

CITY OF
COVINGTON
BUDGET IN BRIEF
FOR THE Fiscal Year July 1, 2024 to June 30, 2025



Table of Contents

Transmittal Letter	1
Strategic Goals and Strategies	2
Priorities and Issues	3
Budget Overview	4
Budget Process	5
Budget Calendar	6
Fund Structure and Departments	8
Financial Information	
Revenues	10
Expenditures	15
Changes in Fund Balance and Net Position	17
Capital Expenditures	19
Debt	21
Department Information	22
Functional Goals & Performance Measures	27
About Covington	31
Organization Chart & Position Summary	32
Financial Policies	34

See Also:

[Complete & Detailed Budget](#)

[Annual Comprehensive Financial Reports](#)

[Popular Annual Financial Reports](#)

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

From the City Manager

June 17, 2024

To the City Council and Residents of Covington:

We are excited to present the City of Covington's Annual Operating and Capital Budget for Fiscal Year 2025. The recommendations are based on the direction provided by the City Council as well as a thorough review of our current financial status, revenue trends, economic data and our city standards. We will continue to provide top level services to meet our quality-of-life initiatives for all people in Covington.

I am pleased to report the 2025 budget is balanced and consistent with the financial policies and follows best financial practices. Staff created this budget that aligns with city priorities and supports strategic goals by:

- Creating a balanced budget with \$222,149,682 in revenues, \$221,594,417 in expenditures and \$555,265 in contingency;
- Developing departmental operating budgets aligned with the city's short-term revenue outlook; and
- Maintaining and improving city infrastructure and assets by focusing on capital improvements

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

Tres Thomas

City Manager

Strategic Goals

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

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

Preparing the Community of Tomorrow	Working Towards a Safer Community
<ul style="list-style-type: none"> • Continuation of the LED streetlight conversion project • Continuation of the Advanced Metering Infrastructure with the installation of smart meters and a data management system • Investment in sewer expansion projects and wastewater treatment facilities to bring infrastructure up to date and increase capacity 	<ul style="list-style-type: none"> • Addition of 4 police officers, 3 fire fighters, 1 fire marshal officer • Investment in police pistol training facility <ul style="list-style-type: none"> • Investment in life-saving equipment for fire department • Investment in the 911 backup site and operating facilities
Promoting Small Town Life	Offering Access to the World
<ul style="list-style-type: none"> • Commitment to community development including operating the welcome center, sponsoring downtown events and supporting Covington merchants 	<ul style="list-style-type: none"> • Investment in the Covington Municipal Airport with repairs to the asphalt on the North Apron

Priorities & Issues

Challenges

The most significant challenges facing the City of Covington in creating the fiscal year 2025 budget are economic factors such as inflation in the face of unprecedented growth in the community. The State of Georgia is breaking economic development records, and the City of Covington is feeling the growing pains. In fiscal year 2024, Covington issued 1,448 building permits, up from 903 in fiscal year 2023 and 288 in fiscal year 2022. As the city grows, there is high demand for increased and improved infrastructure on the utilities. To address this need, and increased costs, the governing body continued its commitment to budgeting for capital expense and infrastructure while also embracing flexibility and understanding that staff may need to request budget amendments as new information is obtained.

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

Priorities

During the 2023 council retreat and strategic plan update, the following priorities were identified to be carried out over the next five years: New City Hall, Impact Analysis of Growth in the City's Infrastructure & Departments, Staffing Needs Assessment, Zoning Ordinance Reviews for Business Recruitment, 911 Operations Center, City Wide Housing Plan, and Central Park additions. Of this list of priorities, the following were included in the fiscal year 2024 budget: Impact Analysis of Growth in the City's Infrastructure & Departments, Staffing Needs Assessment, Zoning Ordinance Reviews for Business Recruitment and City-Wide Housing Plan. The city has also developed a plan for moving forward with a New City Hall, and the 911 Operations Center is expected to begin construction in fiscal year 2025 with debt service beginning in fiscal year 2026.

These priorities are similar to those of the current year. In the current year, the priority was to budget for growth by addressing public safety staffing needs and aging infrastructure. Included in the fiscal year 2025 budget is an additional four sworn police officers, three fire fighters and one fire marshal officer. The police officers and fire fighters are directly correlated to the residential and daytime growth Covington is experiencing, while the fire marshal officer will assist in inspections of the construction growth in the community.

The city also addressed and prioritized aging infrastructure in the budget year. Water and sewer, as well as gas and stormwater infrastructure will be updated in the downtown square as well as on Floyd Street. In addition, the governing body has approved a stormwater utility fee rate increase and bond issue to take place in fiscal year 2025 to address major stormwater infrastructure improvements identified in the stormwater master plan. It is expected that debt service for these projects will ensue in fiscal year 2026.

Changes in Service Levels, Fees and Taxes

In the fiscal year 2025 adopted budget, there were no major changes in fees or taxes. The City of Covington decided to change the telecommunications function by dissolving the fund into the General Fund. At this time, the city will not scale back the telecommunications services, but will no longer seek to expand those services as a utility.

Budget Overview

Fiscal Year 2025 Adopted Budget

Revenues	\$222,149,682
Expenditures	\$221,594,417

The fiscal year 2025 adopted budget shows an increase over the prior year amended budget of approximately \$2.5 million or 1.1%. This slight increase is comprised primarily of increases in personal services expense such as: salaries, benefits and retirement contributions.

The proposed budgeted appropriations totaled \$221,128,974 and the adopted budget totaled \$221,594,417, an increase of \$465,443.

Changes from Proposed to Adopted

- Training budget was reduced by \$77,435
- Removed Roll Off Truck \$300,000
- Decided to pass credit card processing fees on to the customer, resulting in savings of \$50,000
- Add 4 sworn police officers totaling \$593,224
- Added 3 suppression fire fighters totaling \$304,125
- Added 1 Regulatory Compliance Specialist \$65,750
- Other insignificant changes in several accounts totaling a reduction of \$70,311

The Budget Process

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

After the finance department completes the proposed budget, the City Manager submits to the Mayor and City Council a proposed operating budget for the coming fiscal year which is required by ordinance to be approved no later than the second Monday of June. Council work sessions and public hearings are held prior to adoption to allow citizens the opportunity to comment on the proposed budget and participate in the budget process.

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

Periodically an unexpected purchase may occur or an unexpected revenue may be received. In these instances, the City Manager may present a budget amendment to council for approval. Budget amendments are generally project-specific or one-time expenses that have a related one-time revenue source. All budget amendments are passed via resolution in an open meeting. The fiscal year 2025 budget was developed throughout the Spring of 2024 as follows:

BUDGET CALENDAR

All budget amendments are passed via resolution in an open meeting.

The fiscal year 2025 budget was developed throughout Spring of 2024 as follows:

Jan 19 – Human Resources forms to department heads to meet the Feb 2nd deadline

Feb 2– Deadline #1: Staffing Changes (Additions, deletions, upgrades) due to Human Resources; Revenue advice on select department-specific revenues (finance will schedule individually); Proposed changes to department fees and charges (optional)

Feb 2 – Electronic budget application will be available to Department Heads

Feb 8-12 – Five Year Staffing Plan Session HR Dept and City Manager at the discretion of City Manager

Feb 29 - Deadline #2: Personnel Departmental Salary Schedules due from Human Resources to finance.

Mar 8- Deadline #3: Departmental Budget Request complete (capital projects and operating expenditures completed in ERP system).

Mar 29 - Preliminary Budget distributed to Department Heads for final review with departmental work sessions to be scheduled with Finance Director and the City Manager.

April 1-5 – Individual departmental work sessions with Finance Department and City Manager. Finance provided with the list of staffing additions/changes which will be presented to council for approval in final budget

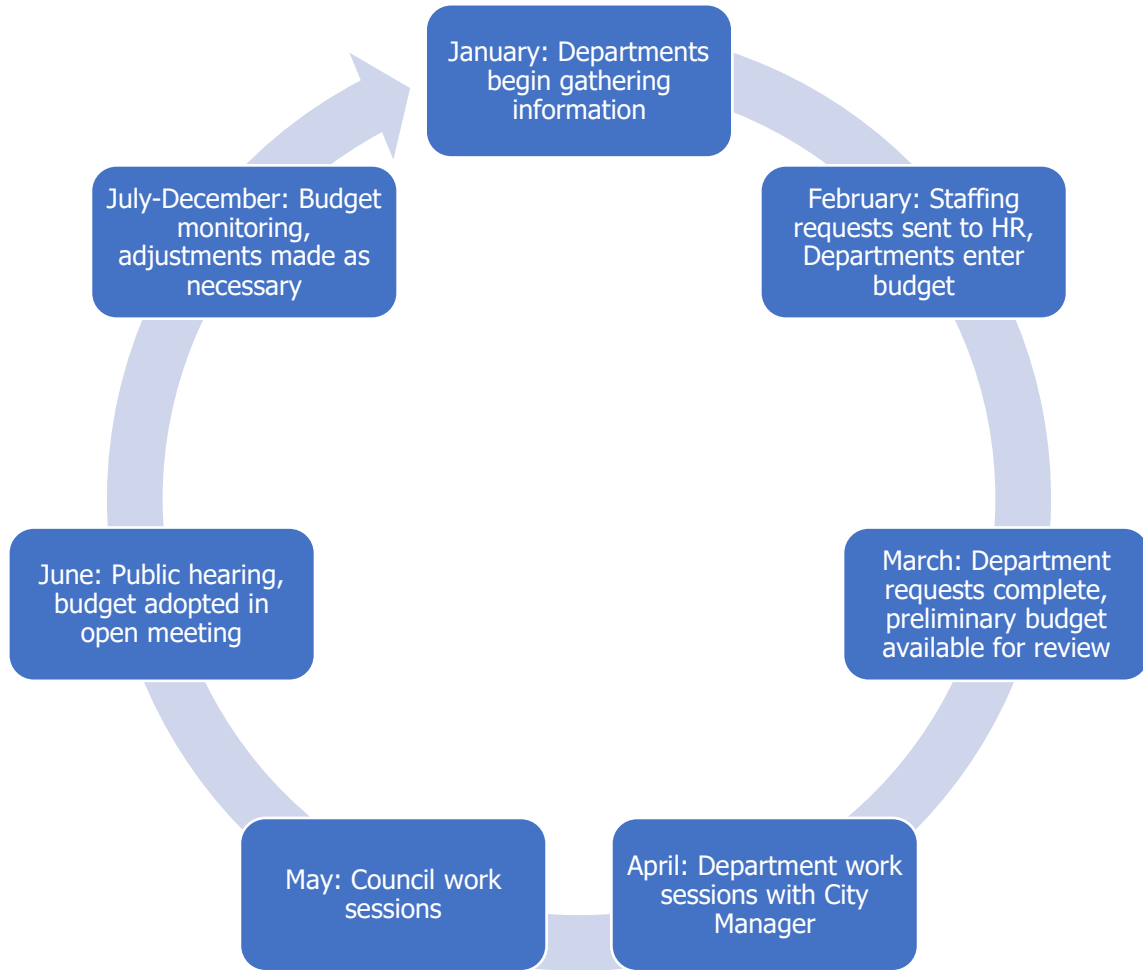
April 30 - Preliminary budget completed with Council work sessions to be scheduled by the City Manager.

May 1-May 24- Council Work with City Manager and Department Heads

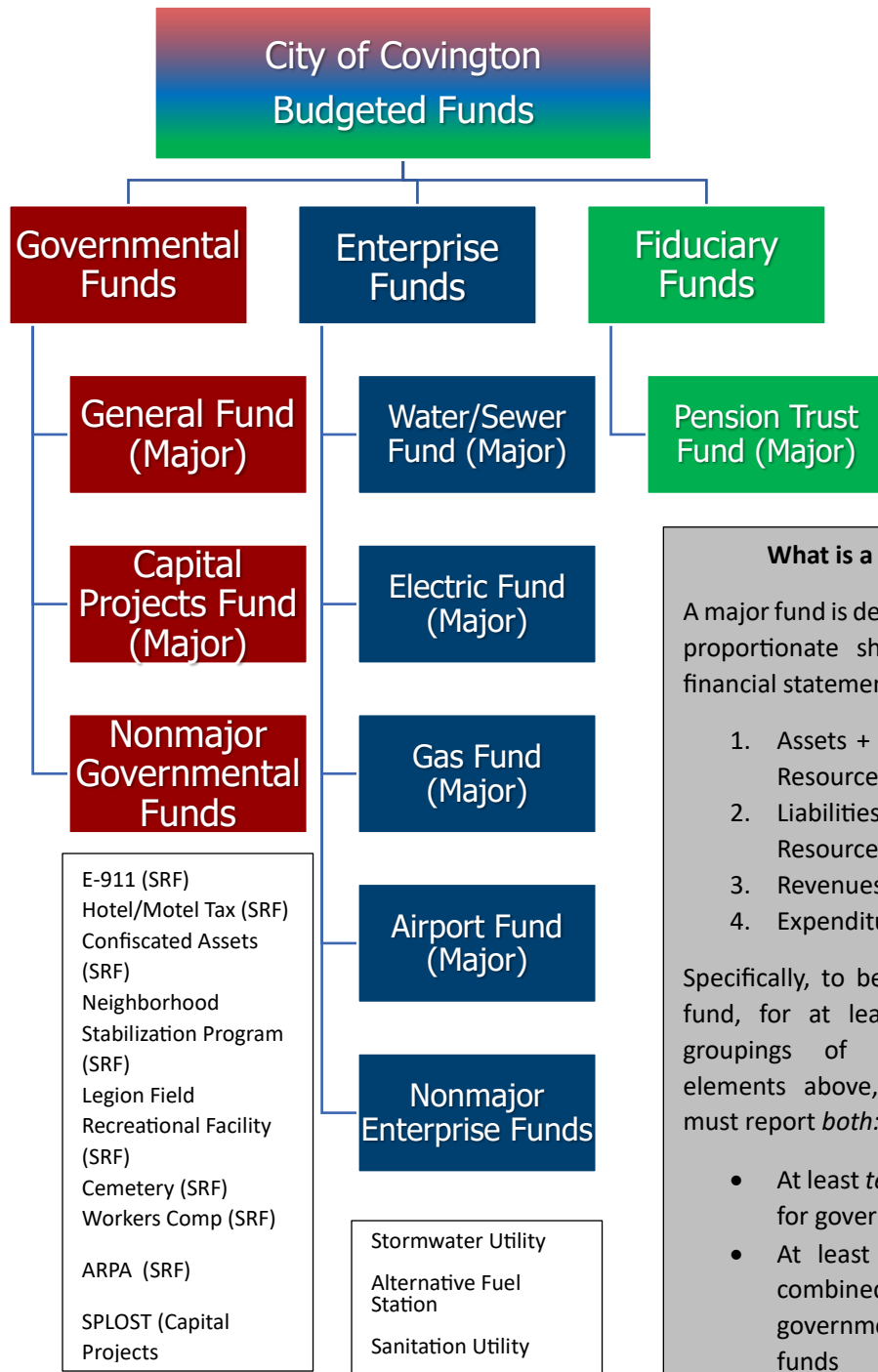
June 10 – 10AM: Public Hearing on Budget

June 17 - Final budget adopted by Mayor and Council

Developing the budget is a cyclical process that begins in January of each year. The upcoming year's budget is prepared throughout January-June, and the remainder of the year is spent monitoring activity and making adjustments as necessary.



Fund Structure and Departments



What is a "Major Fund"

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

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

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

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

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

What is "SRF"?

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

GOVERNMENTAL FUNDS

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

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

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

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

ENTERPRISE FUNDS

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

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

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

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

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

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

FIDUCIARY FUNDS

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

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

Financial Information

REVENUES

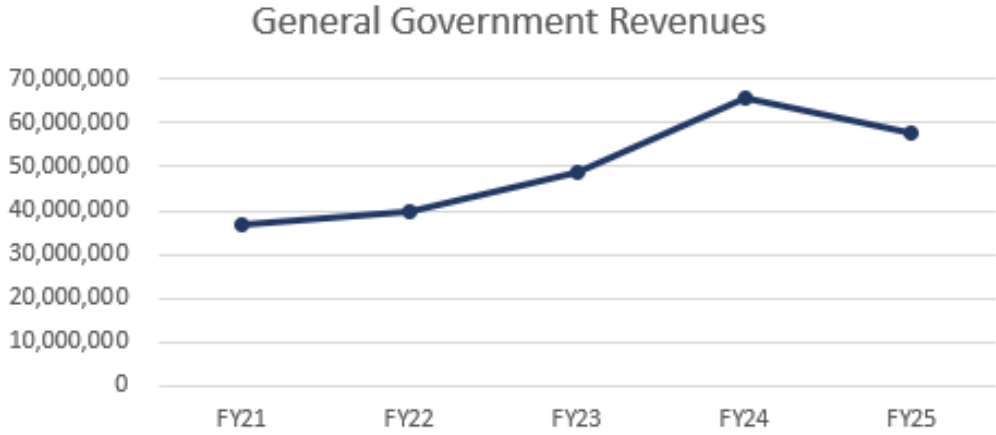
Revenues represent the inflows of funds to the City of Covington. Other Financing Sources is a financial reporting category that presents certain non-operating revenues defined by the Governmental Accounting Standards Board. Governmental revenues are raised in a variety of ways included in taxes and charges for services. Revenues across all appropriated funds total \$222,149,682 for the budget year 2024-2025. Each fund disaggregated by major revenue source is shown in the tables below.

Governmental Fund Major Revenues

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

Revenue Source	FY2021	FY2022	FY2023	FY2024	Total Anticipated Revenues FY2025
Property Taxes	5,338,772	5,680,443	6,323,431	6,260,393	6,695,187
Sales Taxes	3,346,923	3,646,838	4,052,200	3,848,658	4,200,000
Insurance Premium Taxes	1,054,249	1,088,683	1,179,238	1,260,190	1,300,000
Other Taxes	3,918,790	4,696,973	4,919,821	5,191,506	5,041,500
Licenses and Permits	718,331	760,135	1,040,195	1,839,881	1,662,700
Intergovernmental	6,665,113	6,136,133	13,993,050	27,271,954	6,501,701
Franchise Fees	776,573	808,764	961,840	851,673	800,000
Fines and Forfeitures	378,629	743,948	1,154,882	1,026,199	925,900
Interest Revenues	38,524	23,386	420,561	1,459,599	1,200,000
Other Revenues	3,838,146	4,787,097	6,772,065	9,825,193	7,199,645
Other Financing Sources	-	-	-	-	-
Transfers In	10,612,097	11,142,229	7,779,364	6,849,895	16,182,293
Use of Fund Balance	-	-	-	-	6,013,710
TOTAL	36,686,147	39,514,629	48,596,647	65,683,641	57,722,636

5-Year General Government Revenue Trend



Enterprise Fund Major Revenues

In the Enterprise Funds, the major revenue sources are charges for services. In the electric fund this consists of sales of electricity, in the gas fund this consists of sales of natural gas and in the water and sewer fund this consists of the sale of water and fees for treatment of wastewater. In the electric and gas funds, these revenues are analyzed and forecasted by analysts at Electric Cities of Georgia and the Municipal Gas Authority of Georgia. Their consideration includes growth in the residential areas of the city and in industrial areas of the city as well as the adopted rates and anticipated changes in those rates. In the water fund, city staff analyze the usage from prior years and project the upcoming year using trend analysis, while also considering growth. When there have been significant changes in service levels, assumptions are updated accordingly to reflect the changes. There have not been any such changes in service levels or rates in fiscal year 2025. Historically all utility revenues trend upward.

Water and Sewer Utility Fund

	FY2021	FY2022	FY2023	FY2024	Total Anticipated Revenues FY2025
Charges for Services	12,932,271	13,342,4330	15,014,124	15,748,120	15,223,224
Capital Grants and Contributions	1,779,570	-	2,054,305	-	10,000,000
Other Financing Sources	20,387	23,590	42,182	72,113	20,000,000
Transfers In	18,737	25,050	1,662,038	20,390,476	
Use of Fund Balance	-	-		-	10,225,683
Total	14,751,183	13,484,910	18,768,146	36,204,950	55,448,907



Gas Utility Fund

	FY2021	FY2022	FY2023	FY2024	Total Anticipated Revenues FY2025
Charges for Services	14,015,033	19,386,693	20,180,932	16,070,748	15,580,757
Other Services	146,033	150,949	198,003	174,432	185,000
Other Financing Sources	431,345	390,286	579,295	790,556	570,000
Transfers In	\$3,304	-	-	-	-
Use of Fund Balance	-	-	-	-	8,263,889
Total	14,594,715	19,927,628	20,958,230	17,035,736	24,599,646

Electric Utility Fund

	FY2021	FY2022	FY2023	FY2024	Total Anticipated Revenues FY2025
Charges for Services	43,811,999	47,461,654	54,616,665	53,924,665	45,147,540
Other Services	1,169,359	1,246,678	1,307,648	1,433,661	1,345,000
Capital Grants and Contributions	-	-	41,088	-	-
Other Financing Sources	2,447,588	1,000,819	1,092,644	5,282,797	13,380,476
Transfers In	-	4,619	-	-	-
Use of Fund Balance	1,132,421	2,365,823	559,033	1,112,130	9,869,609
Total	48,561,367	52,079,593	57,617,078	61,753,253	69,742,625

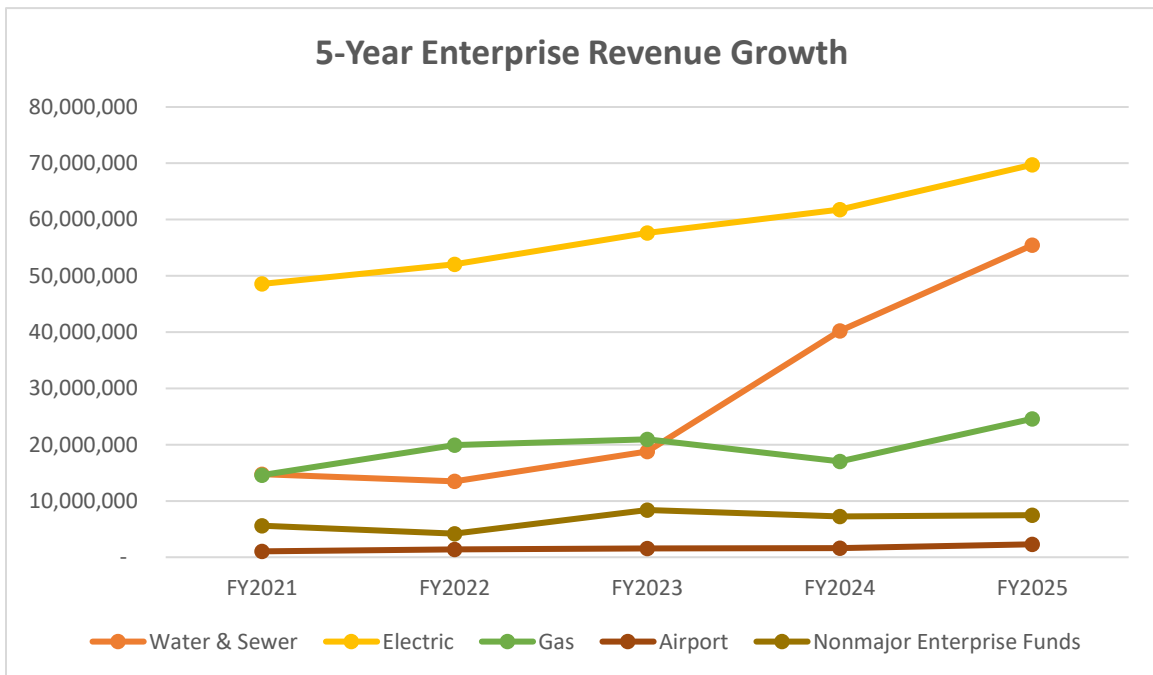


Airport Fund

	FY2021	FY2022	FY2023	FY2024	Total Anticipated Revenues FY2025
Charges for Services	699,957	990,448	1,151,392	1,271,646	1,324,000
Other Services	10,382	23,843	32,459	45,482	31,000
Capital Grants and Contributions	257,834	316,358	180,265	-	511,500
Transfers In	75,625	63,337	210,411	321,797	429,066
Total	1,043,798	1,393,986	1,574,527	1,638,925	2,295,566

Non-major Enterprise Funds

	FY2021	FY2022	FY2023	FY2024	Total Anticipated Revenues FY2025
Charges for Services	4,074,434	4,092,182	4,318,234	5,036,472	4,512,500
Capital Grants and Contributions	1,391,369	-	1,148,154	-	-
Other Financing Sources	84,108	61,133	13,588	3,083	3,500
Transfers In	60,919	36,610	22,644	15,521	2,520,350
Use of Fund Balance	-	-	-	-	453,356
Total	5,610,830	4,189,925	5,502,620	5,162,260	7,489,706

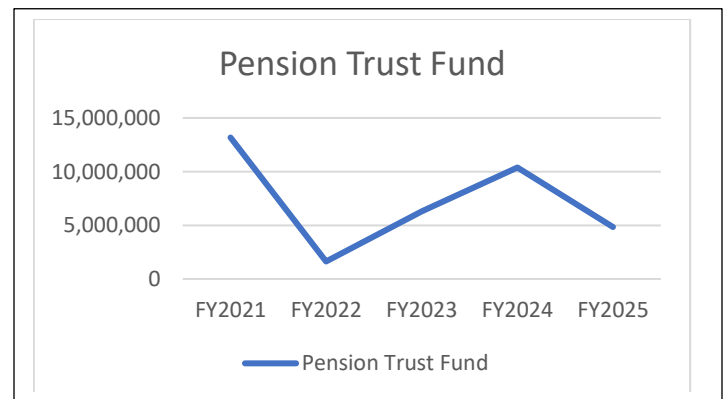


Pension Trust Fund Major Revenues

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

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

Revenue Source	Pension Trust Fund
Intergovernmental	\$2,500,000
Other Financing Sources	
Transfers In	
Use of Fund Balance	\$2,350,596
Total Anticipated Revenues FY2025	\$4,850,596
Total Revenues FY2024*	\$10,387,073
Total Revenues FY2023	\$6,305,803
Total Revenues FY2022	\$1,630,694
Total Revenues FY2021	\$13,178,260



EXPENDITURES

Expenditures and expenses represent the outflows of funds from the City of Covington. Other Financing Uses is a financial report category that presents non-operating expenditures defined by the Governmental Accounting Standards Board. Expenditures are classified by the function of government they are expended for. Each fund’s expenditures and expenses are disaggregated by function in the tables below.

Governmental Fund Expenditures

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

Function	General Fund	Capital Projects Fund	Nonmajor Gov't Funds
General Government	9,274,452	266,000	200,000
Judicial	985,613	-	-
Public Safety	21,459,126	624,378	5,172,711
Public Works	4,294,938	1,501,055	7,948,600
Parks and Recreation	653,199	-	85,000
Housing & Development	2,014,167	-	2,688,132
Total Expenditures	\$38,681,495	\$2,391,433	\$16,094,443

Enterprise Fund Expenses

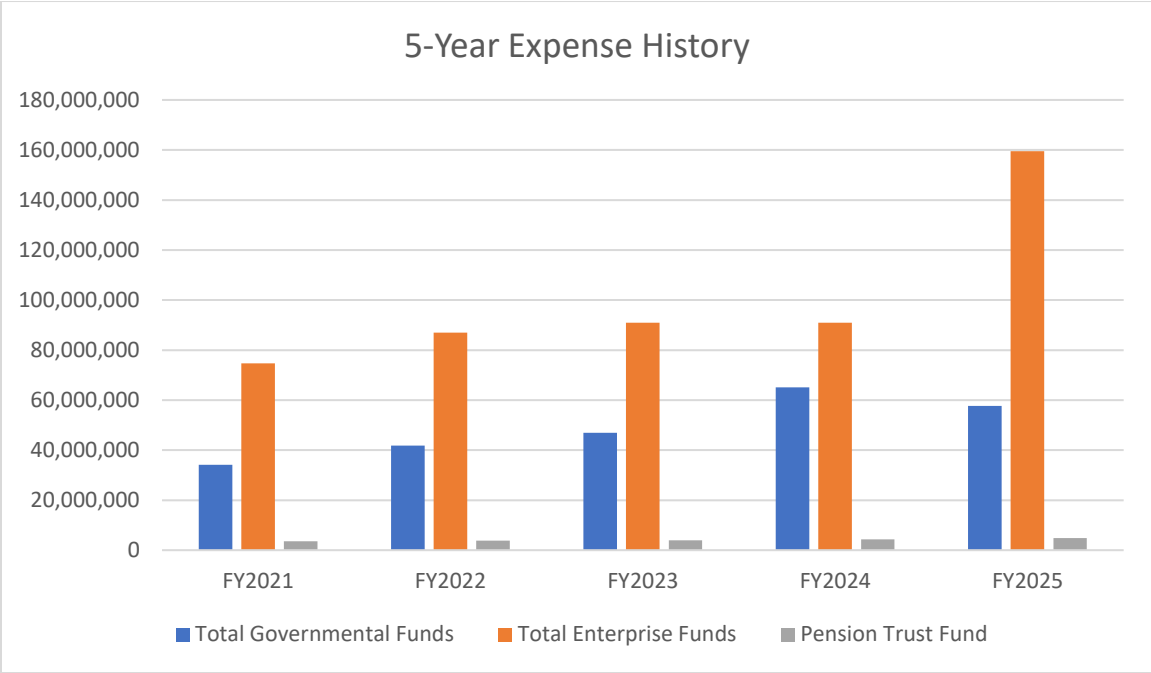
The expenses in the enterprise funds account for the operations of the utility services. The nonmajor enterprise fund group includes the alternative fueling station, the stormwater fund, sanitation fund and telecommunications fund.

Function	Water and Sewer Utility Fund	Gas Utility Fund	Electricity Utility Fund	Airport Fund	Nonmajor Enterprise Funds
Public Works	55,050,774	17,740,896	58,394,055	2,295,566	7,284,817
Debt Service					
Principal	381,744	-	-	-	-
Interest	16,389	-	-	-	-
Other Financing Uses					
Transfers Out	-	6,858,750	11,348,570	-	204,889
Total Appropriations	\$55,448,907	\$24,599,646	\$69,742,625	\$2,295,566	\$7,489,706

Pension Trust Fund Expenses

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

Function	Pension Trust Fund
General Government	\$4,850,596
Total Expenses	\$4,850,596



PROJECTED CHANGES IN FUND BALANCE AND NET POSITION

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

Governmental Funds (in thousands)

	General Fund	Capital Projects	Nonmajor Governmental Funds
Fund Balance, 6/30/2024*	\$20,060	\$1,585	\$10,515
Budgeted Increase (Decrease)	\$186	-	\$(5,320)
Estimated Fund Balance, 6/30/2025	\$20,615	\$1,585	\$5,194

The decrease in fund balance in the nonmajor governmental funds represent a planned use of fund balance in the SPLOST (Special Purpose Local Option Sales Tax) fund in which SPLOST collections (currently held in cash) will be spent on approved projects as well as funds encumbered in the Hotel Motel Tax Fund for approved projects.

Enterprise Funds (in thousands)

	Water & Sewer Utility Fund	Gas Utility Fund	Electric Utility Fund	Airport Fund	Nonmajor Enterprise Funds
Net Position, 6/30/2024*	\$60,913	\$15,595	\$88,468	\$27,921	\$14,302
Budgeted Increase (Decrease)	\$(10,226)	\$(8,264)	\$(9,870)	-	\$(453)
Estimated Net Position, 6/30/2025	\$50,687	\$7,331	\$78,598	\$27,921	\$13,849

The decrease in net position in the utility funds show above represents a planned use of the fund balance for specific projects. In each of these funds, there is cash on hand available to use. In the water and sewer utility fund, this use will fund infrastructure projects and equipment purchases. In the gas utility fund, this will fund service expansion projects as well as gas main replacement projects. In the electric fund, this will fund all capital expenses including new developments and reconducts and replacement projects. In the nonmajor funds, this will fund stormwater projects identified in the stormwater master plan.

Pension Trust Fund (in thousands)

	Pension Trust Fund
Net Position, 6/30/2024*	\$57,282
Budgeted Increase (Decrease)	\$(2,351)
Estimated Net Position, 6/30/2025	\$54,931

The use of fund balance in the Pension Trust Fund represents the use of pension investments to fund retiree benefits.

**Fiscal year 2024 revenues, expenditures, and fund balance/net position balances are unaudited and may be subject to change.*

Capital Expenditures

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

For fiscal year 2025, City of Covington has appropriated a total of \$67,097,725, or 30% of the total budget, toward capital expense. A summary of the capital program by revenue source and fund is shown below.

Fund	Revenue Source	Capital Appropriation
General Fund/Capital Projects Fund	Use of Fund Balance, Transfers from Other Funds	\$2,460,983
Nonmajor Governmental Funds	Special Revenue Sources, Use of Fund Balance, Current Year Revenue	\$9,489,482

Water/Sewer Fund	Grant Funds, Loan Proceeds, Use of Fund Balance, Current Year Revenue	\$42,139,844
Electric Fund	Use of Fund Balance, User Fees, Current Year Revenue	\$3,987,016
Gas Fund	Use of Fund Balance, Current Year Revenues	\$5,703,900
Airport Fund	Transfers from Other Funds	\$216,000
Nonmajor Enterprise Fund	Grant Funds, Use of Fund Balance, Transfers from Other Funds	\$3,100,500

Non-Recurring Capital Projects

The most significant non-recurring capital projects included in the fiscal year 2025 budget are the continuation of the Eastside Sewer Expansion Project, Water Reclamation Facility Improvement Project, and the Floyd Street Infrastructure Project.

Eastside Sewer Expansion & Water Reclamation Facility Improvements

In fiscal year 2024, the City of Covington was awarded the Drinking Water Improvement Projects to Support Increased Populations grant exceeding \$50 million. Construction for the Eastside Sewer Expansion Project and Water Reclamation Facility Improvements began in fiscal year 2024, and should be completed in fiscal year 2026. These projects are begin funded by a combination of these grant proceeds as well as loan proceeds from Georgia Environmental Finance Authority. The fiscal year 2025 Water and Sewer Fund budget includes \$10,000,000 for the Eastside Sewer Expansion funded entirely with grant proceeds and \$20,000,000 for the Water Reclamation Facility Improvements funded with \$13,000,000 of grant proceeds and \$7,000,000 of GEFA loan proceeds. While the Eastside Sewer Expansion project will increase capacity, and provide new infrastructure that will require maintenance, the Water Reclamation Facility Improvements project will improve operating efficiency at the facility. The City of Covington anticipates a positive effect on operating upon the completion of these projects.

Floyd Street Infrastructure

The Floyd Street Infrastructure Project is a multi-departmental project encompassing water and sewer, stormwater, and gas infrastructure improvements, as well as re-pavement. The fiscal year 2025 includes appropriations of \$9,100,000 for this project as follows: \$2,450,000 in the Stormwater Fund (Nonmajor Enterprise) funded by a transfer from the Gas Fund, \$1,750,000 in the SPLOST Fund (Nonmajor Governmental) funded by use of fund balance, \$3,700,000 in the Water and Sewer Fund funded by use of fund balance, and \$1,200,000 in the Gas Fund funded by use of fund balance. The city has historically maintained healthy levels of fund balance and in fiscal year 2023 reported a General Fund Balance of 82% of General Fund Expenditures. Even with this significant use of fund balance, each fund will retain fund balances of more than the GFOA minimum recommendation of two months' operating expenses. This project will have a positive impact on operations. It is anticipated there will be fewer work orders for repairs for road conditions as well as fewer water, sewer and stormwater repairs.

Details of other individual projects can be found in the [Complete and Detailed Budget](#) following each fund.



Debt

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

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

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

Fiscal Year Payable	Total	Principal	Interest
2025	\$161,648	\$160,000	\$1,648
Total	\$161,648	\$160,000	\$1,648

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

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

Fiscal Year Payable	Total	Principal	Interest
2025	\$236,485	\$221,744	\$14,741
2026	236,485	222,855	13,630
2027	236,485	223,972	12,513
2028	236,485	225,094	11,390
2029	236,485	226,222	10,262
2030-2034	1,182,422	1,148,230	31,192
2035-2038	788,280	781,586	6,694
Total	\$3,153,124	\$3,049,702	\$103,422

Departmental Descriptions

GOVERNMENTAL FUND DEPARTMENTS

Elected Officials

The elected officials department is responsible for expenditures relating to the city council and boards or government. Fund: General Fund, Function: General Government (Complete & Detailed Budget page 5)

City Manager's Office

The city manager's office department is responsible for expenditures relating to the city manager's office. Fund: General Fund, Function: General Government (Complete & Detailed Budget page 7)

City Clerk's Office

The city clerk's office department is responsible for expenditures relating to the city clerk's office. Fund: General Fund, Function: General Government (Complete & Detailed Budget page 8)

Financial Administration

The financial administration department is responsible for the supervision of all financial activities, including expenditures for the city manager's office, the city clerk and the finance director's office. Fund: General Fund, Function: General Government (Complete & Detailed Budget page 9)

Purchasing and Warehouse Management

The purchasing department accounts for expenditures for purchasing all materials, supplies, and equipment and for other procurement activities, including establishing standards and preparing specifications, and maintaining warehouse and storage systems. Fund: General Fund, Function: General Government (Complete & Detailed Budget page 11)

Utility Billing and Meter Reading

The utility building and meter-reading department is responsible for collecting utility usage data and generating utility bills. Fund: General Fund, Function: General Government (Complete & Detailed Budget page 12)

Data Processing and management Information Systems

The data processing department is responsible for all maintenance of databases, computer systems, networks, and other activities related to the managing and processing of data. Fund: General Fund, Function: General Government (Complete & Detailed Budget page 14)

Human Resources

The human resources department is responsible for performing central and related services for the entire government. Such services include general supervision of personnel management, classification of positions, recruitment including all applicable

testing, placement (e.g., transfers, promotions, demotions, service ratings, attendance, certification of payrolls, separations, fringe benefits, and retirement systems). Fund: General Fund, Function: General Government (Complete & Detailed Budget page 16)

Safety and Risk Management

The safety and risk management department is responsible for overseeing claims handling, ancient investigations, insurance premiums (except employee health premiums and workers' compensation), and enforcement of safety rules; ensuring proper application of loss reporting procedures and personnel rules; and conducting inspections and program reviews. Fund: General Fund, Function: General Government (Complete & Detailed Budget page 18)

Workman's Compensation

The workman's compensation department is responsible for overseeing claims handling, ancient investigations, insurance premiums for workers' compensation; ensuring proper application of loss reporting procedures and personnel rules; and conducting inspections and program reviews. Fund: General Fund, Function: General Government (Complete & Detailed Budget page 46)

Marketing and Communications

The community development department is responsible for public relations activities, special projects, enhancing tourism, developing the downtown area, and operating the welcome center. Fund: General Fund, Function: General Government (Complete & Detailed Budget page 22)

Customer Service

The customer service department is responsible for providing customer support for general government activities and enterprise operations including cash receipting. Fund: General Fund, Function: General Government (Complete & Detailed Budget page 24)

Municipal Court

The municipal court is responsible for performing management functions for the total judicial system. Fund: General Fund, Function: Judicial (Complete & Detailed Budget page 26)

Police

The police department is responsible for the administration of various law enforcement activities. Fund: General Fund, Function: Public Safety (Complete & Detailed Budget page 28)

Fire

The fire department and the fire marshal are responsible for preventing and fighting fires. Fund: General Fund, Function: Public Safety (Complete & Detailed Budget page 30)

E-911

Expenditures to sustain an E-911 center which provides open channels between citizens and public safety providers. Fund: E-911, Function: Public Safety (complete & detailed budget page 49)

Streets

The street department is responsible for the general administrative direction related to highways and streets as well as expense for the construction, maintenance, and repair of sidewalks, crosswalks, steps, and stairs. Fund: General Fund, Function: Public Works (complete & detailed budget page 32)

Engineering

The engineering department is responsible for managing the general engineering work of the city; including erosion control and LAP project management. Fund: General Fund, Function: Public Works (complete & detailed budget page 35)

Auto Repair Shop

The auto repair department is responsible for all activities involved in the operation of the government's maintenance shop. Fund: General Fund, Function: Public Works (complete & detailed budget page 37)

Facilities Maintenance

Expenditures for general administration and maintenance of government buildings. Fund: General Fund, function: General Government (complete & detailed budget page 20)

Cemetery and Parks Maintenance and Recreation

The cemetery and parks maintenance department is responsible for activities involved in the day-to-day care of the cemetery grounds; perpetual care of gravesites; coordination of all funerals held on the grounds; and coordination of gravesite preparation and completions. Fund: General Fund, Function: Culture/Recreation (complete & detailed budget page 39)

Legion Field Recreational Facility

The Legion Field recreational facility department is responsible for activities involved in the day-to-day care of the Legion Filed complex and coordination for special events held on the grounds. Fund: General Fund, Function: Culture/Recreation (complete & detailed budget page 47)

Planning and Zoning

The planning and zoning department is responsible for developing and implementing a comprehensive plan or land use plan for the community including the costs of the government's planner. This activity would also include administration of zoning ordinances or other ordinances intended to manage land use within the local government's jurisdiction. Fund: General Fund, Function: Housing and Development (complete & detailed budget page 41)

ENTERPRISE FUND DEPARTMENTS

Stormwater

Expenses for the construction, maintenance and repair of storm drainage inlets as part of the road systems maintained by the local government. Fund: Stormwater, Function: Public Works (Complete & Detailed Budget page 52)

Water Reclamation Facility

Expenditures for the construction and maintenance of facilities that treat water. Fund: Water/Sewer Fund, Function: Public Works (Complete & Detailed Budget page 56)

Water/Sewer Maintenance

Expenditures for the construction and maintenance of facilities that supply water. Fund: Water/Sewer Fund, Function: Public Works (Complete & Detailed Budget page 59)

Gas Department

Expenses for all activities involved and distribution of natural gas. Fund: Gas Fund, Function: Public Works (Complete & Detailed Budget page 68)

Alternative Fueling Station

Expenses for all activities involved in providing alternative fuel options. Fund: Alternative Fuel, Function: Public Works (Complete & Detailed Budget page 71)

Electric Department

Expenses for all activities involved in the supply and distribution of electricity. Fund: Electric Fund, Function: Public Works (Complete & Detailed Budget page 65)

Sanitation Department

Expenses for all activities involved in the collection and disposal solid waste and recycled material. Fund: Sanitation, Function: Public Works (Complete & Detailed Budget page 72)

Airport

Expenses for all activities involved in the operation and maintenance of the municipal airport. Fund: Airport Fund, Function: Housing and Development (Complete & Detailed Budget page 74)

Goals and Performance Data

General Government

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

Performance Measures	FY2023(Prior Year)	FY2024 (Current Year)	FY2025 (Budget Year)
# website visits	175,123	180,000	200,000
# website page views	474,933	475,000	500,000
# of visitors	108,369	115,000	125,000
Audited ACFR to be published within 180 days of fiscal year end	Yes	Yes	Yes
GFOA Certificate of Achievement for Excellence in Financial Reporting	Yes	Yes	Yes
GFOA Outstanding Achievement in Popular	Yes	Yes	Yes

Annual Financial Reporting			
GFOA Distinguished Budget Award	Yes	Pending Review	Yes
% of General Fund Departments within appropriated budget	100%	100%	100%
% of budgeted employees participating in direct deposit	97.5%	97.5%	97.5%
% of vendors participating in ACH	26.8%	30%	41%
% of payments processed through customer self-service	43%	50%	68%

Judicial

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

Performance Measures	FY2023 (Prior Year)	FY2024 (Current Year)	FY2025 (Budget Year)
# of citations received to process	7,245	6,139	6,500
Total # of cases disposed	2,640	6,303	6,500
# of court sessions	72	72	72
Annual deposits (court fines)	\$1,039,853	\$775,000	\$775,000

Public Safety

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

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

Performance Measures	FY2023 (Prior Year)	FY2024 (Current Year)	FY2025 (Budget Year)
# offense violations filed	1,347	1,502	1,500
# arrest dispositions	735	720	700
Total training hours	8,782	7,081	8,000
# accidents	1,685	1,301	1,300

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

Performance Measures	FY2023 (Prior Year)	FY2024 (Current Year)	FY2025 (Budget Year)
Fires	170	139	150
Other Incidents (no fire)	1,662	1,744	1,700
Rescue & emergency medical service	1,951	1,966	1,900
Total training hours	18,202	13,292	14,000
# of fire inspections	1,606	1,040	1,500

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

Performance Measures	FY2023 (Prior Year)	FY2024 (Current Year)	FY2025 (Budget Year)
# agency calls generated	65,814	75,762	75,000

Public Works

Public Works coordinates and performs maintenance on streets, sidewalks, and traffic signs. Public Works also provides electric, natural gas, water and sewer, telecommunications, stormwater and sanitation services. In addition, public works provides support services of engineering and fleet maintenance. The public works

function works to support all of our stated strategic goals of preparing the community of tomorrow, working toward a safer community, promoting small town life and offering access to the world.

Performance Measures	FY2023 (Prior Year)	FY2024 (Current Year)	FY2025 (Budget Year)
Gas system safety contest winner	Yes	Yes	Yes
Gas sold in thousand cubic feet	2,267,759	1,785,001	2,316,032
Electricity sold in kilowatt hours	412,348	395,490	414,210
# miles new street construction	3.7	0.0	0.0
# miles street resurfaced	2.56	4.00	5.00
Sewer average daily flows (thousand gal)	2,650	1,811	1,800
Water average daily flows (thousand gal)	1,000	683	700

Culture/Recreation

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

Performance Measures	FY2023 (Prior Year)	FY2024 (Current Year)	FY2025 (Budget Year)
# of parks maintained	9	9	9
# park acres maintained	596	596	596
# trail miles	15	16	16
# cemeteries maintained	2	2	2

Housing and Development

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

About Covington

Population: 14,822

Median Income: \$49,180

Median Age: 34.8 Years Old

Unemployment: 5,614

Top Five Employers:

1. CR Bard Purchasing Operation
2. Piedmont Newton Hospital
3. General Mills
4. Pactiv LLC
5. Nisshinbo Automotive

Top Five Taxpayers:

1. General Mills
2. SKC Inc.
3. Fibervision
4. Nisshinbo Automotive
5. Bard C R Medical

Organizational Structure

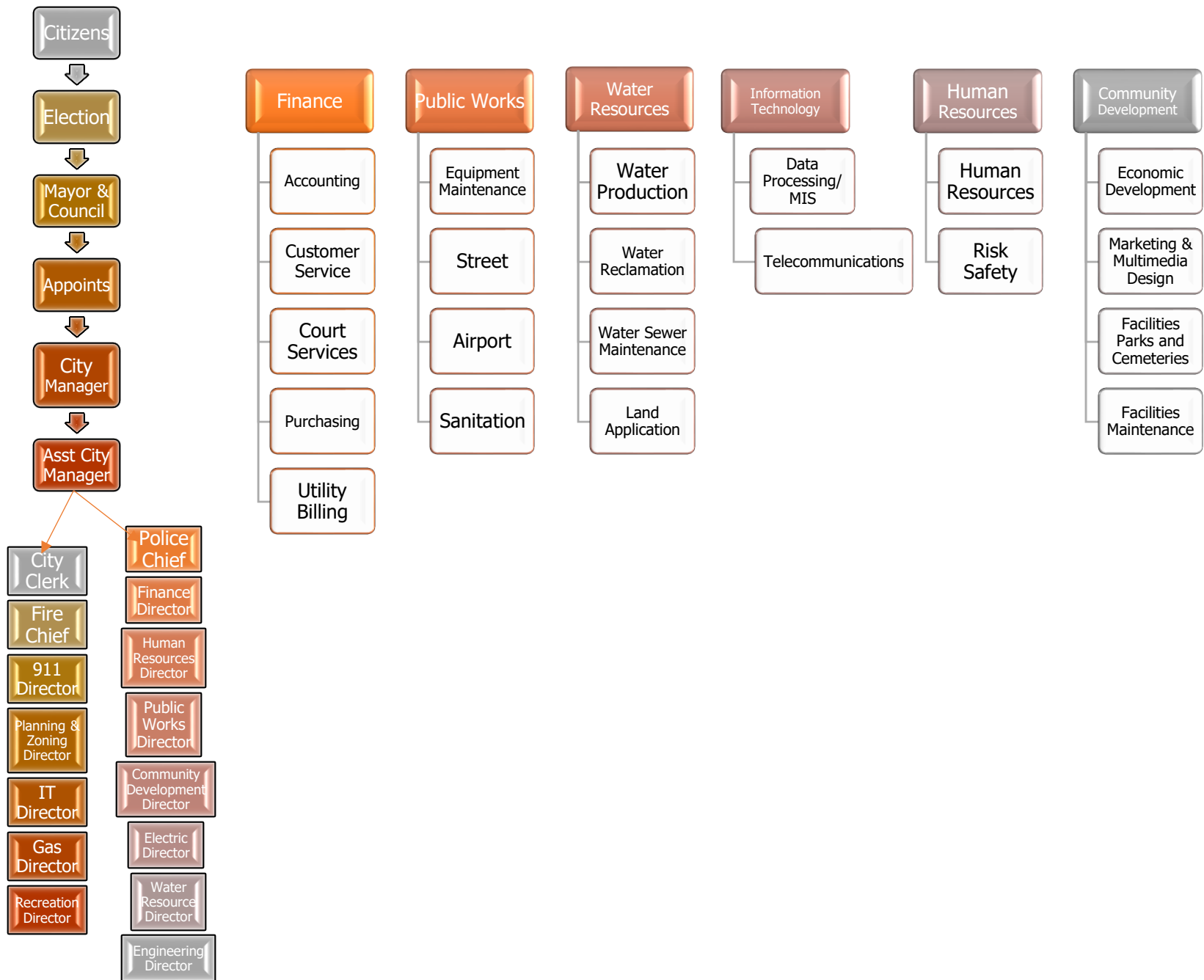
Position Summary – Entity Wide

Prior Year FTEs (2023)	Current Year FTEs (2024)	Budget Year FTEs (2025)
337	341	351

The total increase in full-time employees in the FY2025 budget was 10. The added positions include:

- Police: addition of 4 sworn police officers
- Fire: addition of 3 fire fighters and 1 fire marshal officer
- Electric: addition of 1 ROW manager and 1 staking technician
- Gas: addition of 1 regulatory compliance specialist
- Airport: addition of 1 grounds operation tech
- Water: reduction of 1 assistant water production manager
- Recreation: reduction of 1 recreation director





Financial Policies

The Financial Reporting Entity

The City of Covington was incorporated in 1822 and operates under a Council/Manager form of government. The City Manager is the head of the administrative branch of government. As such, he or she is responsible for the day-to-day operations of 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 zoning; general administrative services; and public utilities (water, sewer, stormwater, electric, gas solid waste).

Measurement Focus, Basis of Accounting and Basis of Presentation

The proprietary funds and fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the *current financial resources measurement focus* and *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims judgements are recorded only when payment is due.

Proprietary funds distinguish *operating revenues* and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services provided. The city also recognizes as operating revenue the portion of tap fees intended to recover the cost of sales and services, administrative expenses,

and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Budgets and Budgetary Accounting

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

ACRONYMS

SPLOST – Special Purpose Local Option Sales Tax
ACFR – Annual Comprehensive Financial Report
GEFA – Georgia Environmental Finance Authority
CID – Community Improvement District
CIP – Capital Improvement Program
GFOA – Government Finance Officers Association
ARPA – American Rescue Plan Act