

COVINGTON

georgia

CITIZENS FINANCIAL REPORT

Fiscal Year Ended June 30, 2022



We are pleased to present to you the City of Covington's Popular Annual Financial Report (PAFR) for the fiscal year ending June 2022. The PAFR examines and publishes the City's financial activities in a citizen friendly way. We publish this document as a method of transparency and accountability to the city we serve.

Located within this document is information regarding who makes decisions for the City, the financial practices we follow, our accomplishments during the fiscal year, and some exciting activities happening in Covington. We promote the City of Covington's Governmental Funds to illustrate our ability and commitment to the delivery of superior services while striving toward excellence in efficiency and value to the citizens of our community. Covington is truly special.

The financial information located in this report comes from the City of Covington's 2022 Annual Comprehensive Financial Report (ACFR). This report, audited by Mauldin & Jenkins, CPAs, is a complete account of the municipality's finances prepared in accordance with Generally Accepted Accounting Principles (GAAP). The GAAP are a common set of accounting principles, standards, and procedures issued by the Financial Accounting Standards Board. The financial information included in this document has the same measurement focus and basis of accounting as the ACFR, but presented in a more concise and user-friendly format. This document serves as a summary of the City of Covington's financial information. If interested in learning more, the 2022 ACFR is available on the City's website, or a copy can be requested at City Hall.

We want to thank you for your continued support of our work here at the city. We cherish the ability to serve you, and we are always available to hear your ideas on how we can better our community. Together, we can continue to make Covington an incredible place to live, work, and play.

Sincerely,

Tres Thomas, City Manager



Randy Smith, CPA, Finance Director



Table of Contents

Letter from City Manager	2
About Covington	3
Mayor & Council	4
Organizational Chart/Contacts	4
Operations	5
Year in Review	6-7
Kid's Corner	8
Financial Information	9
Capital Expenditures & Debt Services	10
Fund Balances	11
Definitions	12



“As a community, we recognize that our diversity makes us strong and bonds us together. We are glad you are here.

- Steve Horton,
Mayor



About the City of Covington

Covington was founded by European immigrants to the United States. It was incorporated in 1822 as the seat of the newly organized Newton County. Covington was named for United States Army Brigadier General and United States Congressman Leonard Covington, a hero of the War of 1812. Covington originally served as a center for education and transportation, with Oxford College nearby and the development of the railroad in the nineteenth century. Covington then experienced larger growth in the late nineteenth century and early twentieth century with the founding of the Porterdale and Covington Mills.

In recent years Covington has become a favorite location for filmmakers and is known to many as “The Hollywood of the South.” The City of Covington attracts tourist from all over the world and is a popular location for film productions. The city provides a full range of services to its nearly 15,000 citizens, including police and fire protection; emergency medical services; air transport facilities; public works; court system services; library services; the construction and maintenance of recreational pathways, streets, and infrastructure; planning and zoning; building inspections; recreational activities and cultural events; stormwater management and inherent administrative and support activities.

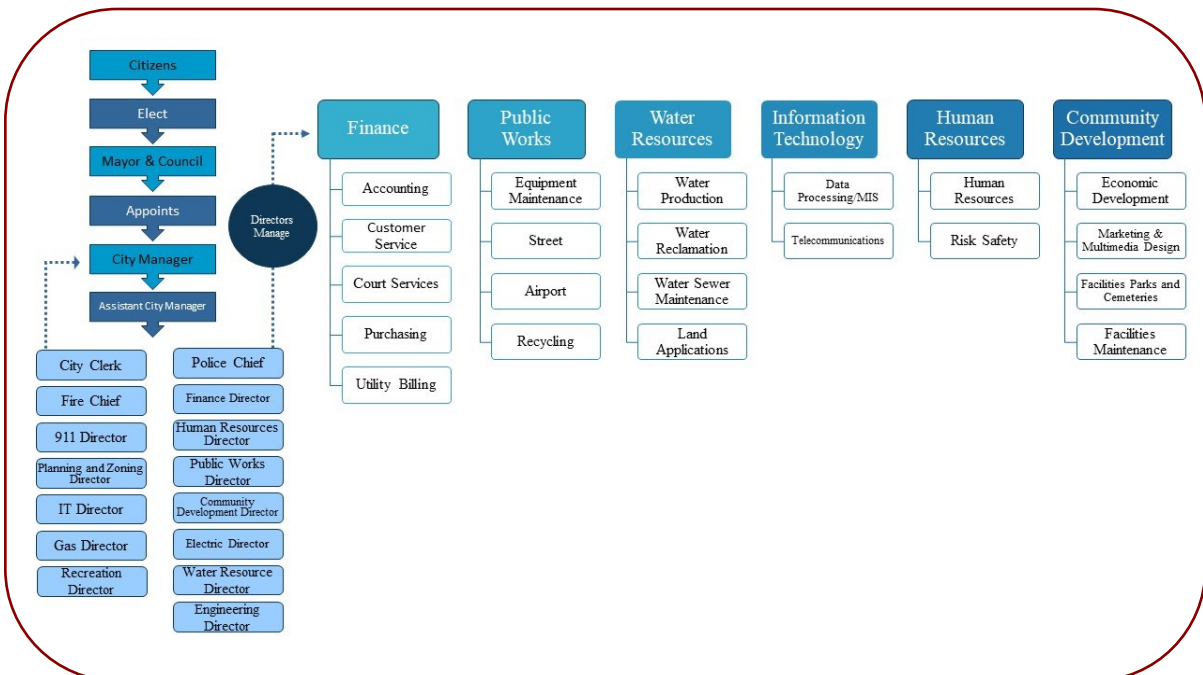
With over 10,000 acres, the City of Covington is about 16 square miles, located in Northeast Georgia. The City of Covington is situated 35 miles east of the City of Atlanta.

Elected Officials



Pictured from L to R, Back Row: Anthony Henderson, West Ward, Don Floyd, East Ward, Steve Horton, Mayor, Kenneth Morgan, West Ward. From Row: Fleeta Baggett, East Ward, Susie Keck, East Ward, Charika Davis, West Ward.

City Structure



Operations

<u>Police Calls for Service</u> 23,629	<u>Fire Calls Answered</u> 2,868	<u>Electricity Sold in KWH</u> 409,308	<u>Gas sold in MCF</u> 2,105,000
<u>Total Crimes</u> 1,959	<u>Court Cases Closed</u> 1,677	<u>Number of Electric Customers</u> 13,264	<u>Number of Gas Customers</u> 9,190
<u>Traffic Citations Issued</u> 4,345	<u>AP Checks Processed</u> 6,653	<u>Purchase Orders Processed</u> 3,549	<u>Business Licenses Issued</u> 2301

We Remember

During the fiscal year 2021 – 2022, the City of Covington lost four valuable employees. We will always remember their dedication and commitment to the city. Below from left to right: Jeremy Roden (Gas Dept.), Dexter Scott (Street Dept.) Jeremy Kitchens (Electric Dept.), Pat Wilson (Street Dept.)



Top 10 Taxpayers

1. C.R. Bard
2. General Mills
3. SKC, Inc.
4. Fibervisions
5. Verescence
6. Nisshinbo
7. Newton County Industrial Development Authority
8. C.R. Bard Medical Divisions Inc.
9. Pactiv, LLC.
10. Bard Peripheral Vascular Inc.

Top 10 Employers

1. Board of Education
2. Piedmont Hospital
3. Newton County Government
4. Becton Dickson
5. Pactiv
6. General Mills
7. Wal-Mart
8. Fibervisions
9. City of Covington
10. Global Distribution Center

Population

14,192

Median Age

33.6

Median Household

Income

\$39,814

Unemployment Rate

3.0%

Year in Review



In August 2021, the City of Covington gas department was awarded the American Public Gas Association Safety Award.



Citizens were given the opportunity to show their artistic side, and paint the fire hydrants around Covington.



Left: Gas Director Mike Jewell, serves lunch to an employee during the Work Glove Lunch. This allows directors to treat their staff and show appreciation.



Above: The Linemen pictured above traveled to Kentucky and Louisiana to help restore power due to various storms. They received the American Public Power Associations Mutual Aid Commendation.



Many children took part in the festivities of Christmas with visits with Santa and Reindeer on the Covington Square. Others participated in the annual Shop with a Cop.



Year in Review



The City of Covington arborist celebrates Arbor Day at Cousins Middle School.

Right: Mayor Steve Horton celebrates the opening of the trestle of the Cricket Frog Trail.



The City Hall drive thru received an upgrade and now both lanes are



Left: The cinematic poster trail at Heirloom Park recognized movies that were filmed in Covington.

Right: In April 2022, Mayor Horton proclaimed April as Child Abuse Protection Month.

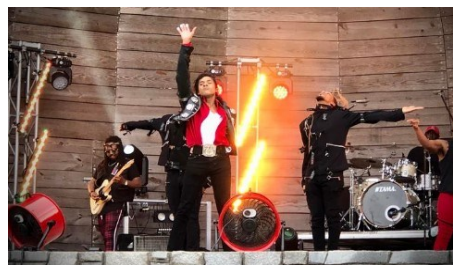


The inaugural Gnomadic Rhythm and Rhymes festival took place in Downtown Covington.



Left: City employees place flags on Veterans gravesites for Memorial Day.

Right: Together with Newton County Arts Association citizens got to enjoy a Michael Jackson tribute band.



In June three employees celebrated 35 years of service to the City of Covington. Pictured below are Ken Malcolm, Stacey Cotton and Dwayne Mask.



Covington's Kids



Z H D F J K H
 P Z Q O D W R G B J T
 G E N E R A L F U N D T P S W
 H C N M K T T W O H U N D R E D H
 G K E E A J B I T U K T O U M M R B N
 F E V C I T Y H A L L S T X N A H D Q U M
 C E N T R A L P A R K Y F F L I A I F X U
 Z Q X I P B J F T Z N K D I K Q I C Z L K N Y
 X F F B C O N Y E R S S T R E E T A A C V I C
 J C A P I T A L E X P E N S E P U D L M D R C O B
 I T A B I C E N T E N N I A L W M G X D V Y I V H
 V U C S X A C J Q E M O R Y S T R E E T C T P I Q
 C I T I Z E N F L O Y D S T R E E T N W I H A N K
 J B Y U Z M L E M F D X X O H G G Y S H T D L G L
 W S K U K U J B A A E G N K P D U M A M Y N I T I
 Z C E E O X E P Y X Y M W E P U J N P K M N T O V
 V J P N Z N S O H P G E B B K T W M Q A Z Y N
 U Y B I N E M R X B K P Q Z V I L I F N J L K
 M O A H W O R D I N A N C E H E X V A L B
 S P E T T S N F Q N K A H O L V R N G T P
 A O T O X I C I T Y C O U N C I L E P
 G O N D Y Q P O L I C E A T U J R
 N A C A D E M Y S P R I N G S
 B W J L M Q U J T K J
 F U D U L D T

Academy Springs
 Bicentennial
 Capital Expense
 Central Park

Citizen
 City Council
 City Hall
 City Manager

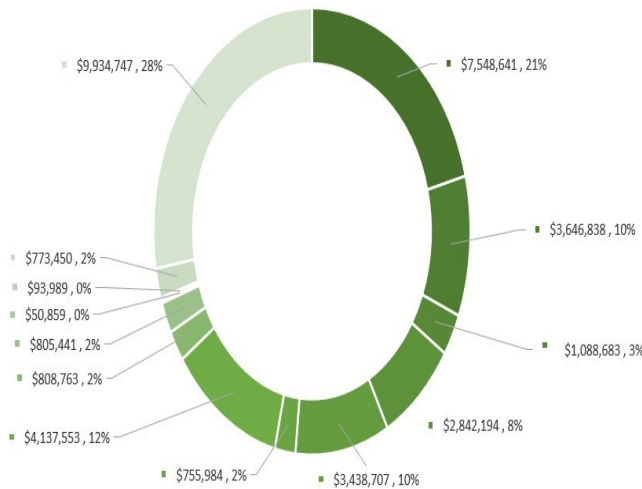
Covington
 Emory Street
 Fire

Conyers Street
 Floyd Street
 General Fund
 Mayor
 Municipality
 Newton
 Ordinance
 Police
 Two Hundred

Financial Information

When assessing the financial results of the government, it is important to focus on the General Fund, which is the general operating fund of the government and supports its regular day-to-day operations including public safety, public works, culture and recreation and community development. Taxes are the most significant revenue source for the General Fund, comprising of 42% of revenue collections. Transfers from the utility funds are the second highest source of revenue, bringing approximately 28%. The breakdown of revenue sources is shown below. The city's revenues have steadily increased over time primarily from increases in property values as well as sales taxes.

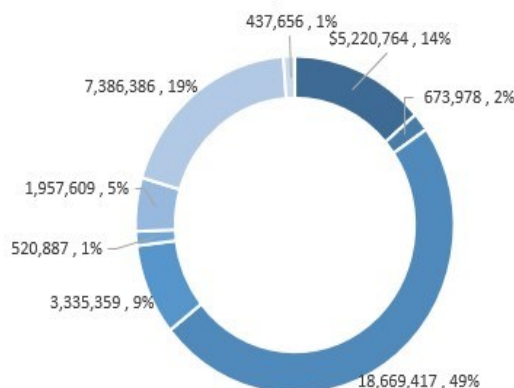
FY2022 Revenues By Source As A Percentage of Total Revenues



Source	FY2020	FY2021	FY2022
Property Taxes	\$ 6,386,255	\$ 7,058,930	\$ 7,548,641
Sales Tax	\$ 2,644,300	\$ 3,346,923	\$ 3,646,838
Insurance Premium Taxes	\$ 1,007,024	\$ 1,054,249	\$ 1,088,683
Other Taxes	\$ 1,991,940	\$ 2,198,739	\$ 2,842,194
Charges for Services	\$ 3,089,850	\$ 3,117,505	\$ 3,438,707
Licenses & Permits	\$ 446,277	\$ 715,158	\$ 755,984
Intergovernmental	\$ 4,108,094	\$ 4,679,674	\$ 4,137,553
Franchise Fees	\$ 891,942	\$ 776,573	\$ 808,763
Fines & Forfeitures	\$ 658,324	\$ 419,991	\$ 805,441
Interest Revenues	\$ 157,347	\$ 48,188	\$ 50,859
Lease Income	\$ -	\$ -	\$ 93,989
Other Revenues	\$ 1,160,224	\$ 819,775	\$ 773,450
Transfers and Other Sources	\$ 11,340,028	\$ 10,176,046	\$ 9,934,747
Total Revenues	\$ 33,881,605	\$ 34,411,751	\$ 35,925,849

Function	FY2020	FY 2021	FY 2022
General Government	\$ 3,946,275.00	\$ 4,420,105	\$ 5,220,764
Judicial	621,281	514,312	673,978
Public Safety	16,608,340	16,709,825	18,669,417
Public Works	2,814,509	3,246,344	3,335,359
Parks & Recreation	370,487	469,091	520,887
Housing & Development	1,904,809	1,784,764	1,957,609
Capital Outlay	6,120,877	4,598,109	7,386,386
Debt Service	220,191	65,647	437,656
Total Expenditures	\$ 32,606,769	\$ 31,808,197	\$ 38,202,056

FY 2022 Expenditures By Function As A Percentage Of Total Expenditures



Once the city collects taxes and other revenues, the funds must be spent efficiently to provide essential services to citizens and businesses. During the fiscal year end June 30, 2022, the General Fund expensed its monies as shown below.

General Government: legislative, executive, administration, etc.

Public Safety: Protection of citizens and property

Debt Service: scheduled principal and interest on leases payable

Public Works: infrastructure maintenance

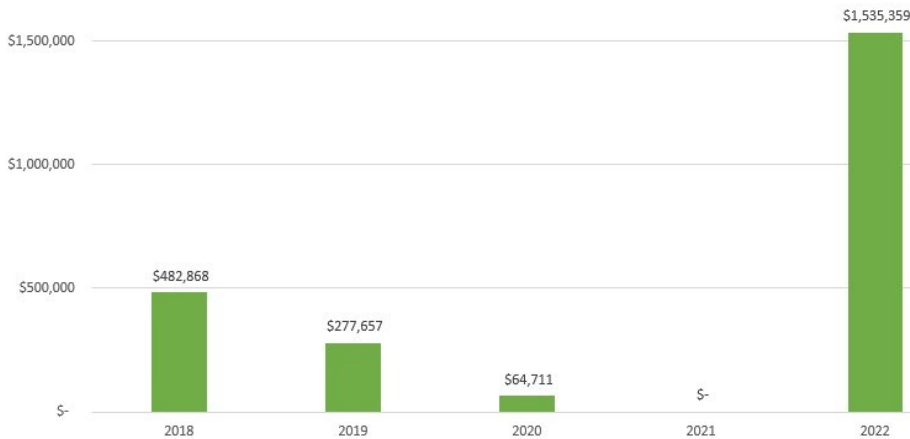
Judicial: court functions

Parks and Recreation: enrich and entertain

Housing and Development:

Capital Expense and Debt Service

Debt Service Trends of Governmental Funds

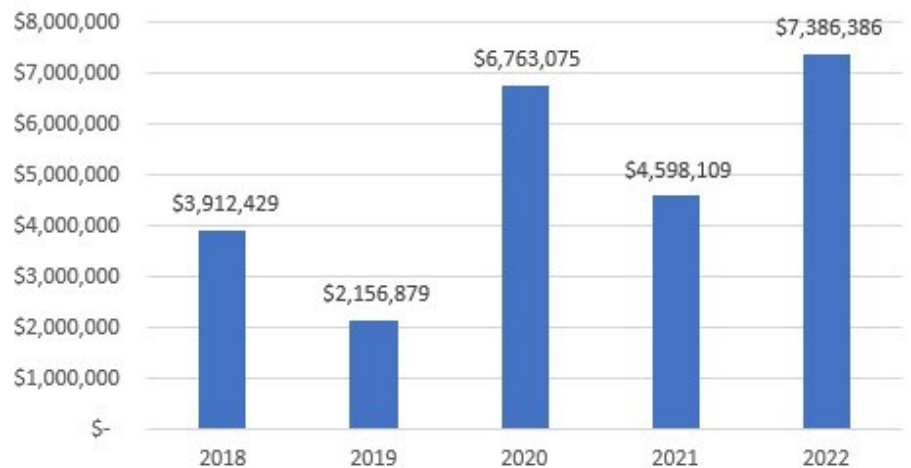


Debt service is a way for the government to finance large purchases over time. In fiscal year 2021, the city had satisfied all outstanding governmental debt. In fiscal year 2022, the implementation of GGASB 87 resulted in the capital lease liability shown here. These leases represent the financed purchase of city vehicles.

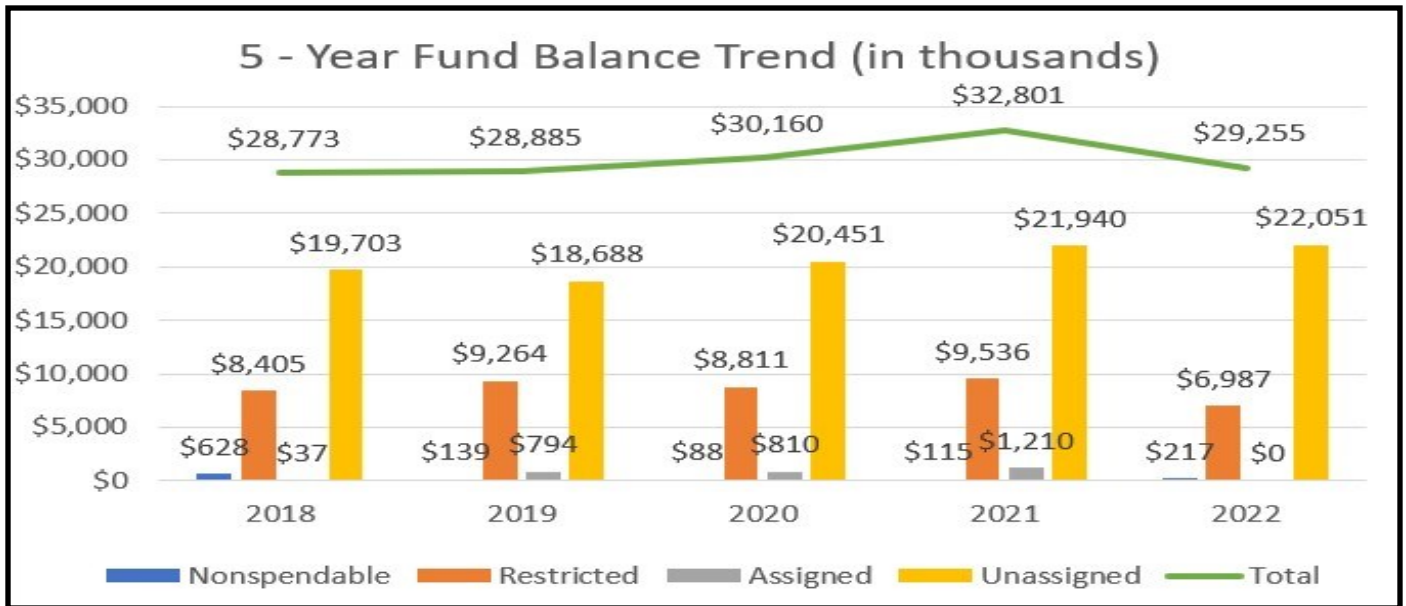


As you can see, the city has shown a commitment to funding capital expenditures over time. The current year capital expenditures include the purchase of a 100' ladder truck and a heavy rescue truck for the fire department, as well replacement tractors for the street department. This number also includes the capitalized leased vehicles referenced above. Capital expenditures are generally funded from specific revenue sources such as special purpose local option sales tax (SPLOST) and other one-time revenues.

5-Year Governmental Capital Expenditures



Fund Balance



The Fund Balance represents the difference between the government's assets (what they own) and liabilities (what they owe). The information shown here represents the primary operations of the government including street construction and maintenance, public safety, administration, planning and development, parks, etc.

The City of Covington's Fund Balance is broken down into four categories:

- Non-spendable Funds:** items such as inventories, prepaid expenditures and advances to other funds or entities.
- Committed Funds:** These can only be used for specific purposes approved by a resolution of the Council.
- Assigned Funds:** This represents amounts constrained by the City's intent to be used for specific purposes. The City Council (or their designee) may assign fund balances.
- Unassigned Funds:** These balances represent the residual amount when the balances do not meet any of the above criterion.



For more information about the finances of the government, check out the City of Covington's Comprehensive Annual Financial Report online at www.cityofcovington.org.



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Definitions

GAAP: Generally Accepted Accounting Principles. Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

General Fund: a fund used to account for the ordinary operations of the city government that are financed through taxes and other general revenues.

Capital Expenditures: money spent by an organization on acquiring or maintaining fixed assets, such as land, buildings, and equipment.



While the City of Covington tries to present as much valuable information as possible in this report, some funds are excluded. This is intended to be a brief summary of the Comprehensive Financial Report. Please see the Annual Comprehensive Report for a full detail of all available funds. A copy of the ACFR can be found on the city's website or requested at City Hall.

