) | School Enrollment (2) | Unemployment Rate (3) |
|--------------------|-----------------------|------------------------------------|---------------------------------------|-----------------------|---|------------------------------|------------------------------|
| 2015 | 13,452 | \$ 33,786 | \$ 26,398 | 34.9 | 71.8% | 19,651 | 7.0% |
| 2016 | 13,916 | \$ 32,171 | \$ 28,920 | 37.4 | 71.6% | 19,709 | 6.2% |
| 2017 | 13,977 | \$ 36,678 | \$ 30,144 | 40.0 | 77.8% | 19,664 | 5.7% |
| 2018 | 14,044 | \$ 32,793 | \$ 31,347 | 35.2 | 79.8% | 19,684 | 4.1% |
| 2019 | 14,015 | \$ 39,959 | \$ 32,548 | 34.7 | 83.0% | 19,742 | 3.9% |
| 2020 | 14,206 | \$ 37,270 | \$ 22,275 | 34.7 | 85.3% | 19,408 | 3.5% |
| 2021 | 14,192 | \$ 39,845 | \$ 22,867 | 37.4 | 85.3% | 18,710 | 4.5% |
| 2022 | 14,192 | \$ 39,814 | \$ 23,331 | 33.6 | 88.5% | 18,727 | 3.0% |
| 2023 | 14,381 | \$ 43,881 | \$ 26,268 | 36.5 | 86.3% | 18,640 | 4.5% |
| 2024 | 14,677 | \$ 47,278 | \$ 27,797 | 34.8 | 86.4% | 18,898 | 6.1% |

(1) Source: U.S. Census Bureau - Quick Facts

Median Household Income for 2014 & 2015 is based on 2013 which is from census information.

Median Household Income for 2018 is based on 2016 American Community Survey.

(2) Source: Newton County Board of Education and includes enrollment county-wide.

(3) Source: Georgia Department of Labor - Newton County at December 31 prior year for fiscal 2006 - 2014.

Data for 2015-2018 is from Federal Reserve Economic Data for Newton County (per capita income as of November 30, 2017 and unemployment as of June 27, 2018).

CITY OF COVINGTON, GEORGIA

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

| Employer | 2024 Fiscal Year | | | 2015 Fiscal Year | | |
|---|---------------------|------|-------------------------------------|---------------------|------|-------------------------------------|
| | Number of Employees | Rank | Percentage of Total City Employment | Number of Employees | Rank | Percentage of Total City Employment |
| Newton County Board of Education (County-Wide) | 2,545 | 1 | 12.44% | 2,516 | 1 | N/A |
| CR Bard | 842 | 2 | 4.12% | 523 | 4 | N/A |
| Piedmont Healthcare (2015: Newton Medical Center) | 740 | 3 | 3.62% | 812 | 2 | N/A |
| Newton County Board of Commissioners | 719 | 4 | 3.51% | 613 | 3 | N/A |
| General Mills | 473 | 5 | 2.31% | 400 | 6 | N/A |
| Pactiv | 452 | 6 | 2.21% | 500 | 5 | N/A |
| City of Covington | 334 | 7 | 1.63% | 329 | 7 | N/A |
| Wal-Mart #459 | 308 | 8 | 1.51% | | | N/A |
| Global Distribution Center (2015: SRG) | 284 | 9 | 1.39% | 310 | 10 | N/A |
| Indorama (fka Fibervisions) | 240 | 10 | 1.17% | | | N/A |
| SKC, Inc. | | | | 331 | 8 | |
| Nisshinbo | | | | 325 | 9 | |
| | <u>6,937</u> | | <u>33.91%</u> | <u>6,659</u> | | <u>N/A</u> |

Note: The total employment used to calculate the percentage of total city employment does not include bank employment within the city, as this information is not readily available.

Source: City of Covington Business Licenses, Newton County Board of Education, and Newton County Board of Commissioners.

CITY OF COVINGTON, GEORGIA

**FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

| Function | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General Government | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 38 | 38 | 39 |
| Judicial | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| Public Safety | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Officers | 55 | 57 | 57 | 61 | 61 | 61 | 61 | 61 | 61 | 61 |
| Civilians | 10 | 10 | 10 | 11 | 11 | 11 | 12 | 12 | 12 | 12 |
| Fire: | | | | | | | | | | |
| Firefighters/EMTs | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 |
| Civilians | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| E-911 Communications | 32 | 32 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 |
| Public Works | 125 | 126 | 126 | 126 | 123 | 122 | 99 | 100 | 103 | 106 |
| Culture & Recreation | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 5 | 5 | 5 |
| Housing and development | 11 | 12 | 12 | 12 | 11 | 11 | 19 | 21 | 20 | 20 |
| Total Budgeted Positions | <u><u>329</u></u> | <u><u>333</u></u> | <u><u>334</u></u> | <u><u>339</u></u> | <u><u>335</u></u> | <u><u>334</u></u> | <u><u>320</u></u> | <u><u>328</u></u> | <u><u>330</u></u> | <u><u>334</u></u> |

Note: Does not include Mayor and City Council (7), Judge or Solicitor

Source: City of Covington Human Resources Department

CITY OF COVINGTON, GEORGIA

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

| Function | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| General Administration: | | | | | | | | | | |
| Court cases closed (1,5) | 3,531 | 4,766 | 4,293 | 5,153 | 3,781 | 4,384 | 256 | 1,677 | 5,912 | 4,463 |
| Purchase orders processed | 3,175 | 3,403 | 3,728 | 3,705 | 3,609 | 3,625 | 3,409 | 3,549 | 3,377 | 3,554 |
| Accounts payable checks processed | 5,544 | 5,620 | 5,371 | 5,363 | 5,483 | 5,915 | 4,764 | 6,653 | 6,633 | 6,328 |
| Servers/PCs/laptops/etc. maintained (3) | 216 | 231 | 289 | 984 | 998 | 1,118 | 1,257 | 1,279 | 1,311 | 1,311 |
| Total business licenses issued | 1,496 | 1,932 | 1,173 | 2,280 | 2,168 | 2,064 | 2,153 | 2,301 | 2,545 | 1,853 |
| New business licenses issued | 210 | 216 | 203 | 378 | 198 | 212 | 240 | 284 | 405 | 309 |
| Public Safety - Police: | | | | | | | | | | |
| Total calls for service (1) | 37,414 | 39,146 | 36,429 | 35,407 | 32,035 | 28,123 | 23,629 | 26,849 | 29,104 | 28,488 |
| Total crimes (1) | 1,631 | 2,584 | 2,755 | 2,699 | 2,198 | 2,003 | 1,799 | 1,959 | 2,437 | 2,526 |
| Traffic citations issued (1) | 3,820 | 4,015 | 4,096 | 4,685 | 4,418 | 2,932 | 2,780 | 4,345 | 5,191 | 4,386 |
| Traffic accidents investigated (1) | 1,127 | 1,215 | 1,244 | 1,244 | 1,317 | 1,538 | 1,246 | 1,379 | 1,332 | 1,351 |
| Servers/PCs/laptops/etc. maintained | N/A | 178 | 188 | 224 | 310 | 353 | 521 | 545 | 515 | 501 |
| Public Safety - Fire: | | | | | | | | | | |
| Number of calls answered | 2,565 | 3,239 | 2,895 | 3,111 | 2,961 | 2,822 | 2,296 | 2,868 | 3,131 | 3,699 |
| Highways and streets: | | | | | | | | | | |
| Vehicles and equipment maintained (2) | 592 | 569 | 304 | 312 | 325 | 313 | 315 | 245 | 250 | 250 |
| Miles of new street construction | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.91 | 0.00 | 4.20 | 5.00 |
| Miles of streets resurfaced | 2.46 | 3.75 | 1.50 | 1.90 | 4.43 | 2.94 | 3.12 | 6.17 | 2.56 | 1.20 |
| Wastewater: | | | | | | | | | | |
| Sewer average daily flows in million gallons (1) | 2.02 | 2.22 | 2.04 | 2.11 | 2.40 | 2.80 | 2.40 | 2.39 | 2.65 | 2.72 |
| Number of sewer customers | 6,659 | 6,734 | 6,834 | 6,986 | 7,295 | 7,393 | 7,454 | 7,584 | 7,763 | 7,901 |
| Water: | | | | | | | | | | |
| Water average daily consumption in million gallons (1) | 2.98 | 3.05 | 3.36 | 3.03 | 2.86 | 3.23 | 3.07 | 3.08 | 3.08 | 3.32 |
| Number of water customers | 8,148 | 8,210 | 8,303 | 8,436 | 8,917 | 9,028 | 9,087 | 9,230 | 9,449 | 9,606 |
| Electric: | | | | | | | | | | |
| Electricity sold in thousand kilowatt hours | 425,097 | 439,621 | 415,719 | 424,747 | 434,836 | 432,043 | 436,658 | 409,308 | 412,348 | 414,124 |
| Number of electric customers | 11,530 | 11,707 | 11,783 | 11,915 | 12,186 | 12,324 | 12,620 | 13,264 | 14,005 | 14,322 |
| Gas: | | | | | | | | | | |
| Gas sold in thousand cubic feet | 1,949,395 | 1,996,645 | 1,959,768 | 2,205,817 | 2,284,146 | 2,286,341 | 2,090,113 | 2,105,500 | 2,267,759 | 2,316,032 |
| Number of gas customers | 8,489 | 8,389 | 8,431 | 8,526 | 8,629 | 8,701 | 8,893 | 9,190 | 9,179 | 9,179 |
| Sanitation: | | | | | | | | | | |
| Tons of waste landfilled (6) | 14,164 | 18,380 | 18,758 | 17,414 | 17,095 | 6,882 | N/A | N/A | N/A | N/A |
| Pounds per capita | 2,106 | 2,642 | 2,684 | 2,480 | 2,440 | 982 | N/A | N/A | N/A | N/A |
| Number of residential solid waste customers | 5,799 | 5,905 | 5,934 | 6,014 | 6,149 | 6,231 | 6,288 | 5,508 | 7,722 | 7,621 |

(Continued)

CITY OF COVINGTON, GEORGIA

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

| Function (Continued) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|-------|-------|-------|-------|-------|--------|--------|--------|---------|---------|
| Stormwater: | | | | | | | | | | |
| Number of stormwater customers | 4,807 | 4,825 | 4,832 | 4,858 | 4,904 | 4,408 | 5,041 | 5,098 | 5,248 | 5,263 |
| Parks and recreation: | | | | | | | | | | |
| Parks maintained (acres) (4) | 15.75 | 15.75 | 15.75 | 15.75 | 15.75 | 115.75 | 175.75 | 175.75 | 175.75 | 175.75 |
| Walking trail maintained (miles) | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 6.00 | 6.00 | 7.54 | 7.54 | 7.54 |
| Number of visitors to the welcome center (7) | - | - | - | - | - | - | 47,897 | 92,566 | 108,369 | 118,000 |
| Housing and development: | | | | | | | | | | |
| Building permits | 266 | 345 | 443 | 292 | 236 | 178 | 357 | 288 | 903 | 1,448 |

N/A: Information is not available.

Source: Various City Departments

- (1) Data is collected on a calendar year basis only. For example calendar year 2014 data is reported as fiscal year 2015.
- (2) In 2017 the City reviewed fleet records and corrected classification and duplication errors.
- (3) In 2018 the City reviewed computer inventory records and determined to report a number that better reflects what the City maintains.
- (4) In 2019 the City opened Covington Central Park, adding an additional 160 acres of maintained park.
- (5) Due to Covid-19, there were fewer tickets issued in fiscal year 2021. Normal business resumed in fiscal year 2023.
- (6) This information is not readily available.
- (7) The Covington Welcome Center was established in 2021.

CITY OF COVINGTON, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

| Function | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public Safety - Police: | | | | | | | | | | |
| Police stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Police vehicles | 77 | 75 | 80 | 83 | 86 | 72 | 60 | 87 | 86 | 83 |
| Public Safety - Fire: | | | | | | | | | | |
| Fire stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Fire apparatus | 9 | 6 | 6 | 6 | 6 | 6 | 6 | 7 | 9 | 9 |
| Fire vehicles | 10 | 12 | 11 | 12 | 11 | 11 | 11 | 9 | 13 | 7 |
| Highways and streets: | | | | | | | | | | |
| Miles of streets | 96.16 | 96.16 | 97.39 | 98.92 | 98.92 | 98.92 | 100.83 | 107.00 | 129.50 | 132.00 |
| Wastewater: | | | | | | | | | | |
| Sewage treatment facilities | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Miles of sanitary sewers | 140 | 140 | 146 | 146 | 146 | 146 | 125 | 125 | 141 | 153 |
| Miles of storm water pipe | 91.25 | 91.67 | 91.50 | 92.42 | 92.68 | 91.03 | 148.36 | 148.36 | 131.5 | 140.00 |
| Water: | | | | | | | | | | |
| Water treatment facilities (1) | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Miles of water mains | 180 | 180 | 144 | 144 | 144 | 144 | 185 | 185 | 185 | 197 |
| Electric: | | | | | | | | | | |
| Miles of electric lines (3) | 290 | 291 | 553 | 530 | 541 | 549 | 567 | 572 | 572 | 687 |
| Gas: | | | | | | | | | | |
| Miles of gas lines | 322 | 322 | 296 | 311 | 328 | 334 | 336 | 338 | 338 | 341 |
| Airport: | | | | | | | | | | |
| Feet of runway | 5,500 | 5,500 | 5,500 | 5,500 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| Parks and recreation: | | | | | | | | | | |
| Number of parks (2) | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 9 | 9 | 9 |
| Parks acreage | 436 | 436 | 436 | 436 | 436 | 596 | 596 | 596 | 596 | 596 |
| Miles of walking trails | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 6 | 15 | 15 | 15 | 15 |
| Cemeteries | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

Source: Various City Departments.

(1) Water Treatment Plants are owned by Newton County and partially operated by City of Covington personnel.

(2) Two of the City owned parks are maintained by Newton County.

(3) In 2017, the City began reporting total miles of electric lines including overhead primary, secondary and service conductor, as well as underground. Previously the City had only been reporting overhead primary and secondary conductor.