Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019



COVINGTON
georgia

CITY OF COVINGTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

Prepared by:

Randy Smith, CPA
Finance Director

Submitted by:
Leigh Anne Knight, CPA
City Manager

CITY OF COVINGTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal – City Manager and Finance Director ..... i – vi
Organizational Chart vii
Listing of Principal Officials viii
GFOA Certificate ix

FINANCIAL SECTION

Independent Auditor's Report ..... 1 – 3
Management's Discussion and Analysis ..... 4 – 12
Basic Financial Statements:
Government-wide Financial Statements:
Statement of Net Position 13
Statement of Activities 14
Fund Financial Statements:
Balance Sheet – Governmental Funds 15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 16
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities 17
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund ..... 18 and 19
Statement of Net Position – Proprietary Funds 20
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds 21
Statement of Cash Flows – Proprietary Funds ..... 22 and 23
Statement of Fiduciary Net Position – Fiduciary Funds 24
Statement of Changes in Fiduciary Net Position – Fiduciary Funds 25
Notes to Financial Statements ..... 26 – 65
Required Supplementary Information:
Schedule of Changes in the City's Net Pension Liability and Related Ratios – Retirement Plan 66
Schedule of City Contributions – Retirement Plan 67
Schedule of Pension Investment Returns – Retirement Plan 68
Schedule of Changes in the City's Total OPEB Liability and Related Ratios 69

CITY OF COVINGTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS (CONTINUED)

Page

FINANCIAL SECTION (CONTINUED)

Combining Statements and Schedules:
- Combining Balance Sheet – Nonmajor Governmental Funds ..... 70 and 71
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds ..... 72 and 73
- Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:
  - Emergency Telephone Fund 74
  - Hotel/Motel Tax Fund 75
  - Confiscated Assets Fund 76
  - Neighborhood Stabilization Fund 77
  - Cemetery Trust Fund 78
  - Capital Projects Fund 79
- Schedules of Expenditures of Special Purpose Local Option Sales Tax Proceeds ..... 80 – 82
- Combining Statement of Net Position – Nonmajor Enterprise Funds 83
- Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Enterprise Funds 84
- Combining Statement of Cash Flows – Nonmajor Enterprise Funds 85

STATISTICAL SECTION

FINANCIAL TRENDS
- Net Position by Component – Last Ten Fiscal Years 86
- Statement of Activities – Last Ten Fiscal Years 87
- Changes in Net Position – Last Ten Fiscal Years 88
- Governmental Activities Tax Revenues by Source – Last Ten Fiscal Years 89
- Fund Balances of Governmental Funds – Last Ten Fiscal Years 90
- Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years 91

REVENUE CAPACITY
- Assessed Value and Estimated Actual Value – All Taxable Property – Last Ten Fiscal Years 92
- Property Tax Rates – All Overlapping Governments – Last Ten Fiscal Years 93
- Principal Taxpayers – Current Year and Nine Years Ago 94
- Property Tax Levies and Collections – Last Ten Fiscal Years 95

CITY OF COVINGTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS (CONTINUED)

Page

STATISTICAL SECTION (CONTINUED)

DEBT CAPACITY
- Ratios of Outstanding Debt by Type – Last Ten Fiscal Years 96
- Direct and Overlapping Governmental Activities Debt 97
- Legal Debt Margin – Last Ten Tax Years 98

DEMOGRAPHIC AND ECONOMIC INFORMATION
- Demographic and Economic Statistics – Last Ten Fiscal Years 99
- Principal Employers – Current Year and Nine Years Ago 100

OPERATING INFORMATION
- Full-Time City Government Employees by Function – Last Ten Fiscal Years 101
- Operating Indicators by Function – Last Ten Fiscal Years ..... 102 and 103
- Capital Asset Statistics by Function – Last Ten Fiscal Years 104

COMPLIANCE SECTION

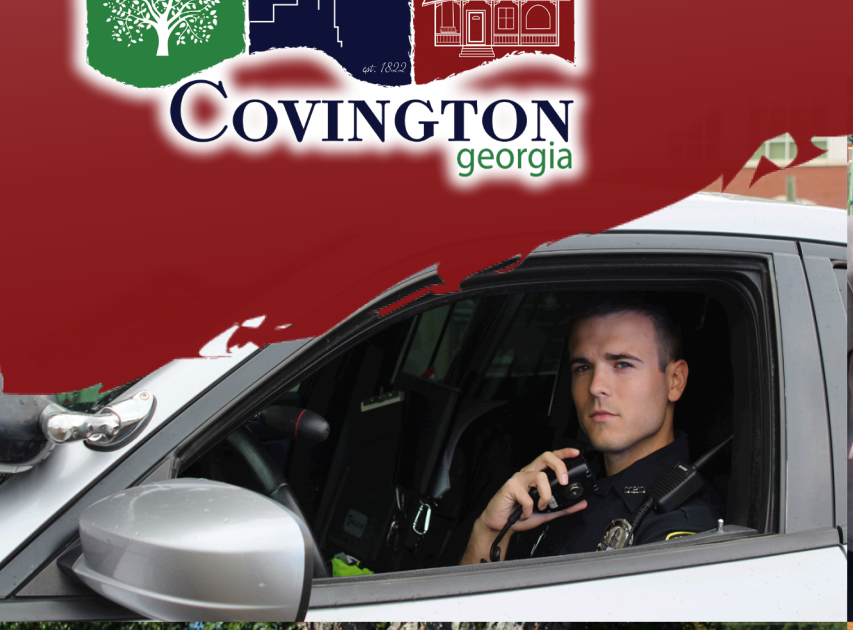
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards ..... 105 and 106

Schedule of Findings and Questioned Costs 107

Summary Schedule of Prior Year Findings 108

Introductory Section

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Covington, Georgia 30015

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

Ronnie Johnston, Mayor
Scott Andrews, City Manager

December 16, 2019

Honorable Ronnie Johnston, 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 Comprehensive Annual Financial Report of Covington, Georgia, for the fiscal year ended June 30, 2019, 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. 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, 2019. 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 197 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 three golf courses, 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 49.5 inches a year and temperatures range from an average high of 89 degrees in the summer to an average low of 34 degrees in the winter. With year-round average temperatures of 61 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.

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 new, 7,200 square feet terminal building was built at the Covington Municipal Airport, located in the northern portion of the City. Featuring a lounge, conference rooms and restaurant space, the new 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 City of Covington Parking Authority, Covington Redevelopment Authority, and the Covington Municipal Airport Authority are reported as discretely presented component units at June 30, 2019.

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 is an affluent community in Georgia and continues to benefit 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 elements making the City of Covington a standout community include the low student/teacher ratio in the Newton County's award-winning school system and the City of Covington's exceptionally low crime rate. 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 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
   - -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
   - -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

3) Promoting Small Town Life
   -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
   -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. The City also is seeing a surge in retail stores as a revitalization of the Town Square continues.

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 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 comprehensive annual financial report conforming to program standards. The City was awarded the certificate again for the fiscal years 2016, 2017 and 2018.

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 CAFR 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 are:

-Improved effectiveness
-Promote staff and community pride
-Clarify budget needs
-Identify operation and management needs
-Enhance professional image
-Promote team work and staff development

-Encourage interdepartmental coordination
-Identify duplication and wasted effort
-Promote public awareness
-Improve 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.

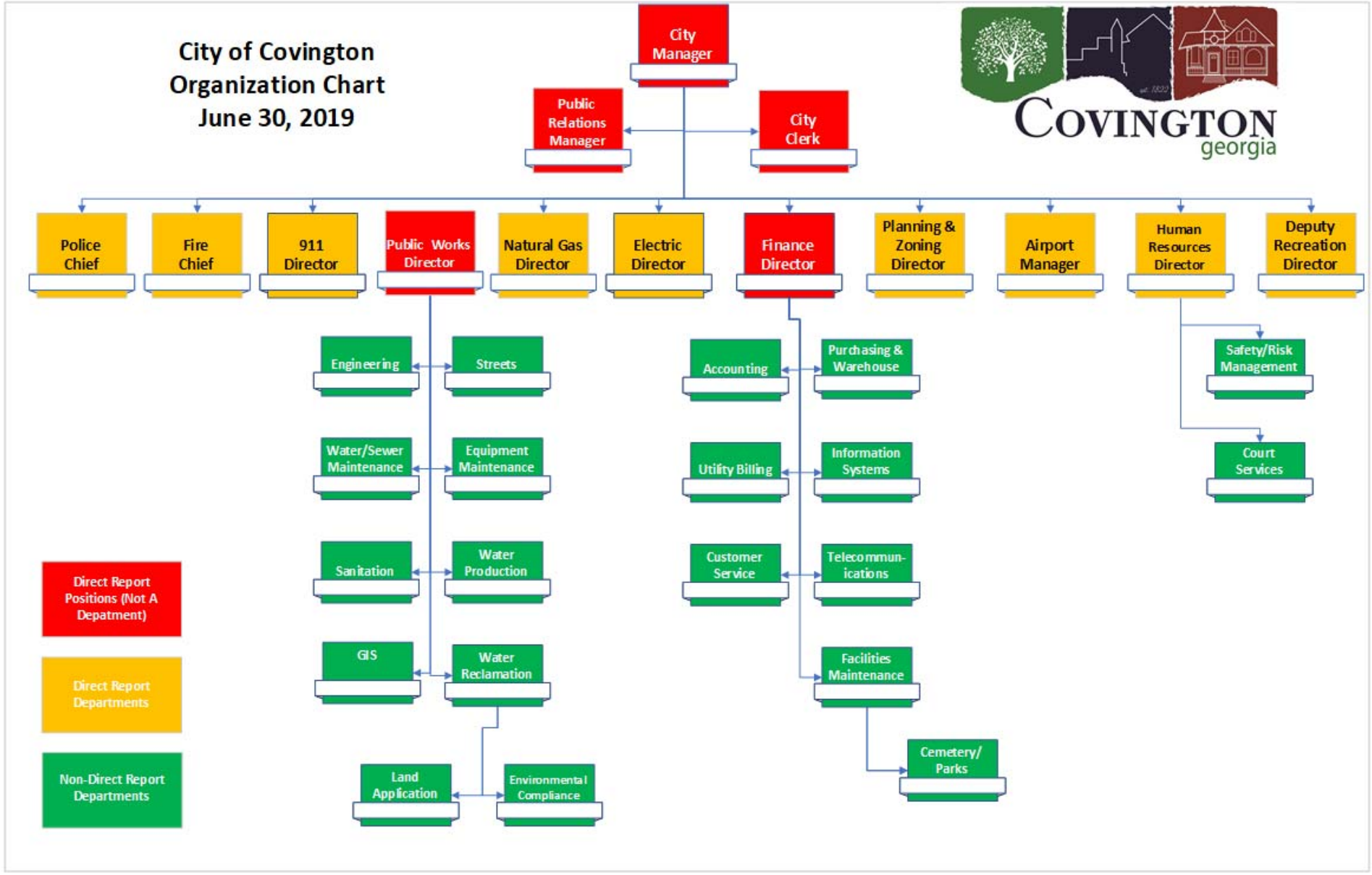
Respectfully submitted,



Scott Andrews
City Manager



Randy Smith
Finance Director


City of Covington
Organization Chart
June 30, 2019
COVINGTON
georgia
City Manager
Public Relations Manager
City Clerk
Police Chief
Fire Chief
911 Director
Public Works Director
Natural Gas Director
Electric Director
Finance Director
Planning & Zoning Director
Airport Manager
Human Resources Director
Deputy Recreation Director
Engineering
Streets
Water/Sewer Maintenance
Equipment Maintenance
Sanitation
Water Production
GIS
Water Reclamation
Land Application
Environmental Compliance
Accounting
Purchasing & Warehouse
Utility Billing
Information Systems
Customer Service
Telecommun-ications
Facilities Maintenance
Cemetery/ Parks
Safety/Risk Management
Court Services
Direct Report Positions (Not A Depatment)
Direct Report Departments
Non-Direct Report Departments

CITY OF COVINGTON, GEORGIA

LISTING OF PRINCIPAL OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Elected Officials

Mayor	Ronnie Johnston
City Council Member – Post 1 East Ward	Susie Keck
City Council Member – Post 1 West Ward	Kenneth Morgan
City Council Member – Post 2 East Ward	Michael Whatley
City Council Member – Post 2 West Ward	Hawnethia Williams
City Council Member – Post 3 East Ward	Josh McKelvey
City Council Member – Post 3 West Ward	Anthony Henderson

Appointed Officials

City Manager	Leigh Anne Knight
Public Works Director	Tres Thomas
City Clerk	Audra Gutierrez
Finance Director	Randy Smith
Gas Utility Director	Mike Jewell
Electric Utility Director	Freddy Morgan
Human Resources Director	Paul Dailey
E911 Director	Trudy Henry
Planning & Zoning Director	Vacant
Police Chief	Stacey Cotton
Fire Chief	Jeremy Holmes
Municipal Court Solicitor	M. Qader Baig

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Covington

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

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Financial Section

COVINGTON
georgia



MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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 of Covington, Georgia, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 12), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on page 67), the Schedule of City Pension Contributions (on page 68), the Schedule of Pension Investment Returns (on page 69), and the Schedule of Changes in the City's Total OPEB Liability and Related Ratios (on page 70) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Covington, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section 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 are presented for the purposes of additional analysis as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-121, and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedules of special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019, 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 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
December 16, 2019

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CITY OF COVINGTON, GEORGIA

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

As management of the City of Covington ("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, 2019. 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 resources of the City exceeded its liabilities and deferred inflows of resources at the close of the year by $215,452,884 (net position). Of this amount, $80,875,047 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by $14,341,474; governmental activities decreased net position by $1,721,940 and business-type activities increased net position by $16,063,414.
- As of the close of June 30, 2019, the City's governmental funds reported combined ending fund balances of $28,885,369 an increase of $111,832 from the prior year. Approximately sixty-five percent (65%) of this total amount, or $18,688,398, 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 $18,688,398 or eighty-one percent (81%) of general fund expenditures.
- The City's revenues for the year ended June 30, 2019, total $106,372,871. Of this amount, $85,877,353, or eighty-one percent (81%), was generated from charges for services. Additionally, $6,036,010, or six percent (6%), was generated from operating and capital grants. The balance of $14,459,508, or fourteen percent (14%), was generated from general revenues.
- The City's expenses for the year ended 2019 total $92,031,397. Of this amount, $31,161,325, or thirty-four percent (34%), was consumed by governmental activities. The balance of $60,870,072, or sixty-six percent (66%), was consumed by business-type activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis 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 13 and 14) 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.

The next statements (pages 15 through 25) 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, and airport operations.

The government-wide financial statements can be found on pages 13 and 14 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.

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 government'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 only as the general fund is considered to be a major fund. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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 to demonstrate compliance with this fund. Budgetary comparison statements have also been provided for the Special Revenue Funds in the supplementary financial information elsewhere in this report.

The basic governmental fund financial statements can be found on pages 15 through 19 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, and the City's airport.

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 Gas and Electric 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 20 through 23 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary 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 fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 24 and 25 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 26 through 66 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 67 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 71 through 86 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, 2019 and June 30, 2018.

The City of Covington's Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	**2019**	2018	**2019**	2018
Current and other assets	$ 31,271,005	$ 30,717,631	$ 86,668,510	$ 77,395,716	$ 117,939,515	$ 108,113,347
Capital assets	34,473,847	34,500,885	97,638,385	91,424,710	132,112,232	125,925,595
Total assets	65,744,852	65,218,516	184,306,895	168,820,426	250,051,747	234,038,942
Deferred outflows of resources	7,609,436	10,750,862	2,874,086	4,084,561	10,483,522	14,835,423
Long-term liabilities outstanding	18,635,998	20,566,723	15,222,890	18,001,905	33,858,888	38,568,628
Other liabilities	2,336,085	1,919,473	7,899,482	7,131,322	10,235,567	9,050,795
Total liabilities	20,972,083	22,486,196	23,122,372	25,133,227	44,094,455	47,619,423
Deferred inflows of resources	764,495	143,532	223,435	-	987,930	143,532
Net position:						
Net investment in capital assets	34,196,205	34,018,032	88,401,441	80,037,250	122,597,646	114,055,282
Restricted	9,263,921	8,405,706	2,716,270	2,715,191	11,980,191	11,120,897
Unrestricted	8,157,584	10,915,912	72,717,463	65,019,319	80,875,047	75,935,231
Total net position	$ 51,617,710	$ 53,339,650	$ 163,835,174	$ 147,771,760	$ 215,452,884	$ 201,111,410

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 $215,452,884 and $201,111,410 at June 30, 2019 and June 30, 2018, respectively.

By far the largest portion of the City's net position (57%) 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, $11,980,191 or 6%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position, $80,875,047 or 37%, is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of June 30, 2019 and June 30, 2018, 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 decreased the City's net position by $1,721,940 as of June 30, 2019 and decreased the City's net position by $1,555,521 as of June 30, 2018. As illustrated on the following table, taxes constitute the largest revenue source at $11,114,365 or fifty-four percent (54%) of total revenue as of June 30, 2019 and $10,150,920 or fifty-six percent (56%) as of June 30, 2018. The majority of the change in net position of the governmental activities from the prior year is attributable to the budgeted use of fund balance in the General Fund for capital improvement projects at the airport.

City of Covington's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	**2019**	2018	**2019**	2018
Revenues:						
Program revenues						
Charges for services	$ 5,350,060	$ 4,362,729	$ 80,527,293	$ 77,013,623	$ 85,877,353	$ 81,376,352
Operating grants and contributions	800,269	945,056	661,842	-	1,462,111	945,056
Capital grants and contributions	2,205,154	1,890,976	2,368,745	1,865,313	4,573,899	3,756,289
General revenues:						
Taxes	11,114,365	10,150,920	-	-	11,114,365	10,150,920
Franchise fees	819,856	720,138	-	-	819,856	720,138
Investment earnings (loss)	127,789	57,403	2,382,498	726,300	2,510,287	783,703
Gain on sale	-	-	15,000	38,304	15,000	38,304
Total revenues	20,417,493	18,127,222	85,955,378	79,643,540	106,372,871	97,770,762
Expenses:						
General government	4,465,855	4,349,213	-	-	4,465,855	4,349,213
Judicial	591,941	721,495	-	-	591,941	721,495
Public safety	19,910,298	18,182,289	-	-	19,910,298	18,182,289
Public works	4,106,086	4,287,839	-	-	4,106,086	4,287,839
Parks and recreation	388,774	376,488	-	-	388,774	376,488
Housing and development	1,683,529	1,691,219	-	-	1,683,529	1,691,219
Interest and fiscal charges	14,842	20,416	-	-	14,842	20,416
Water and sewer	-	-	10,250,450	10,140,691	10,250,450	10,140,691
Gas and electric	-	-	45,497,484	43,737,752	45,497,484	43,737,752
Stormwater	-	-	571,339	551,009	571,339	551,009
Sanitation	-	-	3,250,627	3,087,814	3,250,627	3,087,814
Airport	-	-	1,300,172	1,287,132	1,300,172	1,287,132
Total expenses	31,161,325	29,628,959	60,870,072	58,804,398	92,031,397	88,433,357
Increase (decrease) in net position before transfers	(10,743,832)	(11,501,737)	25,085,306	20,839,142	14,341,474	9,337,405
Transfers	9,021,892	9,946,216	(9,021,892)	(9,946,216)	-	-
Change in net position	(1,721,940)	(1,555,521)	16,063,414	10,892,926	14,341,474	9,337,405
Net position, beginning	53,339,650	57,614,321	147,771,760	136,878,834	201,111,410	194,493,155
Prior period adjustment	-	(2,719,150)	-	-	-	(2,719,150)
Net assets, beginning as restated	53,339,650	54,895,171	147,771,760	136,878,834	201,111,410	191,774,005
Net position, ending	$ 51,617,710	$ 53,339,650	$ 163,835,174	$ 147,771,760	$ 215,452,884	$ 201,111,410

Business-type activities. The City's business-type activities increased the City's net position by $16,063,414 and $10,892,926 as of June 30, 2019 and June 30, 2018, 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, unreserved 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, 2019, total fund balance of the general fund was $18,808,014. 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 81% of the total general fund expenditures. Transfers in from proprietary funds to supplement the general fund were $8,567,171 for the year ended June 30, 2019, which represents 37% 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 2019 amounted to $6,033,655; those for the Gas and Electric Fund amounted to $65,329,875 and those for the Airport Fund amounted to ($531,887). The total change in net position for the Water and Sewer Fund, Gas and Electric Fund, and the Airport Fund were increases of $3,211,298, $9,091,571 and $2,820,978, respectively. The changes in net position of the proprietary funds can be traced to acquisition of assets and an increase in the value of investments.

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, 2019 amounted to $122,597,646 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles and equipment, park and pool 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	
	2019	2018	**2019**	2018	**2019**	2018
Land	$ 2,806,979	$ 2,806,979	$ 10,897,834	$ 10,897,834	$ 13,704,813	$ 13,704,813
Buildings	8,040,766	8,194,230	2,290,519	2,408,922	10,331,285	10,603,152
Machinery and equipment	1,574,348	1,794,720	1,019,454	1,018,142	2,593,802	2,812,862
Furniture and fixtures	13,446	28,096	-	-	13,446	28,096
Vehicles	864,479	1,063,361	947,574	760,681	1,812,053	1,824,042
Intangibles	-	-	3,091,825	3,213,363	3,091,825	3,213,363
Improvements other than buildings	18,397,863	18,363,777	70,751,551	70,570,802	89,149,414	88,934,579
Construction in progress	2,775,966	2,249,722	8,639,628	2,554,966	11,415,594	4,804,688
Total	$ 34,473,847	$ 34,500,885	$ 97,638,385	$ 91,424,710	$ 132,112,232	$ 125,925,595

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

Long-term debt. As of June 30, 2019, the City had total bonded debt outstanding of $5,095,000. 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 capital leases payable of $277,642 for governmental lease purchases and utility improvements. The City's business-type funds had no capital leases payable at June 30, 2019.

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.

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 $78,260,155, 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, 2018 – June 30, 2019 Budget:

The Mayor and Council of the City considered many factors when approving the City's July 1, 2018 – June 30, 2019 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. No significant supplemental appropriations were made for the year ended June 30, 2019.

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.

CITY OF COVINGTON, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Parking Authority	Redevelopment Authority	Airport Authority
ASSETS						
Cash and cash equivalents	$ 20,441,858	$ 9,832,450	$ 30,274,308	$ 62,244	$ 50,039	$ 82,995
Investments	7,391,606	57,947,241	65,338,847	-	-	-
Taxes receivable	165,746	-	165,746	-	-	-
Accounts receivable, net of allowances	1,107,251	11,814,995	12,922,246	-	-	540
Due from other governments	788,316	2,255,583	3,043,899	-	-	-
Due from component units	50,013	-	50,013	-	-	-
Internal balances	943,290	(943,290)	-	-	-	-
Inventories	24,275	2,675,785	2,700,060	-	-	-
Prepaid expenses	64,804	85,741	150,545	-	-	692
Restricted assets:						
Cash and cash equivalents	293,846	3,000,005	3,293,851	-	-	-
Capital assets:						
Nondepreciable	5,582,945	19,537,462	25,120,407	414,173	-	-
Depreciable, net of accumulated depreciation	28,890,902	78,100,923	106,991,825	-	-	313,622
Total assets	65,744,852	184,306,895	250,051,747	476,417	50,039	397,849
DEFERRED OUTFLOWS OF RESOURCES						
Pension	7,483,007	2,874,086	10,357,093	-	-	-
Other post-employment benefits	126,429	-	126,429			
Total deferred outflows of resources	7,609,436	2,874,086	10,483,522	-	-	-
LIABILITIES						
Accounts payable	1,435,123	5,950,420	7,385,543	-	-	-
Accrued liabilities	886,222	369,042	1,255,264	-	-	4,344
Unearned revenues	14,740	139,172	153,912	82,102	-	8,340
Due to primary government	-	-	-	-	50,013	-
Customer deposits payable	-	1,440,848	1,440,848	-	-	-
Capital leases due within one year	212,945	-	212,945	-	-	-
Capital leases due in more than one year	64,697	-	64,697	-	-	-
Notes payable due within one year	-	216,270	216,270	-	-	25,604
Notes payable due in more than one year	-	3,925,674	3,925,674	-	-	232,297
Bonds payable due within one year	-	1,425,000	1,425,000	-	-	-
Bonds payable due in more than one year	-	3,670,000	3,670,000	-	-	-
Compensated absences due within one year	778,057	301,593	1,079,650	-	-	-
Net pension liability	14,799,802	5,684,353	20,484,155	-	-	-
Total other post-employment benefits liability	2,780,497	-	2,780,497	-	-	-
Total liabilities	20,972,083	23,122,372	44,094,455	82,102	50,013	270,585
DEFERRED INFLOWS OF RESOURCES						
Pension	581,736	223,435	805,171	-	-	-
Other post-employment benefits	182,759	-	182,759	-	-	-
Total deferred inflows of resources	764,495	223,435	987,930	-	-	-
NET POSITION						
Net investment in capital assets	34,196,205	88,401,441	122,597,646	414,173	-	55,721
Restricted for:						
Debt service	-	2,716,270	2,716,270	-	-	-
Law enforcement	661,618	-	661,618	-	-	-
Cemetery maintenance	181,082	-	181,082	-	-	-
Housing and development	277,916	-	277,916			
Other capital projects	8,143,305	-	8,143,305	-	-	-
Unrestricted	8,157,584	72,717,463	80,875,047	(19,858)	26	71,543
Total net position	$ 51,617,710	$ 163,835,174	$ 215,452,884	$ 394,315	$ 26	$ 127,264

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, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Business-type Activities	Total	Component Units: Parking Authority	Component Units: Redevelopment Authority	Component Units: Airport Authority
Primary government:										
Governmental activities:										
General government	$ 4,465,855	$ 1,754,192	$ 46,859	$ -	$ (2,664,804)	$ -	$ (2,664,804)	$ -	$ -	$ -
Judicial	591,941	-	-	-	(591,941)	-	(591,941)	-	-	-
Public safety	19,910,298	3,595,868	558,160	-	(15,756,270)	-	(15,756,270)	-	-	-
Public works	4,106,086	-	-	2,205,154	(1,900,932)	-	(1,900,932)	-	-	-
Parks and recreation	388,774	-	195,250	-	(193,524)	-	(193,524)	-	-	-
Housing and development	1,683,529	-	-	-	(1,683,529)	-	(1,683,529)	-	-	-
Interest on long-term debt	14,842	-	-	-	(14,842)	-	(14,842)	-	-	-
Total governmental activities	31,161,325	5,350,060	800,269	2,205,154	(22,805,842)	-	(22,805,842)	-	-	-
Business-type activities:										
Water and sewer	10,250,450	13,422,626	-	24,122	-	3,196,298	3,196,298	-	-	-
Gas	10,804,880	15,533,811	-	-	-	4,728,931	4,728,931	-	-	-
Electric	34,692,604	47,168,312	-	34,215	-	12,509,923	12,509,923	-	-	-
Stormwater	571,339	849,064	661,842	-	-	939,567	939,567	-	-	-
Sanitation	3,250,627	2,918,984	-	-	-	(331,643)	(331,643)	-	-	-
Airport	1,300,172	634,496	-	2,310,408	-	1,644,732	1,644,732	-	-	-
Total business-type activities	60,870,072	80,527,293	661,842	2,368,745	-	22,687,808	22,687,808	-	-	-
Total primary government	$ 92,031,397	$ 85,877,353	$ 1,462,111	$ 4,573,899	(22,805,842)	22,687,808	(118,034)	-	-	-
Component units:										
Parking Authority	$ -	$ 2,350	$ -	$ -	-	-	-	2,350	-	-
Redevelopment Authority	5,571	-	-	-	-	-	-	-	(5,571)	-
Airport Authority	18,757	53,135	-	-	-	-	-	-	-	34,378
Total component units	$ 24,328	$ 55,485	$ -	$ -	-	-	-	2,350	(5,571)	34,378
General revenues:										
Property taxes					5,656,312	-	5,656,312	-	-	-
Sales taxes					2,476,835	-	2,476,835	-	-	-
Insurance premium tax					956,184	-	956,184	-	-	-
Other taxes					2,025,034	-	2,025,034	-	-	-
Franchise fees					819,856	-	819,856	-	-	-
Unrestricted investment earnings					127,789	2,382,498	2,510,287	3	126	-
Gain on sale of capital assets					-	15,000	15,000	-	11,872	-
Transfers					9,021,892	(9,021,892)	-	-	-	-
Total general revenues and transfers					21,083,902	(6,624,394)	14,459,508	3	11,998	-
Change in net position					(1,721,940)	16,063,414	14,341,474	2,353	6,427	34,378
Net position, beginning of year					53,339,650	147,771,760	201,111,410	391,962	(6,401)	92,886
Net position, end of year					$ 51,617,710	$ 163,835,174	$ 215,452,884	$ 394,315	$ 26	$ 127,264

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

CITY OF COVINGTON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 10,700,607	$ 9,741,251	$ 20,441,858
Investments	7,391,606	-	7,391,606
Taxes receivable, net	75,436	90,310	165,746
Accounts receivable, net	358,841	748,410	1,107,251
Due from other governments	449,415	338,901	788,316
Due from other funds	1,219,192	74,223	1,293,415
Inventories	24,275	-	24,275
Prepaid expenditures	45,328	19,476	64,804
Advance to component unit	50,013	-	50,013
Restricted assets:			
Cash and cash equivalents	293,846	-	293,846
Total assets	$ 20,608,559	$ 11,012,571	$ 31,621,130
LIABILITIES			
Accounts payable	$ 940,032	$ 495,091	$ 1,435,123
Accrued liabilities	794,732	89,318	884,050
Unearned revenues	14,058	682	14,740
Due to other funds	-	350,125	350,125
Total liabilities	1,748,822	935,216	2,684,038
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	51,723	-	51,723
Total deferred inflows of resources	51,723	-	51,723
FUND BALANCES			
Nonspendable:			
Inventories	24,275	-	24,275
Prepaid expenditures	45,328	19,476	64,804
Advance to component unit	50,013	-	50,013
Restricted for:			
Law enforcement	-	661,618	661,618
Cemetery maintenance	-	181,082	181,082
Housing and development	-	277,916	277,916
Other capital projects	-	8,143,305	8,143,305
Assigned to:			
Capital projects	-	793,958	793,958
Unassigned	18,688,398	-	18,688,398
Total fund balances	18,808,014	10,077,355	28,885,369
Total liabilities, deferred inflows of resources, and fund balances	$ 20,608,559	$ 11,012,571	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,473,847
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	51,723
The net pension liability and related deferred outflows of resources are not financial resources and, therefore, are not reported in the governmental funds.	(7,898,531)
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.	(2,836,827)
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(1,057,871)
Net position of governmental activities	$ 51,617,710

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, 2019

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	$ 5,631,521	$ -	$ 5,631,521
Sales taxes	2,476,835	-	2,476,835
Insurance premium taxes	956,184	-	956,184
Other taxes	1,134,376	890,658	2,025,034
Charges for services	-	2,945,014	2,945,014
Licenses and permits	402,083	-	402,083
Intergovernmental	800,269	2,205,154	3,005,423
Franchise fees	819,856	-	819,856
Fines and forfeitures	505,095	145,759	650,854
Interest revenue	126,138	1,651	127,789
Other revenues	1,335,526	16,583	1,352,109
Total revenues	14,187,883	6,204,819	20,392,702
Expenditures			
Current:			
General government	4,088,076	-	4,088,076
Judicial	661,826	-	661,826
Public safety	14,099,357	3,864,393	17,963,750
Public works	2,780,273	-	2,780,273
Parks and recreation	369,572	-	369,572
Housing and development	982,003	652,300	1,634,303
Capital outlay	-	1,605,586	1,605,586
Debt service:			
Principal	205,211	-	205,211
Interest	14,981	-	14,981
Total expenditures	23,201,299	6,122,279	29,323,578
Excess (deficiency) of revenues over (under) expenditures	(9,013,416)	82,540	(8,930,876)
Other financing sources (uses)			
Transfers in	8,567,171	1,706,648	10,273,819
Transfers out	(1,088,374)	(163,553)	(1,251,927)
Proceeds from the sale of capital assets	20,816	-	20,816
Total other financing sources, net	7,499,613	1,543,095	9,042,708
Net change in fund balances	(1,513,803)	1,625,635	111,832
Fund balances, beginning of year	20,321,817	8,451,720	28,773,537
Fund balances, end of year	$ 18,808,014	$ 10,077,355	$ 28,885,369

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

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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, 2019

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	111,832
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.		7,151
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net assets.		(34,189)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		24,791
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.		205,211
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		(2,036,736)
	$	(1,721,940)

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, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Property taxes	$ 5,198,170	$ 5,198,170	$ 5,631,521	$ 433,351
Sales taxes	2,125,000	2,301,062	2,476,835	175,773
Insurance premium taxes	875,000	875,000	956,184	81,184
Other taxes	1,085,000	1,085,000	1,134,376	49,376
Licenses and permits	281,000	281,000	402,083	121,083
Intergovernmental	1,021,480	1,021,480	800,269	(221,211)
Franchise fees	600,000	600,000	819,856	219,856
Fines and forfeitures	540,000	606,837	505,095	(101,742)
Interest revenue	15,000	37,618	126,138	88,520
Other revenues	608,520	1,402,384	1,335,526	(66,858)
Total revenues	12,349,170	13,408,551	14,187,883	779,332
Expenditures				
Current:				
General government:				
Administrative services	2,599,233	2,302,643	2,302,078	565
Elected and appointed officials	477,603	492,140	429,383	62,757
Maintenance department	574,915	576,751	538,196	38,555
Purchasing	138,985	139,672	133,561	6,111
Personnel	494,954	478,811	474,078	4,733
Risk management	233,870	233,870	210,780	23,090
Total general government	4,519,560	4,223,887	4,088,076	135,811
Judicial:	614,791	682,464	661,826	20,638
Public safety:				
Police	7,408,160	8,445,217	8,127,397	317,820
Fire	5,925,429	5,982,166	5,971,960	10,206
Total public safety	13,333,589	14,427,383	14,099,357	328,026
Public works:				
Highways and streets	1,647,299	1,633,657	1,306,003	327,654
Engineering	694,576	1,010,223	832,212	178,011
Facilities maintenance	486,502	487,995	437,510	50,485
Telecommunications	214,192	214,758	204,548	10,210
Total public works	3,042,569	3,346,633	2,780,273	566,360
Parks and recreation:				
Recreation	200,658	201,076	193,925	7,151
Cemetery and parks	186,795	187,300	175,647	11,653
Total parks and recreation	387,453	388,376	369,572	18,804
Housing and development:				
Planning and zoning	1,001,313	1,002,775	896,003	106,772
Mainstreet program	86,000	86,000	86,000	-
Total housing and development	1,087,313	1,088,775	982,003	106,772

(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, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Expenditures (Continued):				
Judicial (Continued):				
Debt service:				
Principal	$ 205,435	$ 205,435	$ 205,211	$ 224
Interest	13,380	14,990	14,981	9
Total debt service	218,815	220,425	220,192	233
Total expenditures	23,204,090	24,377,943	23,201,299	1,176,644
Deficiency of revenues under expenditures	(10,854,920)	(10,969,392)	(9,013,416)	1,955,976
Other financing sources (uses)				
Transfers in	11,081,080	11,081,080	8,567,171	(2,513,909)
Transfers out	(1,011,900)	(1,187,962)	(1,088,374)	99,588
Capital leases	1,181,562	1,472,096	-	(1,472,096)
Proceeds from the sale of capital assets	-	-	20,816	20,816
Total other financing sources, net	11,250,742	11,365,214	7,499,613	(3,865,601)
Net change in fund balances	395,822	395,822	(1,513,803)	(1,909,625)
Fund balances, beginning of year	20,321,817	20,321,817	20,321,817	-
Fund balances, end of year	$ 20,717,639	$ 20,717,639	$ 18,808,014	$ (1,909,625)

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

CITY OF COVINGTON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Water and Sewer Utility Fund	Gas and Electric Utility Fund	Airport Fund	Nonmajor Enterprise Funds	Totals
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 6,182,800	$ 2,090,923	$ 100	$ 1,558,627	$ 9,832,450
Investments	-	57,947,241	-	-	57,947,241
Accounts receivable, net of allowances	1,701,383	8,933,476	6,560	1,173,576	11,814,995
Due from other funds	-	183,140	-	-	183,140
Inventories	105,261	2,541,964	28,560	-	2,675,785
Prepaid expenses	495	76,840	8,406	-	85,741
Due from other governments	462,273	5,321	1,553,647	234,342	2,255,583
Restricted assets, cash	2,714,348	285,657	-	-	3,000,005
Total current assets	11,166,560	72,064,562	1,597,273	2,966,545	87,794,940
NON-CURRENT ASSETS					
Capital assets:					
Nondepreciable	6,759,751	576,290	10,790,841	1,410,580	19,537,462
Depreciable, net of accumulated depreciation	37,161,309	19,408,424	16,685,935	4,845,255	78,100,923
Total non-current assets	43,921,060	19,984,714	27,476,776	6,255,835	97,638,385
Total assets	55,087,620	92,049,276	29,074,049	9,222,380	185,433,325
DEFERRED OUTFLOWS OF RESOURCES					
Pension	1,233,530	1,033,629	33,144	573,783	2,874,086
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	829,234	3,900,813	863,310	357,063	5,950,420
Accrued liabilities	285,373	251,664	15,582	118,016	670,635
Current portion - notes payable	216,270	-	-	-	216,270
Customer deposits payable	-	1,440,848	-	-	1,440,848
Due to other funds	-	-	1,126,430	-	1,126,430
Unearned revenue	-	50,317	88,855	-	139,172
Payable from restricted assets:					
Revenue bonds payable, current portion	1,425,000	-	-	-	1,425,000
Total current liabilities	2,755,877	5,643,642	2,094,177	475,079	10,968,775
NON-CURRENT LIABILITIES					
Revenue bonds payable, net of current portion	3,670,000	-	-	-	3,670,000
Notes payable, net of current portion	3,925,674	-	-	-	3,925,674
Net pension liability	2,439,662	2,044,319	65,549	1,134,823	5,684,353
Total long-term liabilities	10,035,336	2,044,319	65,549	1,134,823	13,280,027
Total liabilities	12,791,213	7,687,961	2,159,726	1,609,902	24,248,802
DEFERRED INFLOWS OF RESOURCES					
Pension	95,896	80,355	2,578	44,606	223,435
NET POSITION					
Net investment in capital assets	34,684,116	19,984,714	27,476,776	6,255,835	88,401,441
Restricted for debt service	2,716,270	-	-	-	2,716,270
Unrestricted	6,033,655	65,329,875	(531,887)	1,885,820	72,717,463
Total net position	$ 43,434,041	$ 85,314,589	$ 26,944,889	$ 8,141,655	$ 163,835,174

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

CITY OF COVINGTON, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Water and Sewer Utility Fund	Gas and Electric Utility Fund	Airport Fund	Nonmajor Enterprise Funds	Totals
OPERATING REVENUES					
Charges for services	$ 13,398,420	$ 61,125,033	$ 501,878	$ 3,730,371	$ 78,755,702
Other services	24,206	1,577,090	132,618	37,677	1,771,591
Total operating revenues	13,422,626	62,702,123	634,496	3,768,048	80,527,293
OPERATING EXPENSES					
Personnel services	3,216,842	3,461,822	282,031	1,845,540	8,806,235
Water purchases	2,366,149	-	-	-	2,366,149
Purchased power	-	29,546,711	-	-	29,546,711
Natural gas purchases	-	8,601,089	-	-	8,601,089
Other costs of operations	2,588,734	2,812,439	615,947	1,607,425	7,624,545
Depreciation and amortization	1,940,571	1,074,182	402,194	369,001	3,785,948
Total operating expenses	10,112,296	45,496,243	1,300,172	3,821,966	60,730,677
Operating income (loss)	3,310,330	17,205,880	(665,676)	(53,918)	19,796,616
NON-OPERATING REVENUE (EXPENSES)					
Intergovernmental	-	-	-	661,842	661,842
Interest income	-	2,382,498	-	-	2,382,498
Interest expense	(138,154)	(1,241)	-	-	(139,395)
Gain on sale of capital assets	15,000	-	-	-	15,000
Total non-operating revenue (expenses)	(123,154)	2,381,257	-	661,842	2,919,945
Income (loss) before transfers and capital contributions	3,187,176	19,587,137	(665,676)	607,924	22,716,561
CAPITAL CONTRIBUTIONS	24,122	34,215	2,310,408	-	2,368,745
TRANSFERS					
Transfers in	-	-	1,176,246	331,643	1,507,889
Transfers out	-	(10,529,781)	-	-	(10,529,781)
Total transfers	-	(10,529,781)	1,176,246	331,643	(9,021,892)
Change in net position	3,211,298	9,091,571	2,820,978	939,567	16,063,414
NET POSITION, beginning of year	40,222,743	76,223,018	24,123,911	7,202,088	147,771,760
NET POSITION, end of year	$ 43,434,041	$ 85,314,589	$ 26,944,889	$ 8,141,655	$ 163,835,174

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, 2019

	Water and Sewer Utility Fund	Gas and Electric Utility Fund	Airport Fund	Nonmajor Enterprise Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 13,364,174	$ 61,139,763	$ 724,195	$ 3,738,383	$ 78,966,515
Receipts (payments) from (to) suppliers	(5,264,851)	(41,624,476)	1,122,145	(1,351,483)	(47,118,665)
Payments to employees	(2,890,400)	(3,184,071)	(275,875)	(1,685,656)	(8,036,002)
Net cash provided by operating activities	5,208,923	16,331,216	1,570,465	701,244	23,811,848
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental revenue	-	-	-	661,842	661,842
Transfers out	-	(10,529,781)	-	-	(10,529,781)
Transfers in	-	-	1,176,246	331,643	1,507,889
Net cash provided by (used in) noncapital financing activities	-	(10,529,781)	1,176,246	993,485	(8,360,050)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	15,000	-	-	-	15,000
Acquisition and construction of capital assets	(1,509,199)	(2,615,434)	(3,719,050)	(2,155,940)	(9,999,623)
Principal paid on notes payable	(215,191)	-	-	-	(215,191)
Principal paid on bonds	(1,715,000)	-	-	-	(1,715,000)
Principal paid on capital lease	-	(220,325)	-	-	(220,325)
Capital contributions	24,122	34,215	972,339	-	1,030,676
Interest paid	(143,914)	(1,241)	-	-	(145,155)
Net cash used in capital and related financing activities	(3,544,182)	(2,802,785)	(2,746,711)	(2,155,940)	(11,249,618)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	-	(3,911,713)	-	-	(3,911,713)
Proceeds from the sale of investments	-	1,018,121	-	-	1,018,121
Interest and dividends received	-	1,547,059	-	-	1,547,059
Net cash used in investing activities	-	(1,346,533)	-	-	(1,346,533)
Change in cash and cash equivalents	1,664,741	1,652,117	-	(461,211)	2,855,647
Cash and cash equivalents:					
Beginning of year	7,232,407	724,463	100	2,019,838	9,976,808
End of year	$ 8,897,148	$ 2,376,580	$ 100	$ 1,558,627	$ 12,832,455
Classified as:					
Cash and cash equivalents	$ 6,182,800	$ 2,090,923	$ 100	$ 1,558,627	$ 9,832,450
Restricted assets, cash	2,714,348	285,657	-	-	3,000,005
	$ 8,897,148	$ 2,376,580	$ 100	$ 1,558,627	$ 12,832,455

(Continued)

CITY OF COVINGTON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Water and Sewer Utility Fund	Gas and Electric Utility Fund	Airport Fund	Nonmajor Enterprise Funds	Totals
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	$ 3,310,330	$ 17,205,880	$ (665,676)	$ (53,918)	$ 19,796,616
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	1,940,571	1,074,182	402,194	369,001	3,785,948
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(79,394)	(553,269)	2,073	204,677	(425,913)
(Increase) decrease in inventories	(5,565)	(566,736)	31,094	-	(541,207)
Increase in due from other funds	-	(183,140)	-	-	(183,140)
Decrease in prepaids and other assets	8,524	7,952	1,014	6,750	24,240
(Increase) decrease in due from other governments	20,942	400,163	-	(234,342)	186,763
Decrease in deferred outflows of resources related to pension	519,522	435,336	13,958	241,659	1,210,475
Increase (decrease) in accounts payable	(344,023)	67,607	795,002	249,192	767,778
Increase (decrease) in accrued liabilities	5,394	(191,250)	(3,383)	(3,620)	(192,859)
Decrease in termination benefits	(2,863)	(1,538)	-	(1,631)	(6,032)
Increase in unearned revenues	-	50,317	87,626	-	137,943
Increase in customer deposits	-	45,341	-	-	45,341
Increase in deferred inflows of resources related to pension	95,896	80,355	2,578	44,606	223,435
Decrease in net penson liability	(260,411)	(218,212)	(6,997)	(121,130)	(606,750)
Increase (decrease) in due to other funds and advances	-	(1,321,772)	910,982	-	(410,790)
Net cash provided by operating activities	$ 5,208,923	$ 16,331,216	$ 1,570,465	$ 701,244	$ 23,811,848
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Increase in fair value of investments	$ -	$ 835,439	$ -	$ -	$ 835,439
	$ -	$ 835,439	$ -	$ -	$ 835,439

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

CITY OF COVINGTON, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Agency Fund Impound Evidence	Pension Trust Fund
ASSETS		
Cash and cash equivalents	$ 197,237	$ 1,054,902
Receivables:		
Miscellaneous	-	15,281
Investments, at fair value:		
Certificates of deposit	-	644,750
Common stock	-	23,815,773
Governmental bonds	-	10,406,778
Mutual funds	-	238,024
Corporate bonds	-	11,595,654
Total investments	-	46,700,979
Total assets	197,237	47,771,162
LIABILITIES		
Due to others	197,237	34,755
NET POSITION		
Net position restricted for pension benefits	$ -	$ 47,736,407

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, 2019

	Pension Trust Fund
Additions	
Contributions:	
Employer	$ 3,566,646
Total contributions	3,566,646
Investment income:	
Interest income	1,165,529
Net appreciation in fair value of investments	2,404,704
Total investment income	3,570,233
Total additions	7,136,879
Deductions	
Benefits paid	2,678,454
Administrative expenses	356,900
Total deductions	3,035,354
Net increase	4,101,525
Net position restricted for pension benefits:	
Beginning of year	43,634,882
End of year	$ 47,736,407

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

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NOTES TO FINANCIAL STATEMENTS

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, she is responsible for the day-to-day operations of city government. The legislative authority of the City is vested in the Mayor and six 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 by Statements No. 34 and 61. 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 by Statements No. 34 and 61. However, separate financial statements are not prepared.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Financial Reporting Entity (Continued)

The **Airport Authority** has been included as a discretely presented component unit in the accompanying financial statements with a March 31, 2019 year-end. The Airport Authority was created to provide, operate, maintain, and develop a premier air transportation facility to serve Covington, 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 by Statements No. 34 and 61. 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 nonfiduciary 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.

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, although the agency funds have no 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 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 fund:

> 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 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 ***Gas and Electric Utility Fund*** accounts for the provision of electrical and 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 ***Agency 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2019:

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 FDIC or 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 O.C.G.A., §36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the 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.

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 of supplies held in the Governmental Funds is valued at cost. 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."

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 backtrending. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Depreciation 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
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
Vehicles	5 – 10 years
Improvements other than buildings	5 – 50 years

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City had five items that qualified for reporting in this category. Four of these items relate to the City's defined benefit pension plan and are reported in the government-wide and proprietary fund statement of net position. The City's difference between projected investment return on pension investments and actual return on those investments, as well as the net difference between expected and actual experience represent consumptions of resources and are amortized against pension expense over a five-year period. Changes in the actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Additionally, the City's pension contributions subsequent to the measurement date represent a consumption of net position which applies to the next fiscal year, thus is reported as a deferred outflow of resources. The other item relates to the City's OPEB plan and is reported in the government-wide statement of net position. The City's OPEB contributions subsequent to the measurement date represent a consumption of net position which applies to the next fiscal year, thus is reported as a deferred outflow of resources.

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 fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualified for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. One of the other items relates to the City's defined benefit pension plan and is reported in the government-wide and proprietary fund statement of net position. The net difference between expected and actual experience represent consumptions of resources and are amortized against pension expense over a five-year period. The last item relates to the City's OPEB Plan and is reported in the government-wide statement of net position. The changes of assumptions for the City's OPEB plan is deferred and amortized against pension expense over a ten–year period, resulting in recognition as a deferred inflow of resources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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:

- ***Nonspendable*** – Fund balances are reported as nonspendable 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (Continued)

- ***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.

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.

O. 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.

P. 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.

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:

Capital leases payable	$	(277,642)
Compensated absences		(778,057)
Accrued interest payable		(2,172)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(1,057,871)

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	$	2,156,879
Depreciation expense		(2,149,728)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	7,151

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 (Continued)

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	$	144,374
Net pension liability and deferred outflows of resources related to pensions		(2,153,596)
Total OPEB liability and deferred outflows and inflows of resources related to other post-employment benefits		(51,521)
Termination benefits		23,868
Accrued interest		139
Net adjustment to decrease *net changes in fund balance - total governmental funds* to arrive at *changes in net position - governmental activities*	$	(2,036,736)

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2019, are summarized as follows:

As reported in the Statement of Net Position:		
Primary government		
Cash and cash equivalents	$	30,274,308
Investments		65,338,847
Restricted assets:		
Cash and cash equivalents		3,293,851
Agency Fund - cash and cash equivalents		197,237
Pension Trust Fund		
Cash and cash equivalents		1,054,902
Investments		46,700,979
Component Units - cash and cash equivalents		195,278
	$	147,055,402
Cash deposited with financial institutions	$	39,033,871
Certificates of deposit		2,301,274
Investment in Municipal Competitive Trust		57,913,457
Investment in U.S. Government Securities		502,019
Investment in Corporate Bonds		603,802
Pension Trust Fund investments		46,700,979
	$	147,055,402

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, 2019, the City had the following investments:

		Investment Maturities (in Years)				
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**	**11 - 15**	**Rating**
Entity-wide:						
Municipal Competitive Trust - Short-term	$ 17,221,603	$ 17,221,603	$ -	$ -	$ -	NR
Municipal Competitive Trust - Intermediate	40,691,854	40,691,854	-	-	-	NR
Government bonds	502,019	99,731	402,288	-	-	N/A
Corporate bonds	149,999	99,804	50,195	-	-	AA-
Corporate bonds	201,664	-	201,664	-	-	A+
Corporate bonds	51,282	-	51,282	-	-	A
Corporate bonds	200,857	99,964	100,893	-	-	A-
Certificates of deposit	2,301,274	1,222,565	1,078,709	-	-	N/A
Georgia Fund 1	4,018,295	4,018,295	-	-	-	AAAf
Subtotal	65,338,847	63,453,816	1,885,031	-	-	
Pension Trust Fund:						
Common stock	23,815,773	23,815,773	-	-	-	N/A
Government bonds	6,914,599	498,610	4,357,009	2,058,980	-	AA+
Government bonds	3,492,179	-	3,492,179	-	-	N/A
Corporate bonds	515,575	-	515,575	-	-	AAA
Corporate bonds	1,009,900	-	1,009,900	-	-	AA+
Corporate bonds	2,156,974	-	1,121,754	1,035,220	-	AA
Corporate bonds	1,001,380	-	1,001,380	-	-	AA-
Corporate bonds	1,856,774	-	807,694	1,049,080	-	A+
Corporate bonds	1,700,903	-	699,223	1,001,680	-	A
Corporate bonds	2,055,080	499,835	1,555,245	-	-	A-
Corporate bonds	502,500	-	502,500	-	-	BBB+
Corporate bonds	796,568	-	-	796,568	-	BBB
Certificates of deposit	644,750	644,750	-	-	-	N/A
Mutual Funds	238,024	238,024	-	-	-	N/A
Subtotal	46,700,979	25,696,992	15,062,459	5,941,528	-	
Total fair value	$ 112,039,826	$ 89,150,808	$ 16,947,490	$ 5,941,528	$ -	

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2019:

Investment	Level 1	Level 2	Level 3	Fair Value
United States Treasuries	$ 303,141	$ -	$ -	$ 303,141
Commercial Mortgage-Backed Securities	-	198,878	-	198,878
Corporate Bonds	552,520	51,282	-	603,802
Municipal Comptetive Trust	57,913,457	-	-	57,913,457
Total Investments by fair value level	$ 58,769,118	$ 250,160	$ -	$ 59,019,278

The United State Treasuries, Municipal Competitive Trust, and the Corporate Bonds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments. The investment in Corporate Bonds and the Commercial Mortgage–Backed Securities classified as 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.

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, 2019, the City had no amounts exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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 55% of retirement system assets in equities.

As of June 30, 2019, the Plan had $46,700,979 invested in common stock, government bonds, corporate bonds, and certificates of deposits. Those investments are categorized by risk in the investments table previously disclosed in this footnote.

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, 2019, the Plan did not have debt or equity investments in any one organization which represented greater than 3% of plan fiduciary net position.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Pension Plan – Investments (Continued)

Interest Rate Risk – As of June 30, 2019, the Plan had $46,700,979 invested in the following types of investments as categorized by interest rate risk:

Investment Type	Fair Value	Weighted Average Maturity (years)
Common stock	$ 23,815,773	N/A
Corporate bonds	11,595,654	5.45
Government bonds	10,406,778	3.48
Certificates of deposit	644,750	0.26
Mutual funds	238,024	N/A
Total	$ 46,700,979	

Rate of Return – For the year ended June 30, 2019, 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.

Fair Value Measurements. The Plan has the following recurring fair value measurements, broken into the fair value hierarchy, as of June 30, 2019:

Investment	Level 1	Level 2	Level 3	Fair Value
Corporate Equity Securities	$ 23,815,773	$ -	$ -	$ 23,815,773
Mutual Funds	238,024	-	-	238,024
United States Treasuries	3,492,179	-	-	3,492,179
Commercial mortgage-backed securities	934,002	5,980,597	-	6,914,599
Corporate Bonds	11,093,154	502,500	-	11,595,654
	$ 39,573,132	$ 6,483,097	$ -	$ 46,056,229

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.

NOTE 4. RECEIVABLES

Accounts Receivable

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

	General	Nonmajor Governmental	Water and Sewer	Gas and Electric
Receivables:				
Taxes	$ 278,705	$ 90,310	$ -	$ -
Accounts	366,127	748,410	1,786,415	9,346,028
Intergovernmental	449,415	338,901	462,273	5,321
Gross receivables	1,094,247	1,177,621	2,248,688	9,351,349
Less: allowance for uncollectibles	(210,555)	-	(85,032)	(412,552)
Net total receivables	$ 883,692	$ 1,177,621	$ 2,163,656	$ 8,938,797

	Airport	Nonmajor Enterprise	Total
Receivables:			
Taxes	$ -	$ -	$ 369,015
Accounts	6,560	1,866,120	14,119,660
Intergovernmental	1,553,647	234,342	3,043,899
Gross receivables	1,560,207	2,100,462	17,532,574
Less: allowance for uncollectibles	-	(692,544)	(1,400,683)
Net total receivables	$ 1,560,207	$ 1,407,918	$ 16,131,891

Property Taxes

Property taxes were levied on behalf of the City by Newton County on August 25, 2018 (levy date) based upon property values assessed as of January 1. The billings were mailed on August 23, 2018 and the first installment was payable on or before October 22, 2018, and the final installment was payable on or before December 20, 2018 for the fiscal year 2019 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, 2019, the allowance for uncollectible property taxes was $203,269.

The tax rate levied during calendar year 2018 for the City's operations was 7.654 mills (mill equals $1 per thousand dollars of assessed value).

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 2,806,979	$ -	$ -	$ -	$ 2,806,979
Construction in progress	2,249,722	526,244	-	-	2,775,966
Total capital assets, not being depreciated	5,056,701	526,244	-	-	5,582,945
Capital assets, being depreciated:					
Buildings and improvements	12,578,318	119,971	-	-	12,698,289
Machinery and equipment	9,108,967	298,896	(151,950)	-	9,255,913
Furniture and fixtures	122,424	-	-	-	122,424
Vehicles	5,974,799	241,281	(121,632)	(11,966)	6,082,482
Infrastructure	37,597,207	970,487	-	-	38,567,694
Total capital assets, being depreciated	65,381,715	1,630,635	(273,582)	(11,966)	66,726,802
Less accumulated depreciation for:					
Buildings and improvements	(4,384,088)	(273,435)	-	-	(4,657,523)
Machinery and equipment	(7,314,247)	(485,079)	117,761	-	(7,681,565)
Furniture and fixtures	(94,328)	(14,650)	-	-	(108,978)
Vehicles	(4,911,438)	(440,163)	121,632	11,966	(5,218,003)
Infrastructure	(19,233,430)	(936,401)	-	-	(20,169,831)
Total accumulated depreciation	(35,937,531)	(2,149,728)	239,393	11,966	(37,835,900)
Total capital assets, being depreciated, net	29,444,184	(519,093)	(34,189)	-	28,890,902
Governmental activities capital assets, net	$ 34,500,885	$ 7,151	$ (34,189)	$ -	$ 34,473,847

NOTE 5. CAPITAL ASSETS (CONTINUED)

Primary Government (Continued):

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 10,897,834	$ -	$ -	$ -	$ 10,897,834
Construction in progress	2,554,966	6,245,297	-	(160,635)	8,639,628
Total capital assets, not being depreciated	13,452,800	6,245,297	-	(160,635)	19,537,462
Capital assets, being depreciated:					
Buildings	5,027,359	41,119	-	49,432	5,117,910
Machinery and equipment	4,769,465	199,592	(34,200)	(72,891)	4,861,966
Vehicles	5,173,772	591,999	(362,302)	84,857	5,488,326
Intangibles	4,397,830	-	-	-	4,397,830
Improvements other than buildings	120,951,775	2,921,616	-	111,203	123,984,594
Total capital assets, being depreciated	140,320,201	3,754,326	(396,502)	172,601	143,850,626
Less accumulated depreciation for:					
Buildings	(2,618,437)	(208,954)	-	-	(2,827,391)
Machinery and equipment	(3,751,323)	(196,802)	34,200	71,413	(3,842,512)
Vehicles	(4,413,091)	(406,584)	362,302	(83,379)	(4,540,752)
Intangibles	(1,184,467)	(121,538)	-	-	(1,306,005)
Improvements other than buildings	(50,380,973)	(2,852,070)	-	-	(53,233,043)
Total accumulated depreciation	(62,348,291)	(3,785,948)	396,502	(11,966)	(65,749,703)
Total capital assets, being depreciated, net	77,971,910	(31,622)	-	160,635	78,100,923
Business-type activities capital assets, net	$ 91,424,710	$ 6,213,675	$ -	$ -	$ 97,638,385

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

Governmental activities:	
General government	$ 370,573
Judicial	1,764
Public safety	611,278
Public works	1,104,493
Parks and recreation	1,738
Housing and development	59,882
Total depreciation expense - governmental activities	$ 2,149,728
Business-type activities:	
Water and sewer	$ 1,940,571
Gas and electric	1,074,182
Airport	402,194
Stormwater	216,751
Sanitation	152,250
Total depreciation expense - business-type activities	$ 3,785,948

NOTE 5. CAPITAL ASSETS (CONTINUED)

Component Units:

Parking Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 414,173	$ -	$ -	$ 414,173
Total capital assets, not being depreciated	414,173	-	-	414,173
Parking Authority assets, net	$ 414,173	$ -	$ -	$ 414,173

Redevelopment Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 349,725	$ -	$ (349,725)	$ -
Total capital assets, not being depreciated	349,725	-	(349,725)	-
Capital assets, being depreciated:				
Buildings and improvements	50,454	-	(50,454)	-
Total capital assets, being depreciated	50,454	-	(50,454)	-
Less accumulated depreciation for:				
Buildings and improvements	(12,508)	(2,009)	14,517	-
Total accumulated depreciation	(12,508)	(2,009)	14,517	-
Total capital assets, being depreciated, net	37,946	(2,009)	(35,937)	-
Redevelopment Authority assets, net	$ 387,671	$ (2,009)	$ (385,662)	$ -

NOTE 5. CAPITAL ASSETS (CONTINUED)

Component Units (Continued):

Airport Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	$ 363,620	$ -	$ -	$ 363,620
Total capital assets, being depreciated	363,620	-	-	363,620
Less accumulated depreciation for:				
Buildings and improvements	(40,908)	(9,090)	-	(49,998)
Total accumulated depreciation	(40,908)	(9,090)	-	(49,998)
Airport Authority assets, net	$ 322,712	$ (9,090)	$ -	$ 313,622

NOTE 6. LONG-TERM DEBT

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, 2019, is as follows:

Description	Original Amount	Interest Rate	Due Date	Amount
2013 Revenue Refunding Bonds	$ 14,860,000	2.6%	2025	$ 5,095,000
				5,095,000
			Less current portion	(1,425,000)
				$ 3,670,000

NOTE 6. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

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
2020	$ 1,515,280	$ 1,425,000	$ 90,280
2021	1,515,616	1,455,000	60,616
2022	1,515,334	1,485,000	30,334
2023	371,330	360,000	11,330
2024	215,459	210,000	5,459
2025	161,648	160,000	1,648
	$ 5,294,667	$ 5,095,000	$ 199,667

Note Payable

The City has also incurred debt to the Georgia Environmental Facilities Authority 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, 2019, the City has no unused lines of credit relating to this note. The City's line of credit outstanding at June 30, 2019, is as follows:

Purpose	Original Amount	Interest Rate	Due Date	Amount
GEFA Loan - DW 13-006	$ 4,500,000	0.50%	2038	$ 4,141,944
				4,141,944
			Less current maturities	(216,270)
				$ 3,925,674

The City's outstanding note from direct borrowings related to business-type activities of $4,141,944 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.

NOTE 6. LONG-TERM DEBT (CONTINUED)

Note Payable (Continued)

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
2020	$ 236,485	$ 216,270	$ 20,215
2021	236,485	217,354	19,131
2022	236,485	218,443	18,042
2023	236,485	219,538	16,947
2024	236,485	220,638	15,847
2025 - 2029	1,182,422	1,119,886	62,536
2030 - 2034	1,182,422	1,148,231	34,191
2035 - 2038	788,280	781,584	6,696
	$ 4,335,549	$ 4,141,944	$ 193,605

Capital Leases

The City has entered into lease agreements with financial institutions as lessee for financing the construction of a new fire station and the purchase of police vehicles. The lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and have been recorded at the present value of the future minimum lease payment as of the date of their inception. The fire station and police vehicle leases are being serviced by General Fund payments with annual interest rates of 3.91% and 1.31%, respectively.

The following is an analysis of capital assets leased under capital leases as of June 30, 2019:

Buildings	$ 1,439,150
Vehicles	993,337
Infrastructure	1,623,546
Less accumulated depreciation	(1,509,384)
Carrying value	$ 2,546,649

The City reported $208,236 in depreciation expense on the above leased assets as of June 30, 2019.

NOTE 6. LONG-TERM DEBT (CONTINUED)

Capital Leases (Continued)

The following is a schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, 2019:

Fiscal Year Ending	Governmental Activities
2020	$ 219,592
2021	65,647
Total minimum lease payments	285,239
Less amount representing interest	(7,597)
Present value of future minimum lease payments	277,642
Less current maturities	(212,945)
	$ 64,697

Changes in Long-Term Liabilities – Primary Government

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Governmental activities:					
Capital leases	$ 482,853	$ -	$ (205,211)	$ 277,642	$ 212,945
Net pension liability	16,379,540	3,706,640	(5,286,378)	14,799,802	-
Total OPEB Liability	2,758,031	200,028	(177,562)	2,780,497	-
Compensated absences	922,431	597,192	(741,566)	778,057	778,057
Termination benefits	23,868	-	(23,868)	-	-
Governmental activities long-term liabilities	$ 20,566,723	$ 4,503,860	$ (6,434,585)	$ 18,635,998	$ 991,002
Business-type activities:					
Revenue bonds	$ 6,810,000	$ -	$ (1,715,000)	$ 5,095,000	$ 1,425,000
Notes payable from direct borrowings	4,357,135	-	(215,191)	4,141,944	216,270
Capital lease	220,325	-	(220,325)	-	-
Net pension liability	6,291,103	1,423,658	(2,030,408)	5,684,353	-
Compensated absences	317,310	258,713	(274,430)	301,593	301,593
Termination benefits	6,032	-	(6,032)	-	-
Business-type activities long-term liabilities	$ 18,001,905	$ 1,682,371	$ (4,461,386)	$ 15,222,890	$ 1,942,863

NOTE 6. LONG-TERM DEBT (CONTINUED)

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 Sanitation Fund.

Changes in Long-Term Liabilities – Airport Authority

Long-term liability activity for the Covington Municipal Airport Authority for the year ended March 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Airport Authority:					
Note payable from direct borrowings	$ 282,810	$ -	$ (24,909)	$ 257,901	$ 25,604
Airport Authority long-term liabilities	$ 282,810	$ -	$ (24,909)	$ 257,901	$ 25,604

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 are being used for the construction of new hangers at the Covington Municipal Airport. As of June 30, 2019, the Airport Authority has no unused lines of credit relating to this note. 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, 2019, are as follows:

Fiscal Year Payable	Total	Principal	Interest
2020	$ 32,800	$ 25,604	$ 7,196
2021	32,800	26,319	6,481
2022	32,800	27,053	5,747
2023	32,800	27,808	4,992
2024	32,799	28,583	4,216
2025 - 2028	129,198	122,534	6,664
	$ 293,197	$ 257,901	$ 35,296

NOTE 6. LONG-TERM DEBT (CONTINUED)

Airport Authority Note Payable (Continued)

The Airport Authority's outstanding note from direct borrowings of $257,901 is secured by the equipment purchased 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 Authority's project funds and apply such balance against outstanding required payments.

NOTE 7. PENSION PLAN

Plan Description

Plan Administration. The City of Covington 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 of Covington and the Trustee. This committee is comprised of the City Manager, who serves as Chairman, the HR 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 ZWJ Investment Counsel as the Investment Manager for the Plan. 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, 2018, the date of the most recent actuarial valuation, there were 533 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	196
Vested terminated employees not yet receiving benefits	160
Active employees	177
Total	533

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.

NOTE 7. PENSION PLAN (CONTINUED)

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, 2018 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.

Net Pension Liability of the City

The City's net pension liability was measured as of June 30, 2018, 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, 2018 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:	

Years of Service	Rate
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 2017 mortality improvement scale.

NOTE 7. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

The actuarial assumptions used in the June 30, 2018 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, 2019 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.

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, 2019, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/18	$ 62,684,447	$ 40,013,804	$ 22,670,643
Changes for the year:			
Service cost	728,055	-	728,055
Interest	4,200,906	-	4,200,906
Experience differences	(1,140,659)	-	(1,140,659)
Contributions - employer	-	3,600,000	(3,600,000)
Net investment income	-	2,576,127	(2,576,127)
Benefit payments, including refunds of employee contributions	(2,353,713)	(2,353,713)	-
Administrative expense	-	(201,337)	201,337
Net changes	1,434,589	3,621,077	(2,186,488)
Balances at 6/30/19	$ 64,119,036	$ 43,634,881	$ 20,484,155

NOTE 7. PENSION PLAN (CONTINUED)

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%)
$ 28,973,973	$ 20,484,155	$ 13,382,328

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, 2019, and the current sharing pattern of costs between employer and employee.

For the year ended June 30, 2019, the City recognized pension expense of $6,480,760. At June 30, 2019, 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	$ 662,877	$ -
Net difference between expected and actual experience	1,602,347	(805,171)
Changes in assumptions	4,591,865	
City contributions subsequent to the measurement date	3,500,004	-
Total	$ 10,357,093	$ (805,171)

NOTE 7. PENSION PLAN (CONTINUED)

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

City contributions subsequent to the measurement date of $3,500,004 are reported as a deferred outflow of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The remaining deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2020	$ 4,101,737
2021	2,187,721
2022	(269,556)
2023	32,016
Total	$ 6,051,918

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% of the employee's salary each month. Plan members are not required to make contributions. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. Benefit provisions and contribution requirements are established and may be amended by the City Council. The City contributed $299,975 in fiscal year 2019.

The City also offers its employees a choice of a deferred compensation plan (the "457 Plan") which is administered by Valic or Nationwide. 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. 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 50% of employee contributions up to a maximum of 2%, which is contributed to the 401(a) plan. During the year ended June 30, 2019, City employees contributed $631,930 to the 457 plan.

NOTE 8. DEFINED CONTRIBUTION PLANS (CONTINUED)

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, 2019, are as follows:

Receivable Fund	Payable Fund	General Fund
General Fund	Airport Fund	$ 1,126,430
General Fund	Nonmajor Governmental Funds	92,762
Gas and Electric Fund	Nonmajor Governmental Funds	183,140
Nonmajor Governmental	Nonmajor Governmental Funds	74,223
Total		$ 1,476,555

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

Interfund transfers for the year ended June 30, 2019, consisted of the following:

	Transfer From			
Transfer To	General Fund	Gas and Electric Fund	Nonmajor Governmental	Total
General Fund	$ -	$ 8,403,618	$ 163,553	$ 8,567,171
Airport Fund	-	1,176,246	-	1,176,246
Nonmajor Governmental	1,088,374	618,274	-	1,706,648
Nonmajor Enterprise	-	331,643	-	331,643
Total	$ 1,088,374	$ 10,529,781	$ 163,553	$ 11,781,708

Transfers are used to: 1) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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, 2019, $890,658 of hotel/motel tax was collected. Of the total collected, 100% was used for the promotion of tourism within the City.

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, 2019, the City paid $13,728 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.

NOTE 12. JOINT VENTURES (CONTINUED)

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.

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS

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 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 four of GASB Statement No. 75 and a separate report was not issued for the Retiree Health Plan.

Plan Membership

Membership of the Retiree Health Plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Active participants	298
Retirees and beneficiaries currently receiving benefits	21
Total plan members	319

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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, 2019, the City contributed $126,429 for the pay as you go benefits for the Retiree Health Plan.

Total OPEB Liability of the City

The City's total OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2017, with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, updated to June 30, 2018, using the following actuarial assumptions:

Discount rate:	3.87%
Healthcare cost trend rate:	Initial rate of 8.50% 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 2017 mortality improvement scale.

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

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 3.87%. The high quality municipal bond rate was based on the week closest but not later than the measurement date of the Bind Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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, 2019, were as follows:

Total OPEB Liability	
	Primary Government
Beginning Balance	$ 2,758,031
Changes for the year:	
Service cost	99,781
Interest	100,247
Effect of assumption changes	(61,305)
Benefit payments	(116,257)
Net changes	22,466
Ending Balance	$ 2,780,497

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 (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate			
	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability	$ 2,996,990	$ 2,780,497	$ 2,578,703

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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% - 7.50%	Current Healthcare Cost Trend Assumption Rate 4.00% - 8.50%	1% Increase 5.00% - 9.50%
Total OPEB Liability	$ 2,706,490	$ 2,780,497	$ 2,868,460

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

At June 30, 2019, 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
Assumption changes	$ -	$ 182,758
Employer contributions subsequent to the measurement date	126,429	-
Total	$ 126,429	$ 182,758

City contributions subsequent to the measurement date of $126,429 are reported as deferred outflow of resources and will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2020. The remaining deferred inflows of resources for the City related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2020	$ (22,079)
2021	(22,079)
2022	(22,079)
2023	(22,079)
2024	(22,079)
Thereafter	(72,363)
Total	$ (182,758)

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, 2019, 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 Authority. 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 $30,048,941 in 2019.

At June 30, 2019, the outstanding debt of MEAG was approximately $6.32 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $324.03 million at June 30, 2019.

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 2019, 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 $8,601,089 in 2019.

At June 30, 2019, the outstanding debt of MGAG was approximately $184.1 million. The City's guarantee varies by individual projects undertaken by MGAG and totals approximately $10.84 million at June 30, 2019.

Contractual Commitments

In addition to the liabilities enumerated in the balance sheet at June 30, 2019, the City has contractual commitments on uncompleted construction contracts of approximately $7,059,644.

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 $450,000. The City does purchase commercial insurance for claims in excess of this amount for workers' compensation. As of June 30, 2019, the City has set aside approximately $1.69 million in reserves for potential future workers' compensation claims.

Settled claims in the past three years have not exceeded the coverages.

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 YEARS ENDED JUNE 30

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	**$ 728,055**	$ 493,714	$ 423,626	$ 465,688	$ 434,472
Interest on total pension liability	**4,200,906**	3,650,312	3,315,798	3,019,622	2,904,711
Changes in experience differences	**(1,140,659)**	1,470,212	2,313,285	2,393,142	-
Assumption changes	**-**	9,994,061	-	-	-
Benefit payments, including refunds of employee contributions	**(2,353,713)**	(2,201,881)	(2,032,437)	(1,925,160)	(1,688,917)
Other changes	**-**	-	30,908	49,360	-
Net change in total pension liability	**1,434,589**	13,406,418	4,051,180	4,002,652	1,650,266
Total pension liability - beginning	**62,684,447**	49,278,029	45,226,849	41,224,197	39,573,931
Total pension liability - ending (a)	**$ 64,119,036**	$ 62,684,447	$ 49,278,029	$ 45,226,849	$ 41,224,197
Plan fiduciary net position					
Contributions - employer	**$ 3,600,000**	$ 3,502,117	$ 2,900,000	$ 2,800,000	$ 2,400,000
Contributions - employee	**-**	-	30,908	49,360	246,088
Net investment income	**2,576,127**	3,532,043	679,622	1,142,698	3,528,041
Benefit payments, including refunds of member contributions	**(2,353,713)**	(2,201,881)	(2,032,437)	(1,925,160)	(1,688,917)
Administrative expenses	**(201,337)**	(207,754)	(202,608)	(246,954)	(243,045)
Net change in plan fiduciary net position	**3,621,077**	4,624,525	1,375,485	1,819,944	4,242,167
Plan fiduciary net position - beginning	**40,013,804**	35,389,279	34,013,794	32,193,850	27,951,683
Plan fiduciary net position - ending (b)	**$ 43,634,881**	$ 40,013,804	$ 35,389,279	$ 34,013,794	$ 32,193,850
City's net pension liability - ending (a) - (b)	**$ 20,484,155**	$ 22,670,643	$ 13,888,750	$ 11,213,055	$ 9,030,347
Plan fiduciary net position as a percentage of the total pension liability	**68.1%**	63.8%	71.8%	75.2%	78.1%
Covered payroll	**$ 10,355,722**	$ 10,773,250	$ 11,313,614	$ 11,303,614	$ 11,018,519
Net pension liability as a percentage of covered payroll	**197.8%**	122.8%	122.8%	99.2%	82.0%

Note to the Schedule:

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

CITY OF COVINGTON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS
FOR THE FISCAL YEARS ENDED JUNE 30

	2019	2018	2017	2016	2015
Actuarially determined contribution	**$ 2,441,637**	$ 1,550,940	$ 2,900,000	$ 2,800,000	$ 2,400,000
Contributions in relation to the actuarially determined contribution	**3,600,000**	3,502,117	2,900,000	2,800,000	2,400,000
Contribution deficiency (excess)	**$ (1,158,363)**	$ (1,951,177)	$ -	$ -	$ -
Covered payroll	**$ 9,967,630**	$ 10,355,722	$ 10,773,250	$ 11,313,614	$ 11,303,614
Contributions as a percentage of covered payroll	**36.12%**	33.82%	26.92%	24.75%	21.23%

Notes to the Schedule:

(1) Actuarial Assumptions

Valuation Date	June 30, 2018
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Market 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:	Years of Service	Rate
	0-9	4.50%
	10-19	3.50%
	20-24	3.00%
	25+	2.50%

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

CITY OF COVINGTON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF PENSION INVESTMENT RETURNS
FOR THE FISCAL YEARS ENDED JUNE 30

	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expenses for the City's Pension Plan	**6.8%**	6.8%	4.0%	5.6%	12.5%

Note to the Schedule:

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

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,

	2019	2018
Total OPEB liability		
Service cost	**$ 99,781**	$ 111,514
Interest on total OPEB liability	**100,247**	82,347
Changes of assumptions	**(61,305)**	(159,480)
Benefit payments, including refunds of employee contributions	**(116,257)**	(107,645)
Net change in total OPEB liability	**22,466**	(73,264)
Total OPEB liability - beginning	**2,758,031**	2,831,295
Total OPEB liability - ending (a)	**$ 2,780,497**	$ 2,758,031
Covered-employee payroll	**$ 17,169,505**	$ 16,027,917
City's total OPEB liability as a percentage of covered-employee payroll	**16.19%**	17.21%

Notes to the Schedule

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

The assumptions used in the preparation of the above schedule are disclosed in Note 13 in the Notes to the Financial Statements.

COMBINING STATEMENTS AND SCHEDULES

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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 **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 Capital Projects Funds is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The **SPLOST Fund** accounts for the capital projects within the City from resources provided by the 2005, 2011 and 2017 special Newton County 1% sales and use tax.

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

CITY OF COVINGTON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds				
	Emergency Telephone Fund	Hotel/ Motel Tax Fund	Confiscated Assets Fund	Neighborhood Stabilization Fund	Cemetery Trust Fund
ASSETS					
Cash and cash equivalents	$ -	$ 218,233	$ 279,626	$ 67,011	$ 181,082
Taxes receivable	-	90,310	-	-	-
Accounts receivable	737,308	-	4,297	6,805	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid expenditures	19,476	-	-	-	-
Total assets	$ 756,784	$ 308,543	$ 283,923	$ 73,816	$ 181,082
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 86,929	$ 103,761	$ 226	$ -	$ -
Accrued liabilities	89,318	-	-	-	-
Unearned revenues	-	-	-	682	-
Due to other funds	183,140	-	-	-	-
Total liabilities	359,387	103,761	226	682	-
FUND BALANCES					
Nonspendable:					
Prepaid expenditures	19,476	-	-	-	-
Restricted for:					
Law enforcement	377,921	-	283,697	-	-
Cemetery maintenance	-	-	-	-	181,082
Capital projects	-	-	-	-	-
Housing and development	-	204,782	-	73,134	-
Assigned to:					
Capital projects					
Total fund balances	397,397	204,782	283,697	73,134	181,082
Total liabilities and fund balances	$ 756,784	$ 308,543	$ 283,923	$ 73,816	$ 181,082

	Capital Projects		
	SPLOST Fund	Capital Projects Fund	Totals
$	8,108,731	$ 886,568	$ 9,741,251
	-	-	90,310
	-	-	748,410
	338,901	-	338,901
	-	74,223	74,223
	-	-	19,476
$	8,447,632	$ 960,791	$ 11,012,571
$	137,342	$ 166,833	$ 495,091
	-	-	89,318
	-	-	682
	166,985	-	350,125
	304,327	166,833	935,216
	-	-	19,476
	-	-	661,618
	-	-	181,082
	8,143,305	-	8,143,305
	-	-	277,916
		793,958	793,958
	8,143,305	793,958	10,077,355
$	8,447,632	$ 960,791	$ 11,012,571

CITY OF COVINGTON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				
	Emergency Telephone Fund	Hotel/ Motel Tax Fund	Confiscated Assets Fund	Neighborhood Stabilization Fund	Cemetery Trust Fund
Revenues:					
Other taxes	$ -	$ 890,658	$ -	$ -	$ -
Charges for services	2,928,677	-	-	16,337	-
Intergovernmental	-	-	-	-	-
Fines and forfeitures	-	-	145,759	-	-
Interest revenue	-	-	3	-	1,648
Other revenues	-	-	1,570	-	-
Total revenues	2,928,677	890,658	147,332	16,337	1,648
Expenditures:					
Public safety	3,750,075	-	114,318	-	-
Housing and development	-	652,300	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	3,750,075	652,300	114,318	-	-
Excess (deficiency) of revenues over (under) expenditures	(821,398)	238,358	33,014	16,337	1,648
Other financing sources (uses)					
Transfers in	632,427	-	-	-	-
Transfers out	-	(163,553)	-	-	-
Total other financing sources (uses)	632,427	(163,553)	-	-	-
Net change in fund balances	(188,971)	74,805	33,014	16,337	1,648
Fund balances, beginning of year	586,368	129,977	250,683	56,797	179,434
Fund balances, end of year	$ 397,397	$ 204,782	$ 283,697	$ 73,134	$ 181,082

	Capital Projects SPLOST Fund	Capital Projects Fund	Totals
	$ -	$ -	$ 890,658
	-	-	2,945,014
	1,950,306	254,848	2,205,154
	-	-	145,759
	-	-	1,651
	-	15,013	16,583
	1,950,306	269,861	6,204,819
	-	-	3,864,393
	-	-	652,300
	795,010	810,576	1,605,586
	795,010	810,576	6,122,279
	1,155,296	(540,715)	82,540
	-	1,074,221	1,706,648
	-	-	(163,553)
	-	1,074,221	1,543,095
	1,155,296	533,506	1,625,635
	6,988,009	260,452	8,451,720
	$ 8,143,305	$ 793,958	$ 10,077,355

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, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Charges for services	$ 2,984,018	$ 3,167,920	$ 2,928,677	$ (239,243)
EXPENDITURES				
Public safety	3,846,036	4,029,938	3,750,075	279,863
Total expenditures	3,846,036	4,029,938	3,750,075	279,863
Deficiency of revenues over expenditures	(862,018)	(862,018)	(821,398)	40,620
OTHER FINANCING SOURCES				
Transfers in	862,018	862,018	632,427	(229,591)
Total other financing sources	862,018	862,018	632,427	(229,591)
Net change in fund balances	-	-	(188,971)	(188,971)
FUND BALANCES, beginning of year	586,368	586,368	586,368	-
FUND BALANCES, end of year	$ 586,368	$ 586,368	$ 397,397	$ (188,971)

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, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Other taxes	$ 800,000	$ 866,396	$ 890,658	$ 24,262
EXPENDITURES				
Housing and development	650,000	702,842	652,300	50,542
Total expenditures	650,000	702,842	652,300	50,542
Excess of revenues over expenditures	150,000	163,554	238,358	74,804
OTHER FINANCING USES				
Transfers out	(150,000)	(163,554)	(163,553)	1
Total other financing uses	(150,000)	(163,554)	(163,553)	1
Net change in fund balances	-	-	74,805	74,805
FUND BALANCES, beginning of year	129,977	129,977	129,977	-
FUND BALANCES, end of year	$ 129,977	$ 129,977	$ 204,782	$ 74,805

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, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Fines and forfeitures	$ 14,757	$ 136,283	$ 145,759	$ 9,476
Interest	-	5	3	(2)
Other revenues	-	1,573	1,570	(3)
Total revenues	14,757	137,861	147,332	9,471
EXPENDITURES				
Public safety	14,757	137,861	114,318	23,543
Total expenditures	14,757	137,861	114,318	23,543
Net change in fund balances	-	-	33,014	33,014
FUND BALANCES, beginning of year	250,683	250,683	250,683	-
FUND BALANCES, end of year	$ 250,683	$ 250,683	$ 283,697	$ 33,014

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, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Charges for services	$ -	$ 16,335	$ 16,337	$ 2
Total revenues	-	16,335	16,337	2
EXPENDITURES				
Housing and development	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	-	16,335	16,337	2
FUND BALANCES, beginning of year	56,797	56,797	56,797	-
FUND BALANCES, end of year	$ 56,797	$ 73,132	$ 73,134	$ 2

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, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Interest revenues	$ 1,200	$ 1,200	$ 1,648	$ 448
Total revenues	1,200	1,200	1,648	448
Net change in fund balances	1,200	1,200	1,648	448
FUND BALANCES, beginning of year	179,434	179,434	179,434	-
FUND BALANCES, end of year	$ 180,634	$ 180,634	$ 181,082	$ 448

CITY OF COVINGTON, GEORGIA

CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Intergovernmental	$ 4,461,628	$ 4,716,476	$ 254,848	$ (4,461,628)
Other revenues	643,176	918,642	15,013	(903,629)
Total revenues	5,104,804	5,635,118	269,861	(5,365,257)
EXPENDITURES				
Capital outlay	6,002,963	6,709,339	810,576	5,898,763
Total expenditures	6,002,963	6,709,339	810,576	5,898,763
Deficiency of revenues over expenditures	(898,159)	(1,074,221)	(540,715)	533,506
OTHER FINANCING USES				
Transfers in	898,159	1,074,221	1,074,221	-
Total other financing uses	898,159	1,074,221	1,074,221	-
Net change in fund balances	-	-	533,506	533,506
FUND BALANCES, beginning of year	260,452	260,452	260,452	-
FUND BALANCES, end of year	$ 260,452	$ 260,452	$ 793,958	$ 533,506

CITY OF COVINGTON, GEORGIA

2005 SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Roads, streets, bridges and transportation improvements and equipment	$ 3,693,386	$ 3,693,386	$ 3,285,779	$ 407,607	$ 3,693,386
	$ 3,693,386	$ 3,693,386	$ 3,285,779	$ 407,607	$ 3,693,386

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

CITY OF COVINGTON, GEORGIA

2011 SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Airport improvements	$ 500,000	$ 500,000	$ 500,000	$ -	$ 500,000
Transportation projects	6,966,620	8,188,495	925,794	291,841	1,217,635
	$ 7,466,620	$ 8,688,495	$ 1,425,794	$ 291,841	$ 1,717,635

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

CITY OF COVINGTON, GEORGIA

2017 SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Transportation projects	$ 4,029,944	$ 4,029,944	$ -	$ -	$ -
Sanitary sewer inspection and construction	1,575,000	1,575,000	-	-	-
Public safety	3,820,817	3,820,817	2,397,213	95,562	2,492,775
	$ 9,425,761	$ 9,425,761	$ 2,397,213	$ 95,562	$ 2,492,775

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

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.

CITY OF COVINGTON, GEORGIA

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2019

	Stormwater Utility Fund	Sanitation Fund	Totals
ASSETS			
CURRENT ASSETS			
Cash	$ 1,298,978	$ 259,649	$ 1,558,627
Accounts receivable, net of allowances	690,608	482,968	1,173,576
Due from other governments	234,342	-	234,342
Total current assets	2,223,928	742,617	2,966,545
NON-CURRENT ASSETS			
Capital assets:			
Nondepreciable	1,397,578	13,002	1,410,580
Depreciable, net of accumulated depreciation	4,207,925	637,330	4,845,255
Total non-current assets	5,605,503	650,332	6,255,835
Total assets	7,829,431	1,392,949	9,222,380
DEFERRED OUTFLOWS OF RESOURCES			
Pension	128,428	445,355	573,783
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	236,428	120,635	357,063
Accrued liabilities	13,979	104,037	118,016
Total current liabilities	250,407	224,672	475,079
LONG-TERM LIABILITIES			
Net pension liability	254,004	880,819	1,134,823
Total long-term liabilities	254,004	880,819	1,134,823
Total liabilities	504,411	1,105,491	1,609,902
DEFERRED INFLOWS OF RESOURCES			
Pension	9,984	34,622	44,606
NET POSITION			
Investment in capital assets	5,605,503	650,332	6,255,835
Unrestricted	1,837,961	47,859	1,885,820
Total net position	$ 7,443,464	$ 698,191	$ 8,141,655

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, 2019

	Stormwater Utility Fund	Sanitation Fund	Totals
OPERATING REVENUES			
Charges for services	$ 849,064	$ 2,881,307	$ 3,730,371
Other services	-	37,677	37,677
Total operating revenues	849,064	2,918,984	3,768,048
OPERATING EXPENSES			
Personnel services	272,805	1,572,735	1,845,540
Other costs of operations	81,783	1,525,642	1,607,425
Depreciation	216,751	152,250	369,001
Total operating expenses	571,339	3,250,627	3,821,966
Operating income (loss)	277,725	(331,643)	(53,918)
NON-OPERATING REVENUES			
Intergovernmental	661,842	-	661,842
Total non-operating revenues	661,842	-	661,842
Income (loss) before transfers	939,567	(331,643)	607,924
TRANSFERS			
Transfers in	-	331,643	331,643
Total transfers	-	331,643	331,643
Change in net position	939,567	-	939,567
NET POSITION, beginning of year	6,503,897	698,191	7,202,088
NET POSITION, end of year	$ 7,443,464	$ 698,191	$ 8,141,655

CITY OF COVINGTON, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Stormwater Utility Fund	Sanitation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 558,079	$ 3,180,304	$ 3,738,383
Receipts (payments) from (to) suppliers	153,049	(1,504,532)	(1,351,483)
Payments to employees	(234,066)	(1,451,590)	(1,685,656)
Net cash provided by operating activities	477,062	224,182	701,244
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental revenues	661,842	-	661,842
Transfers in	-	331,643	331,643
Net cash provided by noncapital financing activities	661,842	331,643	993,485
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(1,859,764)	(296,176)	(2,155,940)
Net cash used in capital and related financing activities	(1,859,764)	(296,176)	(2,155,940)
Change in cash and cash equivalents	(720,860)	259,649	(461,211)
Cash and cash equivalents:			
Beginning of year	2,019,838	-	2,019,838
End of year	$ 1,298,978	$ 259,649	$ 1,558,627
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	$ 277,725	$ (331,643)	$ (53,918)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	216,751	152,250	369,001
(Increase) decrease in accounts receivable	(56,643)	261,320	204,677
Decrease in prepaids and other assets	731	6,019	6,750
Decrease in deferred outflows of resources related to pension	54,090	187,569	241,659
Increase in due from other governments	(234,342)	-	(234,342)
Increase in accounts payable	234,101	15,091	249,192
Increase (decrease) in accrued liabilities	1,777	(5,397)	(3,620)
Decrease in termination benefits	-	(1,631)	(1,631)
Decrease in deferred inflows of resources related to pension	9,984	34,622	44,606
Decrease in net pension liability	(27,112)	(94,018)	(121,130)
Net cash provided by operating activities	$ 477,062	$ 224,182	$ 701,244

Statistical Section

COVINGTON
georgia



STATISTICAL SECTION

This part of the City of Covington's comprehensive annual financial report 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 ..... 86 – 91
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 ..... 92 – 95
These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.

Debt Capacity ..... 96 – 98
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..... 99 and 100
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 ..... 101 – 104
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
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	$ 28,269	$ 28,031	$ 28,831	$ 30,692	$ 31,345	$ 33,435	$ 32,492	$ 32,207	$ 34,018	$ 34,196
Restricted	-	274	2,378	3,279	4,707	6,658	7,909	9,031	8,406	10,058
Unrestricted	27,875	27,951	26,722	24,995	25,221	19,365	16,816	16,407	10,916	7,364
Total governmental activities net position	56,144	56,256	57,931	58,966	61,273	59,458	57,217	57,645	53,340	51,618
Business-type activities										
Net investment in capital assets	61,001	62,274	62,445	63,064	65,612	65,867	68,338	73,961	80,037	88,401
Restricted	49	45	137	206	790	750	925	2,550	2,715	2,716
Unrestricted	36,866	39,919	39,772	42,928	44,974	47,526	57,934	60,368	65,019	72,718
Total business-type activities net position	97,916	102,238	102,354	106,198	111,376	114,143	127,197	136,879	147,771	163,835
Primary government										
Net investment in capital assets	89,270	90,305	91,276	93,756	96,957	99,302	100,830	106,168	114,055	122,597
Restricted	49	319	2,515	3,485	5,497	7,408	8,834	11,581	11,121	12,774
Unrestricted	64,741	67,870	66,494	67,923	70,195	66,891	74,750	76,775	75,935	80,082
Total primary government net position	$ 154,060	$ 158,494	$ 160,285	$ 165,164	$ 172,649	$ 173,601	$ 184,414	$ 194,524	$ 201,111	$ 215,453

CITY OF COVINGTON, GEORGIA

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

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	$ 901	$ 1,170	$ 1,389	$ 2,223	$ 3,639	$ 3,121	$ 3,585	$ 3,737	$ 4,349	$ 4,466
Judicial	529	511	520	505	512	625	707	739	721	592
Public safety	12,285	12,532	12,609	12,805	14,129	13,982	16,161	16,503	18,182	19,910
Public works	3,123	3,567	3,198	3,574	3,386	3,377	4,286	3,763	4,288	4,106
Parks and recreation	483	486	503	505	435	138	285	457	-	389
Housing and development	1,431	1,146	1,217	2,959	1,480	1,485	1,783	1,431	1,691	1,683
Interest on long-term debt	66	59	53	44	38	34	26	20	20	15
Total governmental activities expenses	18,818	19,471	19,489	22,615	23,619	22,762	26,833	26,650	29,251	31,161
Business-type activities:										
Water and sewer	9,765	10,029	10,295	9,839	9,348	9,210	9,502	10,220	10,140	10,250
Gas	14,028	13,200	11,081	11,013	12,648	10,597	8,005	9,396	10,034	10,805
Electric	28,193	31,127	35,157	34,879	34,420	35,003	32,642	32,847	33,704	34,693
Stormwater	865	858	859	781	795	694	743	508	551	571
Sanitation	2,607	2,576	2,603	2,857	2,741	2,857	2,892	3,010	3,088	3,251
Airport	195	1,284	1,058	1,020	1,113	1,024	994	997	1,287	1,300
Total business-type activities expenses	55,653	59,074	61,053	60,389	61,065	59,385	54,778	56,978	58,804	60,870
Total primary government expenses	74,471	78,545	80,542	83,004	84,684	82,147	81,611	83,628	88,055	92,031
Program Revenues										
Governmental activities:										
Charges for services:										
General government	578	539	630	1,005	1,077	936	668	774	918	1,754
Public safety	2,338	2,106	1,672	1,453	1,750	2,500	3,453	3,417	3,444	3,596
Operating grants and contributions	1,385	918	774	2,532	802	829	779	898	945	800
Capital grants and contributions	334	228	2,514	2,005	2,174	2,808	2,601	2,067	1,891	2,205
Total governmental activities program revenues	4,635	3,791	5,590	6,995	5,803	7,073	7,501	7,156	7,198	8,355
Business-type activities:										
Charges for services:										
Water and sewer	9,411	10,584	10,949	10,897	11,337	10,967	11,114	12,190	11,999	13,423
Gas	17,344	16,579	13,838	14,725	18,006	15,500	12,883	13,025	14,821	15,534
Electric	36,911	37,822	37,138	40,102	42,644	44,924	45,059	45,112	45,789	47,168
Stormwater	709	678	724	756	729	839	839	801	994	849
Sanitation	2,312	2,326	2,310	2,414	2,459	2,543	2,743	2,769	2,834	2,919
Airport	13	326	584	514	468	421	403	476	576	634
Operating grants and contributions	2,759	993	870	2,069	120	261	512	-	-	662
Capital grants and contributions	100	-	443	-	87	-	-	1,889	1,865	2,369
Total business-type activities program revenues	69,559	69,308	66,856	71,477	75,850	75,455	73,553	76,262	78,878	83,558
Total primary government program revenues	74,194	73,099	72,446	78,472	81,653	82,528	81,054	83,418	86,076	91,913
Net (expense)/revenue										
Governmental activities	(14,183)	(15,680)	(13,899)	(15,620)	(17,816)	(15,689)	(19,332)	(19,494)	(22,053)	(22,806)
Business-type activities	13,906	10,234	5,803	11,088	14,785	16,070	18,775	19,284	20,074	22,688
Total primary government net expense	$ (277)	$ (5,446)	$ (8,096)	$ (4,532)	$ (3,031)	$ 381	$ (557)	$ (210)	$ (1,979)	$ (118)

CITY OF COVINGTON, GEORGIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General revenues and other changes in net position										
Governmental activities:										
Property taxes	$ 5,482	$ 5,033	$ 4,765	$ 4,715	$ 4,868	$ 4,729	$ 4,646	$ 4,885	$ 5,088	$ 5,656
Sales taxes	1,827	1,750	2,004	2,000	1,942	2,012	1,981	2,032	2,176	2,477
Franchise fees	826	846	844	712	701	775	756	764	872	820
Insurance premium taxes	640	622	615	654	677	707	745	818	2,016	956
Other taxes	1,165	1,301	1,346	1,362	1,441	1,648	1,786	1,745	720	2,025
Unrestricted investment earnings	313	172	127	46	66	31	28	42	57	128
Gain on sale of capital assets	-	-	13	4	-	-	-	-	-	-
Transfers	3,957	6,068	5,860	7,162	10,428	11,081	7,149	9,617	9,946	9,022
Total governmental activities	14,210	15,792	15,574	16,655	20,123	20,983	17,091	19,903	20,875	21,084
Business-type activities:										
Unrestricted investment earnings (losses)	264	156	148	(118)	782	524	1,427	327	726	2,382
Gain on sale of capital assets	10	-	25	36	39	6	-	-	38	15
Transfers	(3,957)	(6,068)	(5,860)	(7,162)	(10,428)	(11,081)	(7,149)	(9,928)	(9,946)	(9,022)
Total business-type activities	(3,683)	(5,912)	(5,687)	(7,244)	(9,607)	(10,551)	(5,722)	(9,601)	(9,182)	(6,625)
Total primary government	$ 10,250	$ 4,434	$ 1,791	$ 4,879	$ 7,485	$ 10,813	$ 10,812	$ 10,092	$ 9,714	$ 14,341
Change in net position										
Governmental activities	$ 27	$ 112	$ 1,675	$ 1,035	$ 2,307	$ 5,294	$ (2,241)	$ 409	$ (1,178)	$ (1,722)
Business-type activities	10,223	4,322	116	3,844	5,178	5,519	13,053	9,683	10,892	16,063
Total primary government	$ 10,250	$ 4,434	$ 1,791	$ 4,879	$ 7,485	$ 10,813	$ 10,812	$ 10,092	$ 9,714	$ 14,341

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
2010	$ 5,482	$ 1,827	$ 223	$ 584	$ 640	$ 358	$ 9,114
2011	5,033	1,750	378	537	622	386	8,706
2012	4,765	2,004	401	576	615	369	8,730
2013	4,715	2,000	431	573	654	358	8,731
2014	4,868	1,942	556	580	677	305	8,928
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	721	572	818	452	9,480
2018	5,110	2,175	862	638	872	516	10,173
2019	5,656	2,477	891	622	956	512	11,114

CITY OF COVINGTON, GEORGIA

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

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Reserved	$ 3,382	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved-designated	-	-	-	-	-	-	-	-	-	-
Unreserved	22,557	-	-	-	-	-	-	-	-	-
Non-spendable	-	2,785	3,469	2,906	3,556	3,315	3,242	2,778	582	120
Committed	-	11	164	234	225	233	258	-	-	-
Assigned	-	5,876	2,692	2,692	575	2,692	3,270	37	37	-
Unassigned	-	19,145	20,164	19,237	20,763	18,818	15,380	18,407	19,703	18,688
Total general fund	25,939	27,817	26,489	25,069	25,119	25,058	22,150	21,222	20,322	18,808
All other governmental funds										
Reserved	175	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	612	-	-	-	-	-	-	-	-	-
Capital projects funds	126	-	-	-	-	-	-	-	-	-
Non-spendable	-	21	51	15	12	15	50	31	46	19
Restricted for:										
Law enforcement	-	-	-	-	-	-	716	800	791	662
Cemetery maintenance	-	175	176	176	176	177	177	178	179	181
Public safety	-	-	700	266	349	852	-	-	-	-
Housing and development	-	-	-	-	-	10	25	40	187	278
Capital projects	-	99	1,503	2,837	4,183	5,619	6,991	8,013	7,249	8,937
Unassigned	-	(389)	-	-	(10)	-	(258)	-	-	-
Total all other governmental funds	913	(94)	2,430	3,294	4,710	6,673	7,701	9,062	8,452	10,077
Total all governmental funds	$ 26,852	$ 27,723	$ 28,919	$ 28,363	$ 29,829	$ 31,731	$ 29,851	$ 30,284	$ 28,774	$ 28,885

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 capital 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)

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	$ 8,938	$ 8,715	$ 8,764	$ 8,953	$ 8,867	$ 9,069	$ 9,217	$ 9,466	$ 10,173	$ 11,090
Licenses and permits	144	151	192	155	153	230	188	243	279	402
Intergovernmental	1,719	1,146	3,289	4,535	2,975	3,637	3,380	2,964	2,836	3,005
Charges for services	1,912	1,311	1,198	1,064	1,145	1,005	2,909	2,882	2,800	2,945
Franchise fees	826	846	844	712	701	775	745	764	720	820
Fines and forfeitures	1,086	770	681	391	614	1,491	743	542	644	651
Interest earned	313	172	127	48	66	31	28	42	57	128
Miscellaneous	782	869	884	850	925	706	481	530	640	1,352
Total revenues	15,720	13,980	15,979	16,708	15,446	16,944	17,691	17,433	18,149	20,393
Expenditures										
General government	1,376	1,686	1,625	3,811	4,181	3,944	3,945	3,742	3,732	4,088
Judicial	528	507	519	503	517	626	704	681	700	662
Public safety	11,368	12,356	12,573	13,110	14,882	14,566	16,124	16,660	16,281	17,964
Public works	2,415	2,758	2,811	2,777	2,731	3,743	3,452	3,876	3,078	2,780
Parks and recreation	459	476	501	519	401	308	332	483	362	370
Housing and development	1,398	1,220	1,211	2,951	1,481	1,617	1,758	1,451	1,586	1,634
Capital outlay	337	189	1,112	424	609	979	7	-	3,649	1,606
Debt service:										
Principal retirement	197	220	278	288	392	373	381	273	198	205
Interest charges	69	62	57	47	41	35	28	20	21	15
Total expenditures	18,147	19,474	20,687	24,430	25,235	26,191	26,731	27,186	29,607	29,324
Excess (deficiency) of revenues over expenditures	(2,427)	(5,494)	(4,708)	(7,722)	(9,789)	(9,247)	(9,040)	(9,753)	(11,458)	(8,931)
Other financing sources (uses)										
Transfers in	6,602	8,345	7,266	7,243	10,533	11,201	10,153	10,743	11,871	10,274
Transfers out	(2,416)	(2,234)	(1,392)	(81)	(104)	(120)	(3,004)	(824)	(1,925)	(1,252)
Capital leases	-	202	-	-	815	-	-	254	-	-
Proceeds from sale of capital assets	15	52	29	4	12	68	11	13	13	21
Total other financing sources (uses)	4,201	6,365	5,903	7,166	11,256	11,149	7,160	10,186	9,959	9,043
Net change in fund balances	$ 1,774	$ 871	$ 1,195	$ (556)	$ 1,467	$ 1,902	$ (1,880)	$ 433	$ (1,499)	$ 112
Debt service as a percentage of non-capital expenditures (1)	1.47%	1.45%	1.62%	1.37%	1.72%	1.56%	1.53%	1.16%	0.84%	0.79%

(1) Difference in 2017 debt service as a percentage of non-capital expenditures is due to a recalculation.

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
2010	2009	$ 448,632	$ 345,727	$ 23,851	$ 372	$ 84,933	$ 733,649	8.208	$ 2,046,455	40.00%
2011	2010	415,904	243,538	21,370	118	74,338	606,592	8.208	1,702,325	40.00%
2012	2011	389,108	254,237	21,740	116	77,187	588,014	8.208	1,663,003	40.00%
2013	2012	370,786	255,310	22,901	131	83,804	565,324	8.208	1,622,820	40.00%
2014	2013	352,139	261,590	23,720	82	83,145	554,386	8.208	1,593,828	40.00%
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%

Source: Newton County Tax Commissioner.

Note: Property in the County is reassessed annually. The County assesses property at 40% 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
LAST TEN FISCAL YEARS
(Per $1,000 of Assessed Value)

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 and Overlapping Rates
2010	2009	8.208	N/A	9.730	19.210	0.451	1.200	0.25	39.049
2011	2010	8.208	N/A	10.910	21.000	0.451	1.200	0.25	42.019
2012	2011	8.208	N/A	10.910	21.073	0.451	1.200	0.25	42.092
2013	2012	8.208	N/A	10.910	21.900	0.451	1.200	0.20	42.869
2014	2013	8.208	N/A	11.540	21.900	0.451	1.200	0.15	43.449
2015	2014	7.708	N/A	11.225	20.450	0.451	1.200	0.10	41.134
2016	2015	7.654	N/A	12.990	20.000	0.451	N/A	0.10	41.195
2017	2016	7.654	N/A	12.990	20.000	0.451	N/A	0.00	41.095
2018	2017	7.654	5.000	13.441	20.000	N/A	N/A	0.00	46.095
2019	2018	7.654	5.000	13.441	20.000	N/A	N/A	0.00	46.095

Source: Georgia Department of Revenue.

CITY OF COVINGTON, GEORGIA

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

Taxpayer	Fiscal Year 2019 Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxes Levied	Fiscal Year 2010 Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxes Levied
Becton Dickinson (fka CR Bard)	$ 76,925	1	11.89%	$ 490	$ 35,607	5	4.85%	$ 133
General Mills	62,580	2	9.67%	313	41,882	1	5.71%	315
SKC, Inc.	42,306	3	6.54%	313	38,965	2	5.31%	277
Tenneco Plastics (fka Pactiv)	32,384	4	5.01%	170	31,503	3	4.29%	180
Fiberco/Fibervision	27,021	5	4.18%	152	19,391	6	2.64%	128
Nisshinbo	21,570	6	3.33%	131	22,039	4	3.00%	135
Bellsouth/AT&T	19,304	7	2.98%	80				
Michelin North America	9,848	8	1.52%	74	7,120	10	0.97%	55
SGD North America	13,441	9	2.08%	70	10,301	8	1.40%	64
Eric Zorn/Walmart	14,484	10	2.24%	62	11,599	7	1.58%	82
Gwinnett Industries					6,803	9	0.93%	56
	$ 319,863		49.44%	$ 1,855	$ 225,210		30.68%	$ 1,425

Source: Newton County Tax Commissioner.

CITY OF COVINGTON, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL 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	Total Collections to Date	
			Amount	Percentage of Levy (2)		Amount	Percentage of Levy
2010	2009	$ 5,826	$ 4,777	81.99%	$ 250	$ 5,027	86.29%
2011	2010	4,804	4,583	95.40%	208	4,791	99.73%
2012	2011	4,648	4,400	94.66%	117	4,517	97.18%
2013	2012	4,452	4,473	100.47%	96	4,569	102.63%
2014	2013	4,356	4,157	95.43%	51	4,208	96.60%
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%	-	5,059	98.54%

(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 FISCAL YEARS
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities	Business-Type Activities				Total Primary Government	Per Capita (1)
	Capital Leases	Revenue Bonds	Notes Payable	Intergovernmental Agreement	Capital Leases		
2010	$ 1,615	$ 2,425	$ 16,014	$ 418	$ -	$ 20,472	1,560
2011	1,597	2,195	15,006	345	-	19,143	1,445
2012	1,319	1,955	13,960	266	-	17,500	1,312
2013	1,031	16,570	-	183	-	17,784	1,322
2014	1,454	13,330	-	94	1,497	16,375	1,217
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

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, 2019
(amounts expressed in thousands)

	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Covington (1)	Amount Applicable to City of Covington
Direct debt:			
City of Covington	$ 277	100.00%	$ 277
Total direct debt	277		277
Overlapping debt:			
Newton County Board of Education	97,480,000	25.70%	25,048,795
Newton County Board of Commissioners	-		-
Total overlapping debt	97,480,000		25,048,795
Total direct and overlapping debt	$ 97,480,277		$ 25,049,072

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)

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	$ 81,859	$ 68,093	$ 66,520	$ 64,913	$ 63,753	$ 64,260	$ 67,100	$ 71,348	$ 75,957	$ 78,260
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 81,859	$ 68,093	$ 66,520	$ 64,913	$ 63,753	$ 64,260	$ 67,100	$ 71,348	$ 75,957	$ 78,260
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 2018

Assessed value	$ 646,949
Plus exempt property	135,652
Total assessed value	782,601
Debt limit (10% of total assessed value)	78,260
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment	
Total net debt applicable to limit	-
Legal debt margin (in thousands)	$ 78,260

CITY OF COVINGTON, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS [1]
LAST TEN FISCAL 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)
2010	13,126	$ 31,997	$ 24,318	34.7	N/A	N/A	12.1%
2011	13,244	31,997	24,720	34.7	N/A	N/A	12.1%
2012	13,335	31,997	25,830	34.7	N/A	N/A	11.8%
2013	13,452	33,786	26,347	34.9	71.8%	N/A	10.1%
2014	13,452	33,786	26,398	34.9	71.8%	19,522	9.1%
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%

(1) **Source:** U.S. Census Bureau - American Fact Finder.

Median Household Income for 2011 and 2012 are based on 2010 which is from census information.

Median Household Income for 2014 and 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 years 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 NINE YEARS AGO

Employer	2019 Fiscal Year			2010 Fiscal Year [a]		
	Number of Employees [b]	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Newton County Board of Education (County-Wide)	2,576	1	15.87%	N/A	N/A	N/A
Newton County Board of Commissioners	635	2	3.91%	N/A	N/A	N/A
Piedmont Newton Hospital, Inc.	545	3	3.36%	N/A	N/A	N/A
Becton Dickinson	497	4	3.06%	N/A	N/A	N/A
General Mills	395	5	2.43%	N/A	N/A	N/A
City of Covington	337	6	2.08%	N/A	N/A	N/A
Pactiv	336	7	2.07%	N/A	N/A	N/A
Wal-Mart #459	296	8	1.82%	N/A	N/A	N/A
Nisshinbo Automotive Manufacturing, Inc.	268	9	1.65%	N/A	N/A	N/A
FiberVisions, Inc.	230	10	1.42%	N/A	N/A	N/A
	6,115		37.67%	N/A		N/A

Note: (a) Information for 2010 was not readily available. (b) 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

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
General Government	35	34	34	36	35	36	36	36	36	36
Judicial	4	4	4	4	4	4	4	4	4	4
Public Safety										
Police										
Officers	55	51	52	54	54	55	57	57	61	61
Civilians	9	10	10	10	10	10	10	10	10	11
Fire										
Firefighters/EMTs	54	52	52	52	53	54	54	54	54	54
Civilians	1	1	1	1	1	1	1	1	1	1
E-911 Communications	24	23	24	21	28	32	32	33	33	33
Public Works	123	119	122	125	124	125	126	126	126	123
Culture and Recreation	6	5	6	5	3	3	3	3	3	3
Housing and Development	14	11	11	11	11	11	12	12	13	11
Total Budgeted Positions	325	310	316	319	323	331	335	336	341	337

Source: City of Covington Human Resources Department.

CITY OF COVINGTON, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
General Administration										
Court cases closed (1)	4,185	3,905	4,339	2,879	2,461	3,531	4,766	4,293	5,153	3,781
Purchase orders processed	3,612	3,104	3,443	3,189	3,386	3,175	3,403	3,728	3,705	3,609
Accounts payable checks processed	N/A	N/A	5,550	5,409	5,488	5,544	5,620	5,371	5,363	5,483
Servers/PCs/laptops/etc. maintained (3)	N/A	N/A	N/A	N/A	226	216	231	289	984	998
Total business licenses issued	N/A	N/A	N/A	N/A	N/A	1,496	1,932	1,173	2,280	2,168
New business licenses issued	N/A	N/A	178	N/A	246	210	216	203	378	198
Public Safety - Police										
Total calls for service (1)	23,797	24,820	28,256	32,228	33,011	37,414	39,146	36,429	35,407	32,035
Total crimes (1)	1,602	1,126	1,330	1,418	1,414	1,631	2,584	2,755	2,699	2,198
Traffic citations issued (1)	2,766	4,350	3,993	2,297	2,408	3,820	4,015	4,096	4,685	4,418
Traffic accidents investigated (1)	1,140	1,172	1,099	1,085	1,035	1,127	1,215	1,244	1,244	1,317
Servers/PCs/laptops/etc. maintained	N/A	N/A	N/A	N/A	N/A	N/A	178	188	224	310
Public Safety - Fire										
Number of calls answered	1,913	2,087	2,203	2,328	2,729	2,565	3,239	2,895	3,111	2,961
Highways and streets										
Vehicles and equipment maintained (2)	N/A	N/A	N/A	N/A	572	592	569	304	312	325
Miles of new street construction	0.00	0.00	0.00	0.00	0.16	0.00	0.00	0.00	0.00	0.00
Miles of streets resurfaced	0.33	3.71	0.41	0.29	3.30	2.46	3.75	1.50	1.90	4.43
Wastewater										
Sewer average daily flows in thousand gallons (1)	1,744	2,084	1,710	1,684	2,108	2,026	2,221	2,049	2,114	2,400
Number of sewer customers	N/A	N/A	6,329	6,398	6,511	6,659	6,734	6,834	6,986	7,295
Water										
Water average daily consumption in thousand gallons (1)	3,104	3,173	2,913	3,303	3,132	2,981	3,045	3,361	3,034	2,856
Number of water customers	N/A	N/A	7,791	7,871	7,988	8,148	8,210	8,303	8,436	8,917
Electric										
Electricity sold in thousand kilowatt hours	N/A	N/A	556,755	688,417	673,423	425,097	439,621	415,719	424,747	434,836
Number of electric customers	N/A	N/A	11,266	11,346	11,412	11,530	11,707	11,783	11,915	12,186
Gas										
Gas sold in thousand cubic feet	N/A	N/A	1,841,118	1,927,957	1,753,512	1,949,395	1,996,645	1,959,768	2,205,817	2,284,146
Number of gas customers	N/A	N/A	8,210	8,212	8,279	8,489	8,389	8,431	8,526	8,629
Sanitation										
Tons of residential waste landfilled	N/A	N/A	N/A	14,855	14,511	14,164	18,380	18,758	17,414	17,095
Pounds per capita	N/A	N/A	N/A	2,209	2,157	2,106	2,642	2,684	2,480	2,440
Number of residential solid waste customers	N/A	N/A	5,597	5,678	5,719	5,799	5,905	5,934	6,014	6,149

CITY OF COVINGTON, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
Stormwater										
Number of stormwater customers	N/A	N/A	N/A	N/A	N/A	4,807	4,825	4,832	4,858	4,904
Parks and recreation										
Parks maintained (acres)	15.75	15.75	15.75	15.75	15.75	15.75	15.75	15.75	15.75	15.75
Walking trail maintained (miles)	-	-	-	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Housing and development										
Building permits	N/A	78	215	209	171	266	345	443	292	236

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.

CITY OF COVINGTON, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
Public Safety - Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	N/A	N/A	N/A	N/A	76	77	75	80	83	86
Public Safety - Fire										
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire apparatus	N/A	N/A	N/A	N/A	10	9	6		6	6
Fire vehicles	N/A	N/A	N/A	N/A	10	10	12	11	12	11
Highways and streets										
Miles of streets	96.00	96.00	96.00	96.00	96.16	96.16	96.16	97.39	98.92	98.92
Wastewater										
Sewage treatment facilities	1	1	1	1	1	1	1	1	1	1
Miles of sanitary sewers	N/A	N/A	N/A	N/A	140	140	140	146	146	146
Miles of stormwater pipe	N/A	N/A	N/A	N/A	N/A	91.25	91.67	91.50	92.42	92.68
Water										
Water treatment facilities (1)	2	2	2	2	2	2	2	2	2	2
Miles of water mains	N/A	N/A	N/A	N/A	180	180	180	144	144	144
Electric										
Miles of electric lines (3)	285	290	290	290	290	290	291	553	530	541
Gas										
Miles of gas lines	315	317	317	318	322	322	322	296	311	328
Sanitation										
Number of sanitation trucks (4)	N/A	N/A	N/A	N/A	3	3	4	14	18	19
Airport										
Feet of runway	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	6,000
Parks and recreation										
Number of parks (2)	8	8	8	8	8	8	8	8	8	8
Parks acreage	436	436	436	436	436	436	436	436	436	436
Miles of walking trails	-	-	-	2.5	2.5	2.5	2.5	2.5	2.5	2.5
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.

(4) In 2017, the City reviewed fleet records and corrected classification and duplication errors. From 2014 - 2016, the number of sanitation trucks represented light-duty trucks only. Going forward, this number will represent refuse collection trucks.

Compliance Section

COVINGTON
georgia



MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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, the 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 16, 2019.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
December 16, 2019

CITY OF COVINGTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	____Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	____Yes __X__ None Reported
Noncompliance material to financial statements noted?	____Yes __X__ No

Federal Awards

There was not an audit of major federal award programs as of June 30, 2019 due to the total amount expended being less than $750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

CITY OF COVINGTON, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

None reported.