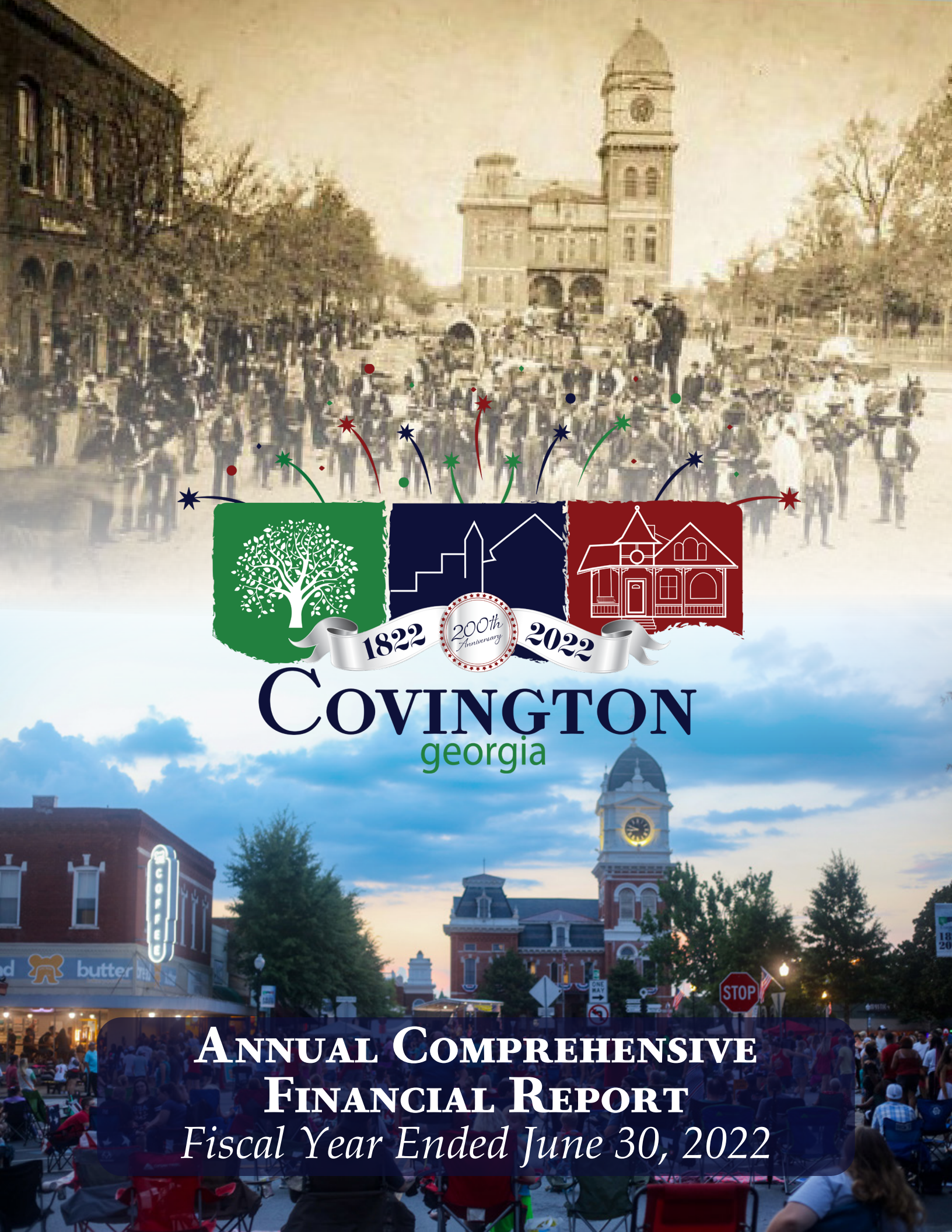


Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2022

CITY OF COVINGTON, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

Prepared by:

Finance Department

Submitted by:
Dr. Tres Thomas
City Manager

CITY OF COVINGTON, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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CITY OF COVINGTON, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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CITY OF COVINGTON, GEORGIA

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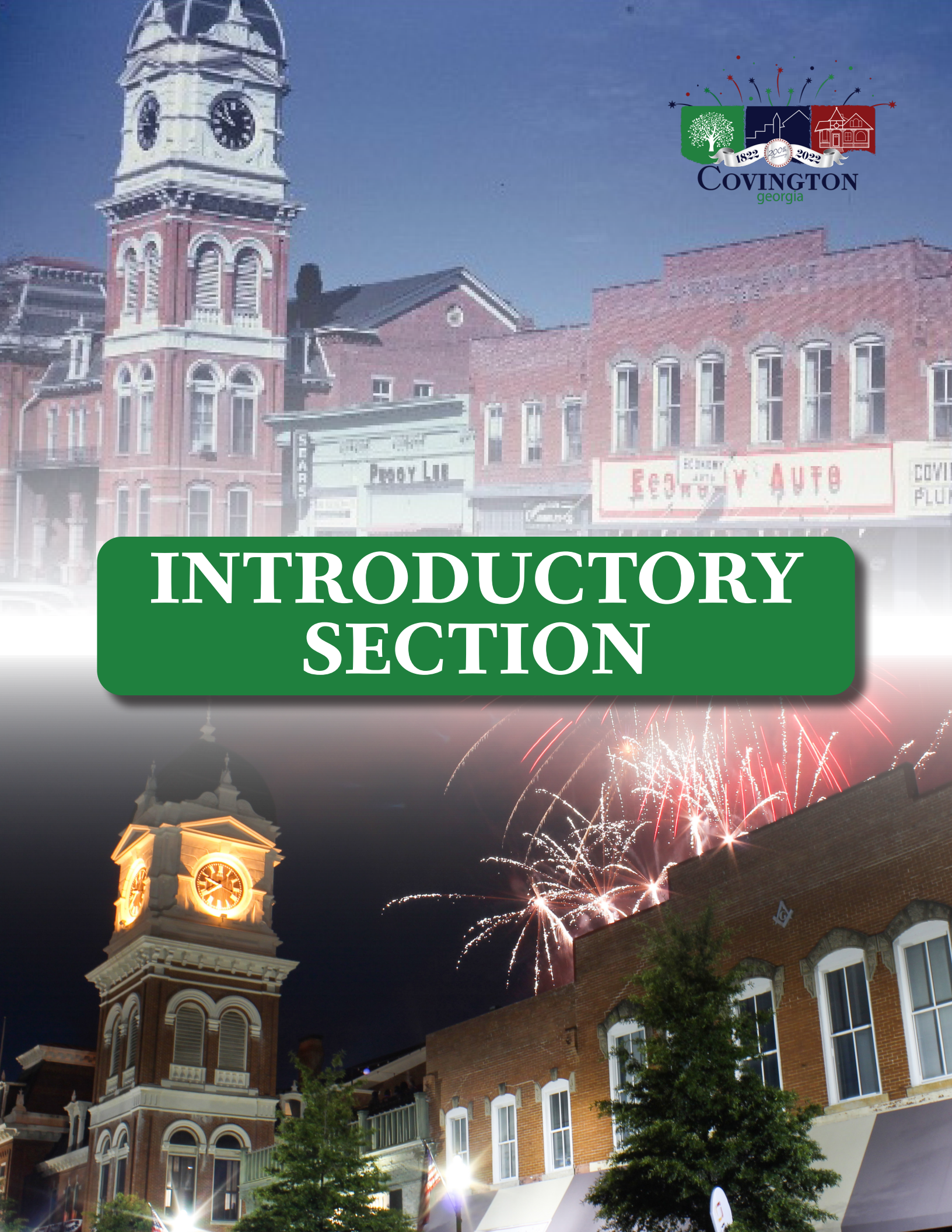
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INTRODUCTORY SECTION

COVINGTON
georgia

2194 Emory Street N.W. * P.O. Box 1527
Covington, Georgia 30015

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

Steve Horton - Mayor
E.F. (Tres) Thomas, III - City Manager

December 28, 2022

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

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

The Annual Comprehensive Financial Report ("ACFR") of Covington, Georgia (the "City"), for the fiscal year ended June 30, 2022, is hereby submitted as mandated by both local ordinance and state statutes. These ordinances and statutes require the City of Covington issue an annual report on its financial position and activity and that this report be audited by an independent firm of certified public accountants.

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

Mauldin & Jenkins, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Covington's financial statements for the year ended June 30, 2022. 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 the 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 200 years old and is a body corporate and politic organized and existing under the Constitution and laws of the State of Georgia. The City 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 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 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 exhibits excellent physical characteristics. Average rainfall is 48.1 inches a year and temperatures range from an average high of 91 degrees in the summer to an average low of 30 degrees in the winter. With year-round average temperatures of 63 degrees, the climate is very favorable, consisting of warm summers and moderate winters.

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

Other transportation needs can also be easily accommodated. For any business that might move freight, there is a direct railway service provided by CSX (Chessie Seaboard Railroad), which serves as a link to the Southeast. For international shipping, Savannah, Georgia and Jacksonville, Florida serve as major deep-water seaports that can be reached by interstate highway in a matter of hours. A 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, 2022.

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.
- Direct and control all property located within the City.
- Establish, alter or abolish City roads and bridges.
- Authorize the City Manager to fill vacancies within the City offices.
- Examine, settle and allow claims against the City.
- Examine and audit the accounts of all officers having the care, management, keeping, collection or disbursement of money belonging to the City.
- 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 is included in this introductory section.

The City maintains budgetary controls to ensure compliance with the legal provision of the annual appropriations budget approved by the City Council. The City 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 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's budget procedures are more fully explained in the accompanying Notes to Financial Statements.

The City 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 benefits economically by being an integral part of Metropolitan Atlanta. The Metro Atlanta region represents one of the southeast's primary transportation, distribution, financial and consumer centers and is the third largest metropolitan area in the southeast. Economists project that the Atlanta area will continue to expand, with the metropolitan area possibly extending as far north as Chattanooga, Tennessee and as far south as Macon, Georgia, in the coming years. The City is well positioned geographically within this growth area and will continue to benefit through growth in the commercial and industrial sectors. The City's industrial park is situated along the City's eastern boundary. There are 4,500 acres of industrial zoned property in the City.

The elements making the City a standout community include the low student/teacher ratio in the Newton County's award-winning school system and the City's exceptionally low crime rate. The City has been recognized as a City of Excellence and a City of Ethics.

Planning for the Future

In planning for the future, the City 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 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. Additionally, the complimentary electric vehicle charging stations installed and being added serve as an opportunity to charge a vehicle while promoting tourism and stimulation of the local economy. The charging stations are strategically located in tourism areas so visitors can shop and dine while waiting for their vehicle to charge.

The Cricket Frog Trail, a miles-long concrete trail has recently been completed offering the community a fantastic opportunity to use the trail for exercise, leisure or as a means of transportation. The City Council approved nearly $6 million in Special Purpose Local Option Sales Tax ("SPLOST") funds to complete the project, that included the restoration of a 100-year-old train trestle.

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
   - -Attention to climate challenges like heat waves, floods and poor air quality

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 is experiencing strong growth in the employment sector and is enjoying a steadily declining unemployment rate. While much of the employment increase is in industrial and manufacturing applications, the City also is seeing a surge in retail stores as a revitalization of the Town Square continues. In 2022, the Covington Welcome Center and Film/History Museum hosted nearly 93,000 people. Located just two blocks from the Square, the center provides an excellent location to start a visit to Covington and provides ample information on the town’s assets, resulting in increased foot traffic for the merchants on the square.

Awards

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 annual comprehensive 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 has been awarded the certificate again for each subsequent year.

Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current 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 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 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 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 of Covington, Georgia.

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

Respectfully submitted,



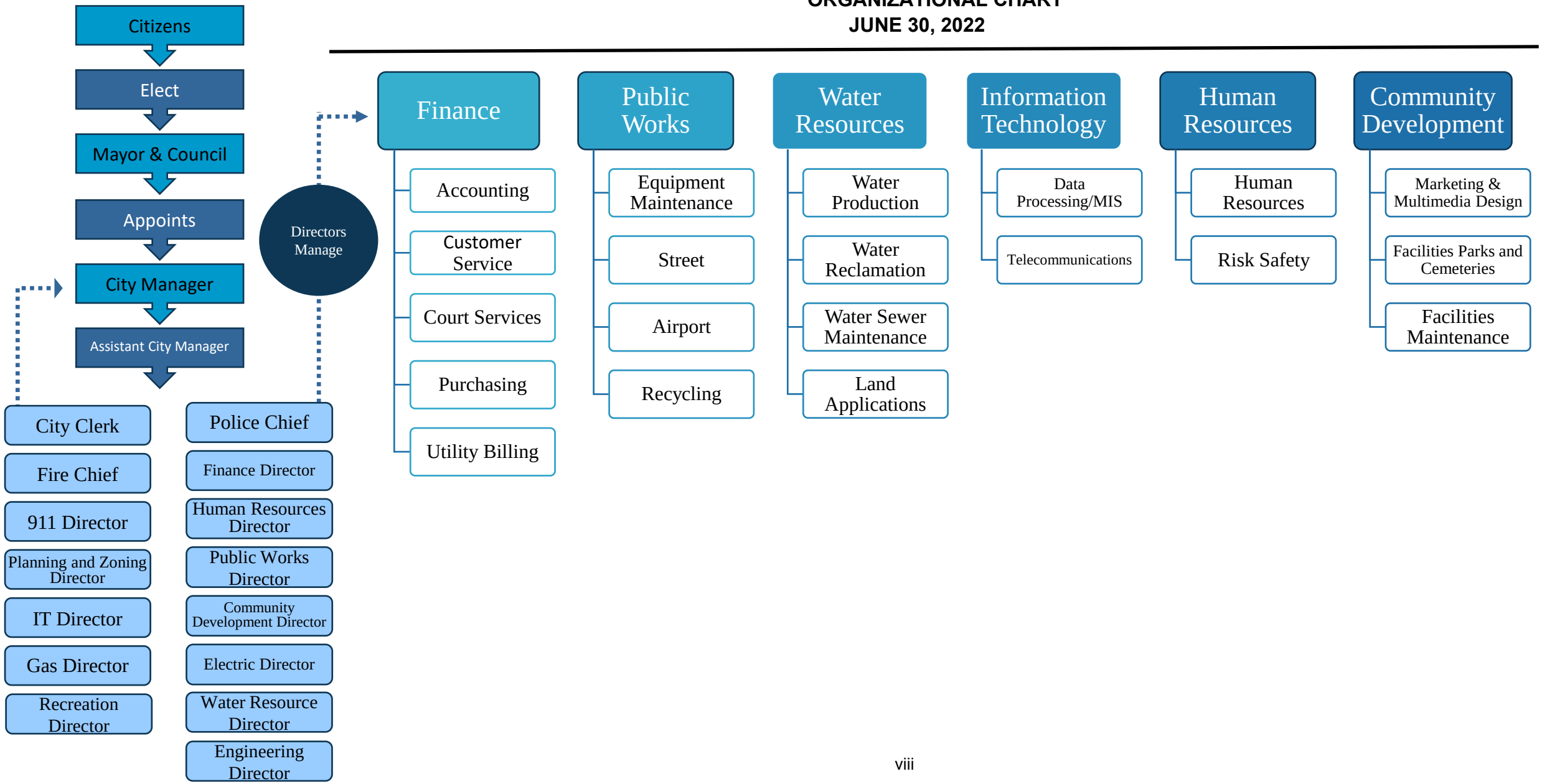
E.F. "Tres" Thomas, III
City Manager



Randy Smith
Finance Director

CITY OF COVINGTON, GEORGIA

ORGANIZATIONAL CHART
JUNE 30, 2022



CITY OF COVINGTON, GEORGIA

LISTING OF PRINCIPAL OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

ELECTED OFFICIALS

Mayor	Steve Horton
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	Fleeta Baggett
City Council Member – Post 2 West Ward	Charika Davis
City Council Member – Post 3 East Ward	Don Floyd
City Council Member – Post 3 West Ward	Anthony Henderson

APPOINTED OFFICIALS

City Manager	Tres Thomas
Assistant City Manager	John King
City Clerk	Audra Gutierrez
Finance Director	Randy Smith
Gas Utility Director	Mike Jewell
Electric Utility Director	Joel Smith
Human Resources Director	Paul Dailey
E911 Director	Trudy Henry
Planning and Development Director	Marc Beechuk
Police Chief	Stacey Cotton
Fire Chief	Jeremy Holmes
Municipal Court Solicitor	Cheryl Freeman
Community Development Director	Ken Malcom
Public Works Director	Lee Harvey
Water Resources Director	Kevin Sorrow
Information Technology Director	Bobby Johnson

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Covington
Georgia

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO



FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Covington, Georgia** (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 5 through 13), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on pages 69 and 70), the Schedule of City Contributions (on pages 71 and 72), the Schedule of Pension Investment Returns (on pages 73 and 74), and the Schedule of Changes in the City's Total OPEB Liability and Related Ratios (on page 75) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of special purpose local option sales tax proceeds is presented for the purpose of additional analysis as required by the Official Code of Georgia Annotated ("O.C.G.A") §48-8-121, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Covington, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
December 28, 2022

CITY OF COVINGTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

As management of the City of Covington (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the year by $254,842,601(net position). Of this amount, $91,429,747 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by $12,311,855; governmental activities increased net position by $8,202,663 and business-type activities increased net position by $4,109,192.
- As of the close of June 30, 2022, the City's governmental funds reported combined ending fund balances of $30,487,752, a decrease of $2,276,207 from the prior year. Approximately 72% of this total amount, or $22,048,886, is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $22,048,886, or 84%, of General Fund expenditures.
- The City's revenues for the year ended June 30, 2022 total $118,045,146. Of this amount, $97,340,214, or 82%, was generated from charges for services. Additionally, $4,453,911, or 4%, was generated from operating and capital grants. The balance of $16,251,021, or 14%, was generated from general revenues.
- The City's expenses for the year ended 2022 total $105,733,291. Of this amount, $27,112,635, or 26%, was consumed by governmental activities. The balance of $78,620,656, or 74%, was consumed by business-type activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Basic Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 16 through 20 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 21 through 24 of this report.

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 68 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 69 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds and enterprise funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 76 through 91 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, 2022 and June 30, 2021.

The City of Covington's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	**2022**	2021	**2022**	2021
Current and other assets	**$ 37,924,249**	$ 35,422,237	**$ 100,221,477**	$ 96,339,594	**$ 138,145,726**	$ 131,761,831
Capital assets	**49,224,681**	40,251,472	**107,840,326**	106,725,407	**157,065,007**	146,976,879
Total assets	**87,148,930**	75,673,709	**208,061,803**	203,065,001	**295,210,733**	278,738,710
Deferred outflows of resources	**3,716,440**	5,991,288	**424,617**	767,264	**4,141,057**	6,758,552
Long-term liabilities outstanding	**17,659,391**	23,196,427	**6,797,938**	9,140,696	**24,457,329**	32,337,123
Other liabilities	**5,805,749**	2,658,700	**9,635,458**	7,472,730	**15,441,207**	10,131,430
Total liabilities	**23,465,140**	25,855,127	**16,433,396**	16,613,426	**39,898,536**	42,468,553
Deferred inflows of resources	**3,837,086**	449,389	**773,567**	48,574	**4,610,653**	497,963
Net position:						
Net investment in capital assets	**49,120,760**	40,251,472	**103,593,363**	100,802,086	**152,714,123**	141,053,558
Restricted	**7,979,193**	9,498,524	**2,719,538**	2,718,443	**10,698,731**	12,216,967
Unrestricted	**6,463,191**	5,610,485	**84,966,556**	83,649,736	**91,429,747**	89,260,221
Total net position	**$ 63,563,144**	$ 55,360,481	**$ 191,279,457**	$ 187,170,265	**$ 254,842,601**	$ 242,530,746

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 $254,842,601 and $242,530,746 at June 30, 2022 and June 30, 2021, respectively.

By far the largest portion of the City's net position (60%) 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, $10,698,731, or 4%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position, $91,429,747, or 36%, is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of June 30, 2022 and June 30, 2021, the City is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental activities. Governmental activities increased the City's net position by $8,202,663 as of June 30, 2022 and increased the City's net position by $890,264 as of June 30, 2021. As illustrated on the following table, taxes constitute the largest revenue source at $15,210,225, or 58% of total revenue as of June 30, 2022 and $13,306,573, or 58%, as of June 30, 2021. 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	
	2022	2021	**2022**	2021	**2022**	2021
Revenues						
Program revenues:						
Charges for services	**$ 5,773,582**	$ 5,072,429	**$ 91,566,632**	$ 79,600,763	**$ 97,340,214**	$ 84,673,192
Operating grants and contributions	**586,819**	1,064,890	**-**	1,391,369	**586,819**	2,456,259
Capital grants and contributions	**3,550,734**	2,808,687	**316,358**	2,037,403	**3,867,092**	4,846,090
General revenues:						
Taxes	**15,210,225**	13,306,573	**-**	-	**15,210,225**	13,306,573
Franchise fees	**808,763**	776,573	**-**	-	**808,763**	776,573
Investment earnings (loss)	**50,859**	48,188	**20,485**	124,879	**71,344**	173,067
Gain on sale	**-**	-	**66,700**	135,211	**66,700**	135,211
Lease income	**93,989**	-	**-**	-	**93,989**	-
Total revenues	**26,074,971**	23,077,340	**91,970,175**	83,289,625	**118,045,146**	106,366,965
Expenses						
General government	**4,483,636**	4,838,847	**-**	-	**4,483,636**	4,838,847
Judicial	**624,127**	512,065	**-**	-	**624,127**	512,065
Public safety	**18,466,104**	18,163,638	**-**	-	**18,466,104**	18,163,638
Public works	**988,989**	6,735,718	**-**	-	**988,989**	6,735,718
Parks and recreation	**520,900**	483,023	**-**	-	**520,900**	483,023
Housing and development	**1,980,639**	1,534,615	**-**	-	**1,980,639**	1,534,615
Interest and fiscal charges	**48,240**	131	**-**	-	**48,240**	131
Water and sewer	**-**	-	**10,800,835**	10,512,704	**10,800,835**	10,512,704
Gas and electric	**-**	-	**62,422,001**	47,694,015	**62,422,001**	47,694,015
Stormwater	**-**	-	**654,955**	744,300	**654,955**	744,300
Sanitation	**-**	-	**3,093,906**	3,006,153	**3,093,906**	3,006,153
Airport	**-**	-	**1,648,959**	1,437,381	**1,648,959**	1,437,381
Total expenses	**27,112,635**	32,268,037	**78,620,656**	63,394,553	**105,733,291**	95,662,590
Increase (decrease) in net position before transfers	**(1,037,664)**	(9,190,697)	**13,349,519**	19,895,072	**12,311,855**	10,704,375
Transfers	**9,240,327**	10,080,961	**(9,240,327)**	(10,080,961)	**-**	-
Change in net position	**8,202,663**	890,264	**4,109,192**	9,814,111	**12,311,855**	10,704,375
Net position, beginning	**55,360,481**	54,470,217	**187,170,265**	177,356,154	**242,530,746**	231,826,371
Net position, ending	**$ 63,563,144**	$ 55,360,481	**$ 191,279,457**	$ 187,170,265	**$ 254,842,601**	$ 242,530,746

Business-type activities. The City's business-type activities increased the City's net position by $4,109,192 and $9,814,111 as of June 30, 2022 and June 30, 2021, respectively.

Financial Analysis of the City's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City. For the fiscal year ended June 30, 2022, total fund balance of the General Fund was $22,237,348. 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 85% of the total general fund expenditures. Transfers in from proprietary funds to supplement the General Fund were $8,348,571 for the year ended June 30, 2022, which represents 32% 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 2022 amounted to $11,413,075; those for the Electric Fund amounted to $66,210,702, the Gas Fund amounted to $4,007,112 and those for the Airport Fund amounted to $234,316. The total change in net position for the Water and Sewer Fund, Electric Fund and Gas Fund were increases of $2,683,267, $383,166, and $983,254, respectively. The total change in net position for the Airport Fund was a decrease of $254,842 for the fiscal year ended June 30, 2022. The changes in net position of the proprietary funds can be traced to acquisition of assets and an increase in the value of investments. In the Airport Fund, the reduction of net position is attributed to a budgeted use for airport infrastructure projects.

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, 2022 amounted to $157,065,007 (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	
	2022	2021	**2022**	2021	**2022**	2021
Land	**$ 3,356,360**	$ 2,887,277	**$ 10,963,710**	$ 10,963,710	**$ 14,320,070**	$ 13,850,987
Buildings	**13,547,543**	13,844,693	**1,680,649**	1,884,148	**15,228,192**	15,728,841
Machinery and equipment	**2,092,322**	1,553,412	**2,065,994**	1,972,000	**4,158,316**	3,525,412
Furniture and fixtures	**(1)**	(1)	**-**	-	**(1)**	(1)
Vehicles	**1,971,024**	1,300,408	**(84,877)**	112,306	**1,886,147**	1,412,714
Intangibles	**-**	-	**2,727,211**	2,848,749	**2,727,211**	2,848,749
Improvements other than buildings	**24,401,504**	19,786,894	**88,946,517**	87,094,109	**113,348,021**	106,881,003
Construction in progress	**3,855,929**	878,789	**1,541,122**	1,850,385	**5,397,051**	2,729,174
Total	**$ 49,224,681**	$ 40,251,472	**$ 107,840,326**	$ 106,725,407	**$ 157,065,007**	$ 146,976,879

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

Long-term debt. As of June 30, 2022, the City had total bonded debt outstanding of $730,000. Of this amount, none is backed by the full faith and credit of the City. The City's bond debt is secured solely by specific revenue sources (i.e., revenue bonds). The City also had total notes payable of $3,489,878 for utility improvements. The City's business-type funds had capital leases of $351,460 at June 30, 2022, net of accumulated amortization, relating to vehicle leases.

The City has no current rating from Standard & Poor's for its water revenue bonds. The City has had no current general obligation bond debt and, therefore, any prior ratings would not be relevant. The City does not anticipate issuing any general obligation debt in the future. The City's governmental activities had capital leases of $1,342,636 at June 30, 2022, net of accumulated amortization relating to vehicle leases.

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 $110,736,361, 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 6 of this report.

Factors affecting the July 1, 2021 – June 30, 2022 Budget

The Mayor and Council of the City of Covington considered many factors when approving the City's July 1, 2021 – June 30, 2022 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. Due to the uncertain impact of the COVID-19 pandemic, the City's original budget reflected a reduction of revenues and expenses. As fiscal year 2021 proved to have little revenue impact, and as COVID relief grant funds were received, the City Council approved budget adjustments to recognize the increased revenues and expenditures.

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, 2022

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Parking Authority	Redevelopment Authority	Airport Authority
ASSETS						
Cash and cash equivalents	$ 20,200,423	$ 17,251,952	$ 37,452,375	$ 62,262	$ 1,137	$ 97,062
Investments	12,489,870	58,919,981	71,409,851	-	-	-
Taxes receivable	392,368	-	392,368	-	-	-
Accounts receivable, net of allowances	1,082,875	16,823,344	17,906,219	-	-	12,976
Lease receivable	204,243	260,199	464,442			
Due from other governments	1,506,878	231,607	1,738,485	-	-	-
Inventories	50,198	3,549,429	3,599,627	-	-	-
Prepaid expenses	170,665	114,789	285,454	-	-	831
Restricted assets:						
Cash and cash equivalents	484,093	2,718,716	3,202,809	-	-	-
Capital assets:						
Right to use assets, net of accumulated depreciation	1,342,636	351,460	1,694,096	-	-	-
Nondepreciable	7,212,289	12,504,832	19,717,121	414,173	-	-
Depreciable, net of accumulated depreciation	42,012,392	95,335,494	137,347,886	-	-	286,351
Total assets	87,148,930	208,061,803	295,210,733	476,435	1,137	397,220
DEFERRED OUTFLOWS OF RESOURCES						
Pension	2,680,271	424,617	3,104,888	-	-	-
Other post-employment benefits	1,036,169	-	1,036,169	-	-	-
Total deferred outflows of resources	3,716,440	424,617	4,141,057	-	-	-
LIABILITIES						
Accounts payable	1,876,238	7,304,699	9,180,937	-	-	11,849
Accrued liabilities	1,276,320	647,956	1,924,276	647	-	3,033
Unearned revenues	2,653,191	156,258	2,809,449	75,065	-	3,780
Customer deposits payable	-	1,526,545	1,526,545	-	-	-
Leases due within one year	547,047	121,414	668,461	-	-	-
Leases due in more than one year	899,510	257,131	1,156,641	-	-	-
Notes payable due within one year	-	219,538	219,538	-	-	27,808
Notes payable due in more than one year	-	3,270,340	3,270,340	-	-	151,118
Bonds payable due within one year	-	360,000	360,000	-	-	-
Bonds payable due in more than	-	370,000	370,000	-	-	-
Compensated absences due within one year	753,822	253,382	1,007,204	-	-	-
Compensated absences due in more than one year	316,703	121,003	437,706	-	-	-
Net pension liability due in more than one year	11,520,614	1,825,130	13,345,744	-	-	-
Total other post-employment benefits liability due in more than one year	3,621,695	-	3,621,695	-	-	-
Total liabilities	23,465,140	16,433,396	39,898,536	75,712	-	197,588
DEFERRED INFLOWS OF RESOURCES						
Pension	3,243,893	513,908	3,757,801	-	-	-
Other post-employment benefits	388,950	-	388,950	-	-	-
Deferred leases receivable	204,243	259,659	463,902	-	-	-
Total deferred inflows of resources	3,837,086	773,567	4,610,653	-	-	-
NET POSITION						
Net investment in capital assets	49,120,760	103,593,363	152,714,123	414,173	-	107,425
Restricted for:						
Debt service	-	2,719,538	2,719,538	-	-	-
Law enforcement	1,352,152	-	1,352,152	-	-	-
Cemetery maintenance	182,724	-	182,724	-	-	-
Parks and recreation	331,000	-	331,000	-	-	-
Housing and development	94,897	-	94,897	-	-	-
Other capital projects	6,018,420	-	6,018,420	-	-	-
Unrestricted	6,463,191	84,966,556	91,429,747	(13,450)	1,137	92,207
Total net position	$ 63,563,144	$ 191,279,457	$ 254,842,601	$ 400,723	$ 1,137	$ 199,632

CITY OF COVINGTON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	Redevelopment Authority	Airport Authority
Primary government										
Governmental activities:										
General government	$ 4,483,636	$ 1,529,434	$ 116,263	$ -	$ (2,837,939)	$ -	$ (2,837,939)	$ -	$ -	$ -
Judicial	624,127	-	-	-	(624,127)	-	(624,127)	-	-	-
Public safety	18,466,104	4,215,046	297,662	-	(13,953,396)	-	(13,953,396)	-	-	-
Public works	988,989	-	-	3,550,734	2,561,745	-	2,561,745	-	-	-
Parks and recreation	520,900	12,771	130,158	-	(377,971)	-	(377,971)	-	-	-
Housing and development	1,980,639	16,331	42,736	-	(1,921,572)	-	(1,921,572)	-	-	-
Interest on long-term debt	48,240	-	-	-	(48,240)	-	(48,240)	-	-	-
Total governmental activities	27,112,635	5,773,582	586,819	3,550,734	(17,201,500)	-	(17,201,500)	-	-	-
Business-type activities:										
Water and sewer	10,800,835	13,484,102	-	-	-	2,683,267	2,683,267	-	-	-
Gas	14,556,906	19,952,538	-	-	-	5,395,632	5,395,632	-	-	-
Electric	47,865,095	53,058,223	-	-	-	5,193,128	5,193,128	-	-	-
Stormwater	654,955	936,276	-	-	-	281,321	281,321	-	-	-
Sanitation	3,093,906	3,141,556	-	-	-	47,650	47,650	-	-	-
Airport	1,648,959	993,937	-	316,358	-	(338,664)	(338,664)	-	-	-
Total business-type activities	78,620,656	91,566,632	-	316,358	-	13,262,334	13,262,334	-	-	-
Total primary government	$ 105,733,291	$ 97,340,214	$ 586,819	$ 3,867,092	(17,201,500)	13,262,334	(3,939,166)	-	-	-
Component units:										
Parking Authority	$ 647	$ 2,346	$ -	$ -	-	-	-	1,699	-	-
Redevelopment Authority	3,932	-	-	-	-	-	-	-	(3,932)	-
Airport Authority	17,961	43,678	-	-	-	-	-	-	-	25,717
Total component units	$ 22,540	$ 46,024	$ -	$ -	-	-	-	1,699	(3,932)	25,717
General revenues:										
Property taxes					7,632,510	-	7,632,510	-	-	-
Sales taxes					3,646,838	-	3,646,838	-	-	-
Insurance premium tax					1,088,683	-	1,088,683	-	-	-
Other taxes					2,842,194	-	2,842,194		-	-
Franchise fees					808,763	-	808,763	-	-	-
Unrestricted investment earnings					50,859	20,485	71,344	6	1	-
Gain on sale of capital assets					-	66,700	66,700	-	3,066	-
Lease income					93,989	-	93,989	-	-	-
Transfers					9,240,327	(9,240,327)	-	-	-	-
Total general revenues and transfers					25,404,163	(9,153,142)	16,251,021	6	3,067	-
Change in net position					8,202,663	4,109,192	12,311,855	1,705	(865)	25,717
Net position, beginning of year					55,360,481	187,170,265	242,530,746	399,018	2,002	173,915
Net position, end of year					$ 63,563,144	$ 191,279,457	$ 254,842,601	$ 400,723	$ 1,137	$ 199,632

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

CITY OF COVINGTON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Capital Projects Funds	ARPA	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 9,704,136	$ 1,226,612	$ 2,652,519	$ 6,617,156	$ 20,200,423
Investments	12,489,870	-	-	-	12,489,870
Taxes receivable, net	257,692	-	-	134,676	392,368
Accounts receivable, net	273,734	-	-	809,141	1,082,875
Lease receivable	204,243	-	-	-	204,243
Due from other governments	845,739	-	-	661,139	1,506,878
Due from other funds	157,080	3,944	-	-	161,024
Inventories	50,198	-	-	-	50,198
Prepaid expenditures	138,264	-	-	32,401	170,665
Restricted assets:					
Cash and cash equivalents	484,093	-	-	-	484,093
Total assets	$ 24,605,049	$ 1,230,556	$ 2,652,519	$ 8,254,513	$ 36,742,637
RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 925,817	$ -	$ -	$ 950,421	$ 1,876,238
Accrued liabilities	1,153,100	-	-	123,220	1,276,320
Unearned revenues	672	-	2,652,519	-	2,653,191
Due to other funds	-	-	-	161,024	161,024
Total liabilities	2,079,589	-	2,652,519	1,234,665	5,966,773
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	83,869	-	-	-	83,869
Unavailable revenue - lessor	204,243	-	-	-	204,243
Total deferred inflows of resources	288,112	-	-	-	288,112
Nonspendable:					
Inventories	50,198	-	-	-	50,198
Prepaid expenditures	138,264	-	-	32,401	170,665
Restricted for:					
Law enforcement	-	290,618	-	1,061,534	1,352,152
Cemetery maintenance	-	-	-	182,724	182,724
Parks and recreation	-	331,000	-	-	331,000
Housing and development	-	-	-	94,897	94,897
Other capital projects	-	370,128	-	5,648,292	6,018,420
Committed to:					
Tourism projects	-	238,810	-	-	238,810
Assigned to:					
Unassigned	22,048,886	-	-	-	22,048,886
Total fund balances	22,237,348	1,230,556	-	7,019,848	30,487,752
Total liabilities, deferred inflows of resources and fund balances	$ 24,605,049	$ 1,230,556	$ 2,652,519	$ 8,254,513	

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.	50,567,317
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	83,869
The net pension liability and related deferred outflows of resources are not financial resources and, therefore, are not reported in the governmental funds.	(12,084,236)
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.	(2,974,476)
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(2,517,082)
Net position of governmental activities	$ 63,563,144

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, 2022

	General	Capital Projects Funds	ARPA	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	$ 7,548,641	$ -	$ -	$ -	$ 7,548,641
Sales taxes	3,646,838	-	-	-	3,646,838
Insurance premium taxes	1,088,683	-	-	-	1,088,683
Other taxes	1,409,761	-	-	1,432,433	2,842,194
Charges for services	-	-	-	3,438,707	3,438,707
Licenses and permits	755,984	-	-	-	755,984
Intergovernmental	586,819	186,292	-	3,364,442	4,137,553
Franchise fees	808,763	-	-	-	808,763
Fines and forfeitures	660,499	-	-	144,942	805,441
Interest revenue	50,837	-	-	22	50,859
Lease income	93,989	-	-	-	93,989
Other revenues	773,450	-	-	-	773,450
Total revenues	17,424,264	186,292	-	8,380,546	25,991,102
Expenditures					
Current:					
General government	5,220,764	-	-	-	5,220,764
Judicial	673,978	-	-	-	673,978
Public safety	14,917,326	-	-	3,752,091	18,669,417
Public works	3,335,359	-	-	-	3,335,359
Parks and recreation	415,057	-	-	105,830	520,887
Housing and development	1,330,920	-	-	626,689	1,957,609
Capital outlay	-	2,518,747	-	4,867,639	7,386,386
Debt service:					
Principal	350,934	-	-	38,060	388,994
Interest	44,109	-	-	4,553	48,662
Total expenditures	26,288,447	2,518,747	-	9,394,862	38,202,056
Excess (deficiency) of revenues over (under) expenditures	(8,864,183)	(2,332,455)	-	(1,014,316)	(12,210,954)
Other financing sources (uses)					
Transfers in	8,348,571	2,352,900	-	440,759	11,142,230
Transfers out	(6,389)	-	-	(1,960,138)	(1,966,527)
Capital leases	715,583		-	31,942	747,525
Proceeds from the sale of capital assets	11,519	-	-	-	11,519
Total other financing sources (uses), net	9,069,284	2,352,900	-	(1,487,437)	9,934,747
Net change in fund balances	205,101	20,445	-	(2,501,753)	(2,276,207)
Fund balances, beginning of year	22,032,247	1,210,111	-	9,521,601	32,763,959
Fund balances, end of year	$ 22,237,348	$ 1,230,556	$ -	$ 7,019,848	$ 30,487,752

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

CITY OF COVINGTON, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	(2,276,207)
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.		9,177,299
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.		1,138,546
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		83,869
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.		(1,446,557)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		1,525,713
	$	8,202,663

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, 2022

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Property taxes	$ 6,504,715	$ 6,504,715	$ 7,548,641	$ 1,043,926
Sales taxes	3,000,000	3,000,000	3,646,838	646,838
Insurance premium taxes	1,000,000	1,000,000	1,088,683	88,683
Other taxes	1,100,000	1,100,000	1,409,761	309,761
Licenses and permits	707,600	707,600	755,984	48,384
Intergovernmental	308,437	308,437	586,819	278,382
Franchise fees	832,000	832,000	808,763	(23,237)
Fines and forfeitures	270,000	292,329	660,499	368,170
Interest revenue	30,000	42,387	50,837	8,450
Lease income		-	93,989	93,989
Other revenues	425,200	489,759	773,450	283,691
Total revenues	14,177,952	14,277,227	17,424,264	3,147,037
Expenditures				
Current				
General government:				
Administrative services	3,498,246	3,429,974	3,239,670	190,304
Elected and appointed officials	543,591	661,546	583,358	78,188
Maintenance department	476,086	475,630	418,536	57,094
Purchasing	146,838	147,019	144,961	2,058
Personnel	826,302	828,536	704,566	123,970
Risk management	190,635	187,830	129,673	58,157
Total general government	5,681,698	5,730,535	5,220,764	509,771
Judicial	669,312	693,391	673,978	19,413
Public safety:				
Police	8,757,415	8,839,285	8,562,828	276,457
Fire	6,103,262	6,107,256	6,354,498	(247,242)
Special investigations unit	-	-	-	-
Total public safety	14,860,677	14,946,541	14,917,326	29,215
Public works:				
Highways and streets	1,947,120	1,963,466	1,663,955	299,511
Engineering	1,097,034	1,018,568	884,605	133,963
Facilities maintenance	672,736	665,728	576,309	89,419
Telecommunications	171,592	210,524	210,490	34
Total public works	3,888,482	3,858,286	3,335,359	522,927
Parks and recreation:				
Recreation	131,299	131,493	129,263	2,230
Cemetery and parks	277,140	290,654	285,794	4,860
Total parks and recreation	408,439	422,147	415,057	7,090
Housing and development:				
Planning and zoning	1,343,655	1,438,891	1,091,851	347,040
Mainstreet program	226,277	248,162	239,069	9,093
Total housing and development	1,569,932	1,687,053	1,330,920	356,133

(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, 2022

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Expenditures (Continued)				
Current (Continued)				
Debt service:				
Principal	$ 207,773	$ 272,266	$ 350,934	$ (78,668)
Interest	77,249	83,202	44,109	39,093
Total debt service	285,022	355,468	395,043	(39,575)
Total expenditures	27,363,562	27,693,421	26,288,447	1,404,974
Deficiency of revenues under expenditures	(13,185,610)	(13,416,194)	(8,864,183)	4,552,011
Other financing sources (uses)				
Transfers in	13,500,476	12,869,176	8,348,571	(4,520,605)
Transfers out	-	(6,389)	(6,389)	-
Capital leases	-	594,251	715,583	121,332
Proceeds from the sale of capital assets	83,500	83,500	11,519	(71,981)
Contributed capital	-	-	-	-
Total other financing sources, net	13,583,976	13,540,538	9,069,284	(4,471,254)
Net change in fund balances	398,366	124,344	205,101	80,757
Fund balances, beginning of year	22,032,247	22,032,247	22,032,247	-
Fund balances, end of year	$ 22,430,613	$ 22,156,591	$ 22,237,348	$ 80,757

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

CITY OF COVINGTON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Water and Sewer Utility Fund	Electric Utility Fund	Gas Utility Fund	Airport Fund	Nonmajor Enterprise Funds	Totals
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 11,600,557	$ 1,828	$ 3,014,696	$ 66,260	$ 2,568,611	$ 17,251,952
Investments	-	58,919,981	-	-	-	58,919,981
Accounts receivable, net of allowances	1,809,474	10,898,387	2,873,021	5,135	1,237,327	16,823,344
Leases receivable	-	-	-	260,199	-	260,199
Inventories	126,585	3,258,740	101,427	62,677	-	3,549,429
Prepaid expenses	14,390	65,151	26,575	6,809	1,864	114,789
Due from other governments	56,155	704	-	174,748	-	231,607
Restricted assets, cash	2,718,716	-	-	-	-	2,718,716
Total current assets	16,325,877	73,144,791	6,015,719	575,828	3,807,802	99,870,017
NON-CURRENT ASSETS						
Capital assets:						
Right to use assets	136,858	109,785	80,849	5,728	18,240	351,460
Nondepreciable	4,073,758	361,117	45,984	7,139,765	884,208	12,504,832
Depreciable, net of accumulated depreciation	39,691,984	18,500,677	8,975,441	20,732,652	7,434,740	95,335,494
Total non-current assets	43,902,600	18,971,579	9,102,274	27,878,145	8,337,188	108,191,786
Total assets	60,228,477	92,116,370	15,117,993	28,453,973	12,144,990	208,061,803
DEFERRED OUTFLOWS OF RESOURCES						
Pension	263,391	124,345	36,881	-	-	424,617
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	529,452	4,341,522	1,677,421	71,083	685,221	7,304,699
Accrued liabilities	372,213	454,452	164,905	9,541	21,230	1,022,341
Current portion - capital lease payable	32,576	42,664	30,609	10,303	5,262	121,414
Current portion - notes payable	219,538	-	-	-	-	219,538
Customer deposits payable	-	1,526,545	-	-	-	1,526,545
Unearned revenue	104,077	50,952	-	1,229	-	156,258
Revenue bonds payable, current portion	360,000	-	-	-	-	360,000
Total current liabilities	1,617,856	6,416,135	1,872,935	92,156	711,713	10,710,795
NON-CURRENT LIABILITIES						
Revenue bonds payable, net of current portion	370,000	-	-	-	-	370,000
Notes payable, net of current portion	3,270,340	-	-	-	-	3,270,340
Lease payable, net of current portion	94,011	85,142	58,711	3,812	15,455	257,131
Net pension liability	1,132,135	534,470	158,525	-	-	1,825,130
Total non-current liabilities	4,866,486	619,612	217,236	3,812	15,455	5,722,601
Total liabilities	6,484,342	7,035,747	2,090,171	95,968	727,168	16,433,396
DEFERRED INFLOWS OF RESOURCES						
Pension	318,778	150,493	44,637	-	-	513,908
Deferred leases receivable	-	-	-	259,659	-	259,659
Total deferred inflows of resources	318,778	150,493	44,637	259,659	-	773,567
NET POSITION						
Net investment in capital assets	39,556,135	18,843,773	9,012,954	27,864,030	8,316,471	103,593,363
Energy efficiency grant	-	-	-	-	-	-
Restricted for debt service	2,719,538	-	-	-	-	2,719,538
Unrestricted	11,413,075	66,210,702	4,007,112	234,316	3,101,351	84,966,556
Total net position	$ 53,688,748	$ 85,054,475	$ 13,020,066	$ 28,098,346	$ 11,417,822	$ 191,279,457

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

CITY OF COVINGTON, GEORGIA

CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Water and Sewer Utility Fund	Electric Utility Fund	Gas Utility Fund	Airport Fund	Nonmajor Enterprise Funds	Totals
OPERATING REVENUES						
Charges for services	$ 13,435,463	$ 51,459,048	$ 19,566,002	$ 878,277	$ 4,076,060	$ 89,414,850
Other services	48,639	1,599,175	386,536	115,660	1,772	2,151,782
Total operating revenues	13,484,102	53,058,223	19,952,538	993,937	4,077,832	91,566,632
OPERATING EXPENSES						
Personnel services	2,892,701	2,318,749	889,710	200,295	258,492	6,559,947
Water purchases	2,534,547	-	-	-	-	2,534,547
Purchased power	-	38,052,815	-	-	-	38,052,815
Other costs of operations	3,353,855	3,124,536	13,301,262	918,685	3,168,100	23,866,438
Depreciation	1,938,582	949,931	329,120	512,790	314,472	4,044,895
Amortization	34,910	47,585	32,486	16,667	7,016	138,664
Total operating expenses	10,754,595	44,493,616	14,552,578	1,648,437	3,748,080	75,197,306
Operating income (loss)	2,729,507	8,564,607	5,399,960	(654,500)	329,752	16,369,326
NON-OPERATING REVENUE (EXPENSES)						
Interest income	-	-	-	20,485	-	20,485
Interest expense	(46,240)	(3,371,479)	(4,328)	(522)	(781)	(3,423,350)
Gain on sale of capital assets	-	16,700	-	-	50,000	66,700
Loss on disposal of capital assets	-	-	-	-	(64,624)	(64,624)
Total non-operating revenue (expenses)	(46,240)	(3,354,779)	(4,328)	19,963	(15,405)	(3,400,789)
Income (loss) before transfers and capital contributions	2,683,267	5,209,828	5,395,632	(634,537)	314,347	12,968,537
CAPITAL CONTRIBUTIONS	-	-	-	316,358	-	316,358
TRANSFERS						
Transfers in	-	4,619	36,610	63,337	-	104,566
Transfers out	-	(4,831,281)	(4,448,988)	-	-	(9,280,269)
Total transfers	-	(4,826,662)	(4,412,378)	63,337	-	(9,175,703)
Change in net position	2,683,267	383,166	983,254	(254,842)	314,347	4,109,192
NET POSITION, beginning of year	51,005,481	84,671,309	12,036,812	28,353,188	11,103,475	187,170,265
NET POSITION, end of year	$ 53,688,748	$ 85,054,475	$ 13,020,066	$ 28,098,346	$ 11,417,822	$ 191,279,457

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, 2022

	Water and Sewer Utility Fund	Electric Utility Fund	Gas Utility Fund	Airport Fund	Nonmajor Enterprise Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	$ 13,353,577	$ 49,150,731	$ 18,786,247	$ 991,533	$ 4,138,694	$ 86,420,782
Payments to suppliers	(6,371,754)	(40,211,425)	(12,241,876)	(896,783)	(2,805,236)	(62,527,074)
Payments to employees	(2,976,032)	(2,480,143)	(914,000)	(210,424)	(247,081)	(6,827,680)
Net cash provided by (used in) operating activities	4,005,791	6,459,163	5,630,371	(115,674)	1,086,377	17,066,028
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers out	-	(4,831,281)	(4,448,988)	-	(64,624)	(9,344,893)
Transfers in	-	4,619	36,610	63,337	-	104,566
Net cash provided by (used in) non-capital financing activities	-	(4,826,662)	(4,412,378)	63,337	(64,624)	(9,240,327)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from sale of capital assets	56,821	16,489	-	-	114,624	187,934
Acquisition of leased assets	126,587	127,806	89,320	14,115	20,717	378,545
Acquisition and construction of capital assets	(1,482,899)	(2,323,762)	(921,375)	(57,091)	(986,045)	(5,771,172)
Principal paid on notes payable	(218,443)	-	-	-	-	(218,443)
Principal paid on bonds	(1,485,000)	-	-	-	-	(1,485,000)
Principal paid on lease	-	-	-	-	-	-
Capital contributions	-	-	-	141,610	-	141,610
Interest paid	(46,240)	(3,371,479)	(4,328)	(522)	(781)	(3,423,350)
Net cash provided by (used in) capital and related financing activities	(3,049,174)	(5,550,946)	(836,383)	98,112	(851,485)	(10,189,876)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	-	2,647,047	-	-	-	2,647,047
Interest and dividends received	-	377,041	-	20,485	-	397,526
Net cash used in investing activities	-	3,024,088	-	20,485	-	3,044,573
Change in cash and cash equivalents	956,617	(894,357)	381,610	66,260	170,268	680,398
Cash and cash equivalents:						
Beginning of year	13,362,656	896,185	2,633,086	-	2,398,343	19,290,270
End of year	$ 14,319,273	$ 1,828	$ 3,014,696	$ 66,260	$ 2,568,611	$ 19,970,668
Classified as:						
Cash and cash equivalents	$ 11,600,557	$ 1,828	$ 3,014,696	$ 66,260	$ 2,568,611	$ 17,251,952
Restricted assets, cash	2,718,716	-	-	-	-	2,718,716
	$ 14,319,273	$ 1,828	$ 3,014,696	$ 66,260	$ 2,568,611	$ 19,970,668

(Continued)

CITY OF COVINGTON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Water and Sewer Utility Fund	Electric Utility Fund	Gas Utility Fund	Airport Fund	Nonmajor Enterprise Funds	Totals
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	$ 2,729,507	$ 8,564,607	$ 5,399,960	$ (654,500)	$ 329,752	$ 16,369,326
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	1,973,492	997,516	361,606	529,457	321,488	4,183,559
Changes in assets and liabilities:						
(Increase) in lease receivable	-	-	-	(260,199)	-	(260,199)
Increase in deferred leases receivable				259,659		259,659
(Increase) decrease in accounts receivable	(114,000)	(3,815,228)	(1,166,291)	(1,864)	60,862	(5,036,521)
Increase in inventories	(16,826)	(329,942)	(13,605)	(20,935)	-	(381,308)
Decrease in due from other funds	6,941	-	-	-	-	6,941
Increase in prepaids and other assets	(14,290)	(4,727)	(5,991)	4,301	(1,864)	(22,571)
Increase (decrease) in due from other governments	(5,323)	(384)	-	-	-	(5,707)
Decrease in deferred outflows of resources related to pension	190,757	127,170	24,720	-	-	342,647
Increase (decrease) in accounts payable	(473,065)	1,068,570	968,451	38,536	364,728	1,967,220
Increase (decrease) in accrued liabilities	20,829	213,835	92,341	(10,129)	11,411	328,287
Increase (decrease) in unearned revenues	(18,143)	437	-	-	-	(17,706)
Increase in customer deposits	-	(92,317)	-	-	-	(92,317)
Increase in deferred inflows of resources related to pension	290,027	134,570	40,737	-	-	465,334
Decrease in net penson liability	(564,115)	(404,944)	(71,557)	-	-	(1,040,616)
Net cash provided by (used in) operating activities	$ 4,005,791	$ 6,459,163	$ 5,630,371	$ (115,674)	$ 1,086,377	$ 17,066,028
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Increase in fair value of investments	$ -	$ 377,041	$ -	$ -	$ -	$ 377,041

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

CITY OF COVINGTON, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Custodial Fund	
	Impound Evidence	Pension Trust Fund
ASSETS		
Cash and cash equivalents	$ 204,153	$ 568,963
Receivables:		
Miscellaneous	-	10,130
Investments, at fair value:		
Common stock	-	39,183,157
Governmental bonds	-	985,298
Property	-	7,754,545
Corporate bonds	-	6,430,821
Total assets	204,153	54,932,914
LIABILITIES		
Due to others	1,044	34,066
NET POSITION		
Net position restricted for individuals, organizations, and other governments	203,109	
Net position restricted for pension benefits	-	54,898,848
Total net position	$ 203,109	$ 54,898,848

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, 2022

	Custodial Fund	
	Impound Evidence	Pension Trust Fund
Additions		
Contributions:		
Employer	$ -	$ 2,981,131
Additions	14,958	-
Total contributions	14,958	2,981,131
Investment income:		
Interest income	62	1,997,901
Less: Net decrease in fair value of investments	-	(3,348,337)
Deductions		
Benefits paid	-	3,407,673
Administrative expenses	6,549	375,955
Total deductions	6,549	3,783,628
Net (decrease) increase	8,471	(2,152,933)
Net position restricted for pension benefits:		
Beginning of year	194,638	57,051,781
End of year	$ 203,109	$ 54,898,848

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

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, he or she is responsible for the day-to-day operations of the City government. The legislative authority of the City is vested in the Mayor and six City Council members with an appointed City Manager. The City provides the following services and operations as authorized by its charter: public safety (police and fire); public works; airport; culture and recreation; planning and zoning; general administrative services; and public utilities (water, sewer, stormwater, electric, gas, and solid waste). As required by GAAP, these financial statements present the primary government and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City.

The **Parking Authority** has been included as a discretely presented component unit in the accompanying financial statements. The Parking Authority maintains the downtown parking area of the City. The City possesses the authority to review, approve, and revise the budget and governs collection and disbursement of funds. The governing body of the Parking Authority is also appointed by the City. The Parking Authority is audited and included along with the primary government financial statements in accordance with GASB Statement No. 14, as amended 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, 2022 year-end. The Airport Authority was created to provide, operate, maintain, and develop a premier air transportation facility to serve the City, Newton County and surrounding areas. The City possesses the authority to review, approve and revise the budget and governs collection and disbursement of funds. The governing body of the Airport Authority is appointed by the City. The Airport Authority is audited and included along with the primary government financial statements in accordance with GASB Statement No. 14, as amended 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 non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

C. Measurement Focus, Basis of Accounting and Basis of Presentation

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

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, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

The ***American Rescue Plan Act Fund*** is a special revenue fund used to account for the American Rescue Plan Act's grant revenues and expenditures.

The City reports the following major proprietary funds:

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Additionally, the City reports the following fund types:

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

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function, gas and electric function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. Budgets and Budgetary Accounting

The City followed these procedures in establishing the budgetary data reflected in the financial statements for the year ended June 30, 2022:

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 the Official Code of Georgia Annotated ("O.C.G.A."), §36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for 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 held in the governmental funds, which is valued at cost, consists of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventory held for resale in the proprietary funds is valued at lower of cost or market, and the weighted average method is used to determine the cost. Prepaid expenditures are accounted for using the consumption method. A prepaid expenditure is recognized when a cash expenditure is made for goods or services that were purchased for consumption, but not consumed as of June 30.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Short-Term Interfund Receivables/Payables

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

I. Grants from Other Governments

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

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
Right-to-use leased equipment	5 – 10 years
Right-to-use leased vehicles	7 – 10 years
Vehicles	10 years
Infrastructure	35 – 50 years
Business-type Assets	
Buildings and improvements	5 – 33 years
Furniture and fixtures	5 years
Machinery and equipment	3 – 25 years

K. Long-Term Liabilities

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

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

L. Deferred Outflows/Inflows of Resources

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources (Continued)

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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

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

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

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. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year-end are reported as committed or assigned fund balances since they do not constitute expenditures or liabilities. At June 30, 2021, there were no encumbrances outstanding.

O. Fund Equity

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

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

- ***Non-spendable*** – Fund balances are reported as non-spendable when amounts cannot be spent because they are either: a) not in spendable form (i.e., items that are not expected to be converted to cash), or b) legally or contractually required to be maintained intact.

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (Continued)

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Manager or his or her designee to assign fund balances.

- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

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

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

P. Restricted Assets

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Use of Estimates

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

R. Leases

Lessee

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Leases (Continued)

Lessor

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

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

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

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

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

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

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

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of this difference are as follows:

Lease payable	$ (1,446,557)
Compensated absences	(1,070,525)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (2,517,082)

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	$ 12,726,341
Amortization expense	(484,647)
Depreciation expense	(3,064,395)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 9,177,299

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

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	$	(49,373)
Net pension liability and deferred outflows of resources related to pensions		1,653,355
Total OPEB liability and deferred outflows and inflows of resources related to other post-employment benefits		(78,691)
Accrued interest		422
Net adjustment to increase *net changes in fund balance - total governmental funds* to arrive at *changes in net position - governmental activities*	$	1,525,713

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2022, are summarized as follows:

As reported in the Statement of Net Position		
Primary government:		
Cash and cash equivalents	$	37,452,375
Investments		71,409,851
Restricted Assets:		
Cash and cash equivalents		3,202,809
Custodial Fund:		
Cash and cash equivalents		204,153
Pension Trust Fund:		
Cash and cash equivalents		568,963
Investments		54,353,821
Component Units:		
Cash and cash equivalents		160,461
	$	167,352,433

Cash deposited with financial institutions	$	51,438,741
Certificates of deposit		1,196,367
Investment in Municipal Competitive Trust		58,919,983
Investment in U.S. Government Securities		1,393,558
Investment in Corporate Bonds		49,963
Pension Trust Fund investments		54,353,821
	$	167,352,433

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, 2022, the City had the following investments:

		Investment Maturities (in Years)						
Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	11 - 15	16 - 20	21 - 25	26 - 30	Rating
Entity-wide:									
Municipal Competitive Trust - Short-term	$ 17,405,512	$ 17,405,512	$ -	$ -	$ -	$ -	$ -	$ -	NR
Municipal Competitive Trust - Intermediate	41,514,471	41,514,471	-	-	-	-	-	-	NR
Government bonds	1,393,558	634,092	759,466	-	-	-	-	-	N/A
Corporate bonds	49,963	49,963	-	-	-	-	-	-	A
Certificates of deposit	1,196,367	1,196,367	-	-	-	-	-	-	N/A
Georgia Fund 1	9,849,980	9,849,980	-	-	-	-	-	-	AAAf
Subtotal	71,409,851	70,650,385	759,466	-	-	-	-	-	
Pension Trust Funds:									
Common stock	30,946,808	30,946,808	-	-	-	-	-	-	N/A
Government bonds	985,299	-	399,332	585,967	-	-	-	-	N/A
Corporate bonds	6,430,823	578,087	2,841,801	878,239	62,896	1,622,993	209,163	237,644	N/A
Property	7,754,545	7,754,545	-	-	-	-	-	-	N/A
Mutual Funds	8,236,346	8,236,346	-	-	-	-	-	-	N/A
Subtotal	54,353,821	47,515,786	3,241,133	1,464,206	62,896	1,622,993	209,163	237,644	
Total fair value	$ 125,763,672	$ 118,166,171	$ 4,000,599	$ 1,464,206	$ 62,896	$ 1,622,993	$ 209,163	$ 237,644	

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, 2022:

Investment	Level 1	Level 2	Level 3	Fair Value
United States Treasuries	$ 1,303,575	$ -	$ -	$ 1,303,575
Commercial Mortgage-Backed Securities	89,983	-	-	89,983
Corporate Bonds	49,963	-	-	49,963
Municipal Competitive Trust	58,919,983	-	-	58,919,983
Total Investments by fair value level	$ 60,363,504	$ -	$ -	$ 60,363,504

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued). The United States 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, 2022, the City had no amounts exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

Pension Plan – Investments

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

The Plan's investment policy adopts the following asset allocation mix to achieve the lowest level of risk for the Plan: that the overall asset investment allocation mix includes various asset classes and investment management styles that, in total, are expected to offer the opportunity to diversify the portfolio in a manner consistent with the specified value in corporate stocks with an emphasis on high yield and dividend stocks. The fund shall not invest more than 55% of retirement system assets in equities.

As of June 30, 2022, the Plan had $54,353,821 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.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Pension Plan – Investments (Continued)

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

Concentration – On June 30, 2022, the Plan did not have debt or equity investments in any one organization which represented greater than 3% of plan fiduciary net position.

Interest Rate Risk – As of June 30, 2022, the Plan had $54,353,821 invested in the following types of investments as categorized by interest rate risk:

Investment Type	Fair Value	Weighted Average Maturity (years)
Common stock	$ 30,946,808	N/A
Corporate bonds	6,430,823	3.13
Government bonds	985,299	1.31
Property	7,754,545	N/A
Mutual funds	8,236,346	N/A
Total	$ 54,353,821	

Rate of Return – For the year ended June 30, 2022, 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.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Pension Plan – Investments (Continued)

Fair Value Measurements. The Plan has the following recurring fair value measurements, broken into the fair value hierarchy, as of June 30, 2022:

Investment	Level 1	Level 2	Level 3	Fair Value
Corporate Equity Securities	$ 30,946,808	$ -	$ -	$ 30,946,808
Mutual Funds	8,236,346	-	-	8,236,346
United States Treasuries	-	985,299	-	985,299
Property	7,754,545	-	-	7,754,545
Corporate Bonds	6,224,323	206,500	-	6,430,823
	$ 53,162,022	$ 1,191,799	$ -	$ 54,353,821

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

A. Accounts Receivable

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

	General	Gas Fund	Nonmajor Governmental	Water and Sewer
Receivables:				
Taxes	$ 449,438	$ -	$ 134,676	$ -
Accounts	273,734	2,994,521	809,141	1,894,845
Lease receivable	204,243	-	-	-
Intergovernmental	845,739	-	661,139	56,155
Gross receivables	1,773,154	2,994,521	1,604,956	1,951,000
Less: allowance for uncollectibles	(191,746)	(121,500)	-	(85,371)
Net total receivables	$ 1,581,408	$ 2,873,021	$ 1,604,956	$ 1,865,629

	Electric Fund	Airport	Nonmajor Enterprise	Total
Receivables:				
Taxes	$ -	$ -	$ -	$ 584,114
Accounts	11,534,668	5,135	2,145,921	19,657,965
Lease Receivable	-	260,199	-	464,442
Intergovernmental	704	174,748	-	1,563,033
Gross receivables	11,535,372	440,082	2,145,921	22,269,554
Less: allowance for uncollectibles	(636,281)	-	(908,594)	(1,943,492)
Net total receivables	$ 10,899,091	$ 440,082	$ 1,237,327	$ 20,326,062

B. Property Taxes

Property taxes were levied on behalf of the City by Newton County on August 17, 2021 (levy date) based upon property values assessed as of January 1. The billings were mailed on October 22, 2021 and the first installment was payable on or before December 20, 2021, and the final installment was payable on or before February 20, 2022 for the fiscal year 2022 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, 2022, the allowance for uncollectible property taxes was $191,746.

The tax rate levied during calendar year 2021 for the City's operations was 6.884 mills (mill equals $1 per thousand dollars of assessed value).

NOTE 5. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	$ 2,887,277	$ 469,083	$ -	$ -	$ 3,356,360
Construction in progress	878,789	2,984,892	-	(7,752)	3,855,929
Total capital assets, not being depreciated	3,766,066	3,453,975	-	(7,752)	7,212,289
Capital assets, being depreciated:					
Buildings and improvements	19,295,492	132,727	-	-	19,428,219
Machinery and equipment	9,800,179	958,075	(82,661)	-	10,675,593
Furniture and fixtures	122,424	-	-	-	122,424
Vehicles	6,509,129	1,751,135	(22,129)	560,866	8,799,001
Infrastructure	41,898,802	5,677,068	-	7,752	47,583,622
Total capital assets, being depreciated	77,626,026	8,519,005	(104,790)	568,618	86,608,859
Less accumulated depreciation for:					
Buildings and improvements	(5,450,799)	(429,877)	-	-	(5,880,676)
Machinery and equipment	(8,246,767)	(419,165)	82,661	-	(8,583,271)
Furniture and fixtures	(122,425)	-	-	-	(122,425)
Vehicles	(5,208,721)	(1,145,143)	22,129	(496,242)	(6,827,977)
Infrastructure	(22,111,908)	(1,070,210)	-	-	(23,182,118)
Total accumulated depreciation	(41,140,620)	(3,064,395)	104,790	(496,242)	(44,596,467)
Total capital assets, being depreciated, net	36,485,406	5,454,610	-	72,376	42,012,392
Governmental activities capital assets, net	$ 40,251,472	$ 8,908,585	$ -	$ 64,624	$ 49,224,681

Lease asset activity for the fiscal year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental activities:				
Leased equipment	$ 1,488,406	$ 753,361	$ -	$ 2,241,767
Less accumulated amortization for leased equipment	(414,484)	(484,647)	-	(899,131)
Total leased equipment, net	$ 1,073,922	$ 268,714	$ -	$ 1,342,636

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 10,963,710	$ -	$ -	$ -	$ 10,963,710
Construction in progress	1,850,385	1,344,286	-	(1,653,549)	1,541,122
Total capital assets, not being depreciated	12,814,095	1,344,286	-	(1,653,549)	12,504,832
Capital assets, being depreciated:					
Buildings	5,126,118	-	-	-	5,126,118
Machinery and equipment	6,228,249	404,241	(43,936)	-	6,588,554
Vehicles	3,060,141	-	(282,907)	(560,866)	2,216,368
Intangibles	4,397,830	-	-	-	4,397,830
Improvements other than buildings	146,534,654	3,532,521	(59,189)	1,653,549	151,661,535
Total capital assets, being depreciated	165,346,992	3,936,762	(386,032)	1,092,683	169,990,405
Less accumulated depreciation for:					
Buildings	(3,241,970)	(203,499)	-	-	(3,445,469)
Machinery and equipment	(4,256,249)	(310,247)	43,936	-	(4,522,560)
Vehicles	(2,947,835)	(134,927)	285,275	496,242	(2,301,245)
Intangibles	(1,549,081)	(121,538)	-	-	(1,670,619)
Improvements other than buildings	(59,440,545)	(3,274,684)	211	-	(62,715,018)
Total accumulated depreciation	(71,435,680)	(4,044,895)	329,422	496,242	(74,654,911)
Total capital assets, being depreciated, net	93,911,312	(108,133)	(56,610)	1,588,925	95,335,494
Business-type activities capital assets, net	$ 106,725,407	$ 1,236,153	$ (56,610)	$ (64,624)	$ 107,840,326

Lease asset activity for the fiscal year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Business-type activities:				
Leased equipment	$ 483,328	$ 121,177	$ -	$ 604,505
Less accumulated amortization for leased equipment	(114,381)	(138,664)	-	(253,045)
Total leased equipment, net	$ 368,947	$ (17,487)	$ -	$ 351,460

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

Governmental activities:	
General government	$ 1,252,599
Judicial	1,902
Public safety	796,650
Public works	1,426,025
Housing and development	71,866
Total depreciation expense - governmental activities	$ 3,549,042
Business-type activities:	
Water and sewer	$ 1,973,492
Electric	997,516
Gas	361,606
Airport	529,457
Stormwater	302,516
Sanitation	18,972
Total depreciation expense - business-type activities	$ 4,183,559

B. Component Units

Parking Authority

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	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

NOTE 5. CAPITAL ASSETS (CONTINUED)

B. 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	(68,179)	(9,090)	-	(77,269)
Total accumulated depreciation	(68,179)	(9,090)	-	(77,269)
Airport Authority assets, net	$ 295,441	$ (9,090)	$ -	$ 286,351

NOTE 6. LONG-TERM DEBT

A. Revenue Bonds

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The City's Water and Sewer Fund's revenue bond outstanding at June 30, 2022, is as follows:

Description	Original Amount	Interest Rate	Due Date	Amount
2013 Revenue Refunding Bonds	$ 14,860,000	2.6%	2025	$ 730,000
				730,000
			Less current portion	(360,000)
				$ 370,000

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. 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
2023	$ 371,330	$ 360,000	$ 11,330
2024	215,459	210,000	5,459
2025	161,648	160,000	1,648
	$ 748,437	$ 730,000	$ 18,437

B. Note Payable

The City has also incurred debt to the Georgia Environmental Facilities Authority (“GEFA”) for construction of various water and sewer system projects. This note is a construction line of credit agreement with a rate of 0.50% for $4,500,000. As of June 30, 2022, the City has no unused lines of credit relating to this note. The City’s line of credit outstanding at June 30, 2022, is as follows:

Purpose	Original Amount	Interest Rate	Due Date	Amount
GEFA Loan - DW 13-006	$ 4,500,000	0.50%	2038	$ 3,489,878
				3,489,878
			Less current maturities	(219,538)
				$ 3,270,340

The City’s outstanding note from direct borrowings related to business-type activities of $3,489,878 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)

B. 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
2023	$ 236,485	$ 219,538	$ 16,947
2024	236,485	220,638	15,847
2025	236,485	221,744	14,741
2026	236,485	222,855	13,630
2027	236,485	223,972	12,513
2028 – 2032	1,182,422	1,136,808	45,614
2033 – 2037	1,182,422	1,165,580	16,842
2038	78,825	78,743	82
	$ 3,626,094	$ 3,489,878	$ 136,216

C. Lease Liabilities

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

Principal and interest requirements to maturity for the governmental lease liabilities as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 547,047	$ 49,332	$ 596,379
2024	455,942	26,119	482,061
2025	284,407	11,496	295,903
2026	159,161	1,855	161,016
Total	$ 1,446,557	$ 88,802	$ 1,535,359

NOTE 6. LONG-TERM DEBT (CONTINUED)

C. Lease Liabilities (Continued)

Principal and interest requirements to maturity for the enterprise lease liabilities as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 121,414	$ 13,175	$ 134,589
2024	117,526	7,835	125,361
2025	82,784	3,465	86,249
2026	33,758	1,022	34,780
2027	23,063	150	23,213
Total	$ 378,545	$ 25,647	$ 404,192

D. Changes in Long-Term Liabilities – Primary Government

Long-term liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Governmental activities:					
Leases	$ 1,088,026	$ 747,524	$ (388,993)	$ 1,446,557	$ 547,047
Net pension liability	18,336,017	4,725,944	(11,541,347)	11,520,614	-
Total OPEB Liability	3,839,258	386,388	(603,951)	3,621,695	-
Compensated absences	1,021,152	803,195	(753,822)	1,070,525	753,822
Governmental activities long-term liabilities	$ 24,284,453	$ 6,663,051	$ (13,288,113)	$ 17,659,391	$ 1,300,869
Business-type activities:					
Revenue bonds	$ 2,215,000	$ -	$ (1,485,000)	$ 730,000	$ 360,000
Notes payable from direct borrowings	3,708,321	-	(218,443)	3,489,878	219,538
Leases	301,342	179,422	(102,219)	378,545	121,414
Net pension liability	2,865,746	788,576	(1,829,192)	1,825,130	-
Compensated absences	351,629	276,138	(253,382)	374,385	253,382
Business-type activities long-term liabilities	$ 9,442,038	$ 1,244,136	$ (3,888,236)	$ 6,797,938	$ 954,334

NOTE 6. LONG-TERM DEBT (CONTINUED)

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

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

E. Changes in Long-Term Liabilities – Airport Authority

Long-term liability activity for the Covington Municipal Airport Authority ("Airport Authority") for the year ended March 31, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Airport Authority:					
Note payable from direct borrowings	$ 205,979	$ -	$ (27,053)	$ 178,926	$ 27,808
Airport Authority long-term liabilities	$ 232,298	$ -	$ (27,053)	$ 178,926	$ 27,808

F. Airport Authority Note Payable

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

The annual payments as of March 31, 2022, are as follows:

Fiscal Year Payable	Total	Principal	Interest
2023	$ 32,800	$ 27,808	$ 4,992
2024	32,800	28,583	4,217
2025	32,800	29,381	3,419
2026 – 2028	96,399	93,154	3,245
	$ 194,799	$ 178,926	$ 15,873

NOTE 6. LONG-TERM DEBT (CONTINUED)

F. Airport Authority Note Payable (Continued)

The Airport Authority's outstanding note from direct borrowings of $178,926 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 Airport Authority's project funds and apply such balance against outstanding required payments.

NOTE 7. PENSION PLAN

A. Plan Description

Plan Administration. The City maintains a noncontributory single-employer defined benefit pension plan, the City of Covington Employee's Retirement Plan (the "Plan"). The Plan is administered by an appointed Pension Review Committee as Trustee for the Plan in accordance with a Trust Agreement between the City and the Trustee. This committee is comprised of the City Manager, who serves as Chairman, the Human Resources Director, the Finance Director and two appointees from the City Council. The City Council has appointed the Pension Review Committee as the corporate Trustee for the Plan and 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, 2021, the date of the most recent actuarial valuation, there were 533 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	222
Vested terminated employees not yet receiving benefits	126
Active employees	140
Total	488

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)

A. Plan Description (Continued)

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

The actuarially determined contribution for the current year was determined as part of the June 30, 2021 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 6.75% per year, compounded annually and net of investment expenses, and (b) projected salary increases based on years of service. The period and related method for amortizing the initial unfunded actuarial accrued liability is 40 years from 1983 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for Plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods are open for this Plan year.

B. Net Pension Liability of the City

The City's net pension liability was measured as of June 30, 2021, 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, 2021 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 2020 mortality improvement scale.

NOTE 7. PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

The actuarial assumptions used in the June 30, 2021 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, 2022 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, 2022, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	$ 68,640,010	$ 47,438,247	$ 21,201,763
Changes for the year:			
Service cost	629,828	-	629,828
Interest	4,568,092	-	4,568,092
Experience differences	(59,332)	-	(59,332)
Assumption changes	(192,281)	-	(192,281)
Contributions - employer	-	3,371,405	(3,371,405)
Net investment income	-	9,806,853	(9,806,853)
Benefit payments, including refunds of employee contributions	(3,188,792)	(3,188,792)	-
Administrative expense	-	(375,932)	375,932
Net changes	1,757,515	9,613,534	(7,856,019)
Balances at June 30, 2022	$ 70,397,525	$ 57,051,781	$ 13,345,744

The Plan's fiduciary net position as a percentage of the total pension liability 81.0%

NOTE 7. PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City's net pension liablity	$ 22,047,879	$ 13,345,743	$ 6,008,223

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, 2022, and the current sharing pattern of costs between employer and employee.

For the year ended June 30, 2022, the City recognized pension expense of $1,299,872. At June 30, 2022, 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	$ 150,704	$ (3,511,237)
Net difference between expected and actual experience	-	(39,555)
Changes in assumptions	-	(207,009)
City contributions subsequent to the measurement date	2,954,184	-
Total	$ 3,104,888	$ (3,757,801)

NOTE 7. PENSION PLAN (CONTINUED)

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

City contributions subsequent to the measurement date of $2,954,184 are reported as a deferred outflow of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. The remaining deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	
2023	$ (760,765)
2024	(864,665)
2025	(659,405)
2026	(1,322,262)
Total	$ (3,607,097)

NOTE 8. DEFINED CONTRIBUTION PLANS

The City of Covington, Georgia Defined Contribution Retirement Plan is a defined contribution plan established by the City of Covington City Council to provide benefits for its full-time employees. This plan was originally adopted on July 1, 2011 and is set up under the provisions of the Internal Revenue Code section 401(a). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after one year of service from the date of employment. The plan as established by the City Council requires that the City contribute an amount equal to 4-6% of the employee's salary each pay period following a tiered approach based on the employee's pay grade. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested after six years of continuous service. Benefit provisions and contribution requirements are established and may be amended by the City Council. The City contributed $686,005 in fiscal year 2022.

The City also offers its employees a choice of a deferred compensation plan (the "457 Plan") which is administered by Voya Financial. The 457 Plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the 457 Plan is optional, however, employees are auto-enrolled upon employment and must opt-out if they do not wish to participate. Employee's contributions are fully vested at the time of contribution. The deferred compensation under the 457 Plan is not available to employees until termination, retirement, death, or unforeseeable emergency. Benefit provisions and contributions are established and may be amended by the City Council. Additionally, the City matches 100% of the first 2% of contributions, and an additional 50% of contributions from 3-6% following a tiered approach based on years of service. These additional contributions are contributed to the 401(a) plan. During the year ended June 30, 2022, City employees contributed $953,206 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, 2022, are as follows:

Receivable Fund	Payable Fund	Total
General Fund	Nonmajor Governmental Funds	$ 157,080
Capital Projects Funds	Nonmajor Governmental Funds	3,944
Total		$ 161,024

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, 2022, consisted of the following:

	Transfer From				
Transfer To	Gas Fund	Electric Fund	General Fund	Nonmajor Governmental	Total
General Fund	$ 3,326,888	$ 4,478,962	$ -	$ 542,721	$ 8,348,571
Capital Projects Funds	935,483	-	-	1,417,417	2,352,900
Gas Fund	36,610	-	-	-	36,610
Electric Fund	-	4,619	-	-	4,619
Airport Fund	63,337	-	-	-	63,337
Nonmajor Governmental	86,670	347,700	6,389	-	440,759
Total	$ 4,448,988	$ 4,831,281	$ 6,389	$ 1,960,138	$ 11,246,796

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, 2022, $1,432,433 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, 2022, the City paid $13,967 in such dues. Membership in an RC is required by the O.C.G.A. §50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area.

O.C.G.A. §50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from: Northeast Georgia Regional Commission, 305 Research Dr., Athens, Georgia 30605.

Industrial Development Park

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

Wastewater Treatment Facilities

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

Communication Center

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

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS

A. Plan Administration and Benefits

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

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

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

B. Plan Membership

Membership of the Retiree Health Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

Active participants	345
Retirees and beneficiaries currently receiving benefits	37
Covered spouses	2
Total plan members	384

C. Contributions

Contribution requirements are established annually by the City. The required contribution is based on projected "pay as you go" financing requirements. For the year ended June 30, 2022, the City contributed $247,443 for the pay as you go benefits for the Retiree Health Plan.

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

D. Total OPEB Liability of the City

The City's total OPEB liability was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2021.

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions:

Discount rate:	2.18%
Healthcare cost trend rate:	Initial rate of 7.50% declining to an ultimate rate of 4.00% after 55 years
Inflation rate:	2.50%
Salary increase:	4.50% if employee has 9 years of service or less
	3.50% if employee has 10 to 19 years of service
	3.00% if employee has 20 to 24 years of service
	2.50% if employee has more than 24 years of service
Participation rate:	20% for continuing healthcare coverage
	50% electing spouse coverage
	100% are expected to utilize the HRA benefit, if eligible

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period 2013 – 2017.

E. Discount Rate

Given the City's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 2.18%. The high quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20-Year High-Grade Rate Index as published by S&P Dow Jones indices. The S&P Municipal 20-Year High-Grade Rate Index consists of bonds in the S&P Municipal Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

F. Changes in the Total OPEB Liability of the City

The changes in the total OPEB liability of the City for the year ended June 30, 2022, were as follows:

Total OPEB Liability	
	Primary Government
Beginning Balance	$ 3,839,258
Changes for the year:	
Service cost	153,983
Interest	102,290
Differences between expencted and actual experience	130,115
Effect of assumption changes	(306,483)
Benefit payments	(297,468)
Net changes	(217,563)
Ending Balance	$ 3,621,695

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 (1.18%) or 1-percentage-point higher (3.18%) than the current discount rate:

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate			
	1% Decrease (1.18%)	**Current Discount Rate (2.18%)**	**1% Increase (3.18%)**
Total OPEB Liability	$ 3,893,550	$ 3,621,695	$ 3,366,735

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

F. Changes in the Total OPEB Liability of the City (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% - 6.50%	Current Healthcare Cost Trend Assumption Rate 4.00% - 7.50%	1% Increase 5.00% - 8.50%
Total OPEB Liability	$ 3,514,800	$ 3,621,695	$ 3,748,802

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

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	$ 352,363	$ -
Assumption changes	436,363	388,950
Employer contributions subsequent to the measurement date	247,443	-
Total	$ 1,036,169	$ 388,950

City contributions subsequent to the measurement date of $247,443 are reported as deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2023. The remaining deferred inflows of resources for the City related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30,	
2023	$ 69,861
2024	69,861
2025	69,861
2026	69,861
2027	69,861
Thereafter	50,471
Total	$ 399,776

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, 2022, the City is an electric utility participant in MEAG and obligated to purchase all of its bulk power supply requirements from MEAG for a period not to exceed 50 years. The City has agreed to purchase all of its future power and energy requirements in excess of that received by the City through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by the MEAG. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each participating City has guaranteed a portion of the unpaid debt based on their individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations. Payments to MEAG are made monthly based on kWh usage. The total payments under these contracts amounted to $39,700,330 in 2022.

At June 30, 2022, the outstanding debt of MEAG was approximately $7.64 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $395.17 million at June 30, 2022.

NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Agreements with the Municipal Gas Authority of Georgia

The City has entered into a contract for the purchase of wholesale natural gas supplies and related services with the Municipal Gas Authority of Georgia ("MGAG") that requires the City to purchase all of its natural gas from MGAG. The gas supply contract with MGAG authorizes MGAG to establish rates and charges so as to produce revenues sufficient to cover its operating costs and retire its bonds issued to acquire long-term gas supplies for sale to its members, including the City. In the event that revenues are insufficient to cover all costs and retire bonds issued by MGAG, the City is obligated to pay its obligation share of the costs of the gas supply and related services MGAG provides to the City; costs include amounts equal to principal and interest on MGAG's bonds. These obligations, which extend through the year 2023, are general obligations of the City to which the City's full faith, credit and taxing powers are pledged. The City's obligation to MGAG for gas supply costs are based on MGAG's costs to provide such supply, including bonds issued to purchase long-term rights to bulk supply. Payments to MGAG are made monthly based on actual usage. The total payments under these contracts amounted to $12,554,598 in 2022.

At June 30, 2022, the outstanding debt of MGAG was approximately $115.4 million. The City's guarantee varies by individual projects undertaken by MGAG and totals approximately $6.57 million at June 30, 2022.

Contractual Commitments

In addition to the liabilities enumerated in the balance sheet at June 30, 2022, the City has contractual commitments on uncompleted construction contracts of approximately $3,820,499.

NOTE 15. RISK MANAGEMENT

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COVINGTON, GEORGIA

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

	2022	2021	2020	2019
Total pension liability				
Service cost	**$ 629,828**	$ 666,288	$ 695,998	$ 728,055
Interest on total pension liability	**4,568,092**	4,422,224	4,284,617	4,200,906
Changes in experience differences	**(59,332)**	434,967	177,171	(1,140,659)
Assumption changes	**(192,281)**	(213,957)	(232,581)	-
Benefit payments, including refunds of employee contributions	**(3,188,792)**	(3,035,298)	(2,678,454)	(2,353,713)
Other changes	**-**	-	-	-
Net change in total pension liability	**1,757,515**	2,274,224	2,246,751	1,434,589
Total pension liability - beginning	**68,640,011**	66,365,787	64,119,036	62,684,447
Total pension liability - ending (a)	**70,397,526**	68,640,011	66,365,787	64,119,036
Plan fiduciary net position				
Contributions - employer	**3,371,405**	3,218,936	3,566,646	3,600,000
Contributions - employee	**-**	-	-	-
Net investment income	**9,806,853**	(98,799)	3,570,234	2,576,127
Benefit payments, including refunds of member contributions	**(3,188,792)**	(3,035,298)	(2,678,454)	(2,353,713)
Administrative expenses	**(375,932)**	(382,999)	(356,900)	(201,337)
Other changes	-	-	1	-
Net change in plan fiduciary net position	**9,613,534**	(298,160)	4,101,527	3,621,077
Plan fiduciary net position - beginning	**47,438,248**	47,736,408	43,634,881	40,013,804
Plan fiduciary net position - ending (b)	**57,051,782**	47,438,248	47,736,408	43,634,881
City's net pension liability - ending (a) - (b)	**$ 13,345,744**	$ 21,201,763	$ 18,629,379	$ 20,484,155
Plan fiduciary net position as a percentage of the total pension liability	**81.0%**	69.1%	71.9%	68.1%
Covered payroll	**$ 9,137,466**	$ 9,547,345	$ 9,967,630	$ 10,355,722
Net pension liability as a percentage of covered payroll	**146.1%**	222.1%	186.9%	197.8%

Note to the Schedule:

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

2018	2017	2016	2015
$ 493,714	$ 423,626	$ 465,688	$ 434,472
3,650,312	3,315,798	3,019,622	2,904,711
1,470,212	2,313,285	2,393,142	-
9,994,061	-	-	-
(2,201,881)	(2,032,437)	(1,925,160)	(1,688,917)
-	30,908	49,360	-
13,406,418	4,051,180	4,002,652	1,650,266
49,278,029	45,226,849	41,224,197	39,573,931
62,684,447	49,278,029	45,226,849	41,224,197
3,502,117	2,900,000	2,800,000	2,400,000
-	30,908	49,360	246,088
3,532,043	679,622	1,142,698	3,528,041
(2,201,881)	(2,032,437)	(1,925,160)	(1,688,917)
(207,754)	(202,608)	(246,954)	(243,045)
-	-	-	-
4,624,525	1,375,485	1,819,944	4,242,167
35,389,279	34,013,794	32,193,850	27,951,683
40,013,804	35,389,279	34,013,794	32,193,850
$ 22,670,643	$ 13,888,750	$ 11,213,055	$ 9,030,347
63.8%	71.8%	75.2%	78.1%
$ 10,773,250	$ 11,313,614	$ 11,303,614	$ 11,018,519
210.4%	122.8%	99.2%	82.0%

CITY OF COVINGTON, GEORGIA

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

	2022	2021	2020	2019
Actuarially determined contribution	**$ 2,236,576**	$ 2,327,580	$ 2,394,267	$ 2,441,637
Contributions in relation to the actuarially determined contribution	**3,285,652**	3,218,936	3,566,646	3,600,000
Contribution deficiency (excess)	**$ (1,049,076)**	$ (891,356)	$ (1,172,379)	$ (1,158,363)
Covered payroll	**$ 9,959,838**	$ 9,137,466	$ 9,547,345	$ 9,967,630
Contributions as a percentage of covered payroll	**32.99%**	35.23%	37.36%	36.12%

Notes to the Schedule:

(1) Actuarial Assumptions

Valuation Date	June 30, 2021
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.

2018	2017	2016	2015
$ 1,550,940	$ 2,900,000	$ 2,800,000	$ 2,400,000
3,502,117	2,900,000	2,800,000	2,400,000
$ (1,951,177)	$ -	$ -	$ -
$ 10,355,722	$ 10,773,250	$ 11,313,614	$ 11,303,614
33.82%	26.92%	24.75%	21.23%

CITY OF COVINGTON, GEORGIA

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

	2022	2021	2020	2019
Annual money-weighted rate of return, net of investment expenses for the City's Pension Plan	**6.8%**	6.8%	6.8%	6.8%

Note to the Schedule:

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

2018	2017	2016	2015
6.8%	4.0%	5.6%	12.5%

CITY OF COVINGTON, GEORGIA

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

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	**$ 153,983**	$ 144,631	$ 97,438	$ 99,781	$ 111,514
Interest on total OPEB liability	**102,290**	107,049	108,953	100,247	82,347
Differences between expected and actual experience	130,115	-	355,058	-	-
Changes of assumptions	**(306,483)**	34,618	614,157	(61,305)	(159,480)
Benefit payments, including refunds of employee contributions	**(297,468)**	(276,714)	(126,429)	(116,257)	(107,645)
Net change in total OPEB liability	**(217,563)**	9,584	1,049,177	22,466	(73,264)
Total OPEB liability - beginning	**3,839,258**	3,829,674	2,780,497	2,758,031	2,831,295
Total OPEB liability - ending (a)	**$ 3,621,695**	$ 3,839,258	$ 3,829,674	$ 2,780,497	$ 2,758,031
Covered employee payroll	**$ 18,946,011**	$ 19,353,485	**$** 18,646,772	$ 17,169,505	$ 16,027,917
City's total OPEB liability as a percentage of covered employee payroll	**19.12%**	19.84%	20.54%	16.19%	17.21%

Notes to the Schedule:
The schedule will present 10 years of information once it is accumulated.

COMBINING STATEMENTS AND SCHEDULES

CITY OF COVINGTON, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

The **Special Purpose Local Option Sales Tax ("SPLOST") Fund** accounts for the capital projects within the City from resources provided by the 2011 and 2017 special Newton County 1% sales and use tax.

CITY OF COVINGTON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds			
	Emergency Telephone Fund	Hotel/ Motel Tax Fund	Confiscated Assets Fund	Neighborhood Stabilization Fund
ASSETS				
Cash and cash equivalents	$ 179,918	$ 274,599	$ 297,375	$ 6,815
Taxes receivable	-	134,676	-	-
Accounts receivable	770,885	-	15,120	23,136
Due from other governments	-	-	-	-
Prepaid expenditures	32,401	-	-	-
Total assets	$ 983,204	$ 409,275	$ 312,495	$ 29,951
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 78,544	$ 183,305	$ -	$ -
Accrued liabilities	123,220	-	-	-
Due to other funds	-	161,024	-	-
Total liabilities	201,764	344,329	-	-
FUND BALANCES				
Non-spendable:				
Prepaid expenditures	32,401	-	-	-
Restricted for:				
Law enforcement	749,039	-	312,495	-
Cemetery maintenance	-	-	-	-
Capital projects	-	-	-	-
Housing and development	-	64,946	-	29,951
Total fund balances	781,440	64,946	312,495	29,951
Total liabilities and fund balances	$ 983,204	$ 409,275	$ 312,495	$ 29,951

Special Revenue Funds		Capital Projects	
Legion Field Recreational Facility Fund	Cemetery Trust Fund	SPLOST Fund	Totals
$ 950	$ 182,724	$ 5,674,775	$ 6,617,156
-	-	-	134,676
-	-	-	809,141
-	-	661,139	661,139
-	-	-	32,401
$ 950	$ 182,724	$ 6,335,914	$ 8,254,513
$ 950	$ -	$ 687,622	$ 950,421
-	-	-	123,220
-	-	-	161,024
950	-	687,622	1,234,665
-	-	-	32,401
-	-	-	1,061,534
-	182,724	-	182,724
-	-	5,648,292	5,648,292
-	-	-	94,897
-	182,724	5,648,292	7,019,848
$ 950	$ 182,724	$ 6,335,914	$ 8,254,513

CITY OF COVINGTON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			
	Emergency Telephone Fund	Hotel/ Motel Tax Fund	Confiscated Assets Fund	Neighborhood Stabilization Fund
Revenues				
Other taxes	$ -	$ 1,432,433	$ -	$ -
Charges for services	3,409,605	-	-	16,331
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	144,942	-
Interest revenue	-	-	4	-
Total revenues	3,409,605	1,432,433	144,946	16,331
Expenditures				
Public safety	3,587,643	-	164,448	-
Parks and recreation	-	-	-	-
Housing and development	-	626,689	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	38,060	-	-	-
Interest	4,553	-	-	-
Total expenditures	3,630,256	626,689	164,448	-
Excess (deficiency) of revenues over (under) expenditures	(220,651)	805,744	(19,502)	16,331
Other financing sources (uses)				
Transfers in	347,700	-	-	-
Transfers out	-	(805,744)	-	(5,558)
Lease proceeds	31,942	-	-	-
Total other financing sources (uses)	379,642	(805,744)	-	(5,558)
Net change in fund balances	158,991	-	(19,502)	10,773
Fund balances, beginning of year	622,449	64,946	331,997	19,178
Fund balances, end of year	$ 781,440	$ 64,946	$ 312,495	$ 29,951

Special Revenue Funds		Capital Projects	
Legion Field Recreational Facility Fund	Cemetery Trust Fund	SPLOST Fund	Totals
$ -	$ -	$ -	$ 1,432,433
12,771	-	-	3,438,707
-	-	3,364,442	3,364,442
-	-	-	144,942
-	18	-	22
12,771	18	3,364,442	8,380,546
-	-	-	3,752,091
105,830	-	-	105,830
-	-	-	626,689
-	-	4,867,639	4,867,639
-	-	-	38,060
-	-	-	4,553
105,830	-	4,867,639	9,394,862
(93,059)	18	(1,503,197)	(1,014,316)
93,059	-	-	440,759
-	-	(1,148,836)	(1,960,138)
-	-	-	31,942
93,059	-	(1,148,836)	(1,487,437)
-	18	(2,652,033)	(2,501,753)
-	182,706	8,300,325	9,521,601
$ -	$ 182,724	$ 5,648,292	$ 7,019,848

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, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Charges for services	$ 3,734,596	$ 3,734,596	$ 3,409,605	$ (324,991)
EXPENDITURES				
Public safety	4,376,835	4,376,835	3,587,643	789,192
Debt Service:				
Principal	-	-	38,060	(38,060)
Interest	-	-	4,553	(4,553)
Total expenditures	4,376,835	4,376,835	3,630,256	746,579
Deficiency of revenues over expenditures	(642,239)	(642,239)	(220,651)	421,588
OTHER FINANCING SOURCES				
Use of fund balance	35,000	63,000	-	(63,000)
Transfers in	642,239	642,239	347,700	(294,539)
Leases Proceeds	-	-	31,942	31,942
Total other financing sources	677,239	705,239	379,642	(325,597)
Net change in fund balances	35,000	63,000	158,991	95,991
FUND BALANCES, beginning of year	622,449	622,449	622,449	-
FUND BALANCES, end of year	$ 657,449	$ 685,449	$ 781,440	$ 95,991

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, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Other taxes	$ 925,000	$ 1,432,433	$ 1,432,433	$ -
EXPENDITURES				
Housing and development	404,688	626,690	626,689	1
Total expenditures	404,688	626,690	626,689	1
OTHER FINANCING USES				
Transfers out	(520,312)	(805,743)	(805,744)	(1)
Total other financing uses	(520,312)	(805,743)	(805,744)	(1)
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of year	64,946	64,946	64,946	-
FUND BALANCES, end of year	$ 64,946	$ 64,946	$ 64,946	$ -

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, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Fines and forfeitures	$ -	$ 150,592	$ 144,942	$ (5,650)
Interest	-	2	4	2
Total revenues	-	150,594	144,946	(5,648)
EXPENDITURES				
Public safety	19,700	170,284	164,448	5,836
Total expenditures	19,700	170,284	164,448	5,836
Excess of revenues over expenditures	(19,700)	(19,690)	(19,502)	188
Net change in fund balances	(19,700)	(19,690)	(19,502)	188
FUND BALANCES, beginning of year	331,997	331,997	331,997	-
FUND BALANCES, end of year	$ 312,297	$ 312,307	$ 312,495	$ 188

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, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Charges for services	$ 16,335	$ 21,895	$ 16,331	$ (5,564)
Total revenues	16,335	21,895	16,331	(5,564)
Excess of revenues over expenditures	16,335	21,895	16,331	(5,564)
OTHER FINANCING USES				
Transfers out	-	(4,866)	(5,558)	(692)
Total other financing uses	-	(4,866)	(5,558)	(692)
Net change in fund balances	16,335	17,029	10,773	(6,256)
FUND BALANCES, beginning of year	19,178	19,178	19,178	-
FUND BALANCES, end of year	$ 35,513	$ 36,207	$ 29,951	$ (6,256)

CITY OF COVINGTON, GEORGIA

LEGION FIELD RECREATIONAL FACILITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Charges for services	$ 15,000	$ 13,291	$ 12,771	$ (520)
Total revenues	15,000	13,291	12,771	(520)
EXPENDITURES				
Parks and recreation	42,520	106,350	105,830	520
Total expenditures	42,520	106,350	105,830	520
Deficiency of revenues under expenditures	(27,520)	(93,059)	(93,059)	-
OTHER FINANCING SOURCES				
Transfers in	27,520	93,059	93,059	-
Total other financing sources	27,520	93,059	93,059	-
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of year	-	-	-	-
FUND BALANCES, end of year	$ -	$ -	$ -	$ -

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, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Interest revenues	$ 24	$ 24	$ 18	$ (6)
Total revenues	24	24	18	(6)
Net change in fund balances	24	24	18	(6)
FUND BALANCES, beginning of year	182,706	182,706	182,706	-
FUND BALANCES, end of year	$ 182,730	$ 182,730	$ 182,724	$ (6)

CITY OF COVINGTON, GEORGIA

CAPITAL PROJECTS FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Intergovernmental	$ 180,000	$ 186,293	$ 186,292	$ (1)
Total revenues	180,000	186,293	186,292	(1)
EXPENDITURES				
Capital outlay	2,172,213	3,768,303	2,518,747	1,249,556
Total expenditures	2,172,213	3,768,303	2,518,747	1,249,556
Deficiency of revenues over expenditures	(1,992,213)	(3,582,010)	(2,332,455)	1,249,555
OTHER FINANCING SOURCES				
Transfers in	428,213	3,103,900	2,352,900	(751,000)
Total other financing sources	428,213	3,103,900	2,352,900	(751,000)
Net change in fund balances	(1,564,000)	(478,110)	20,445	498,555
FUND BALANCES, beginning of year	1,210,111	1,210,111	1,210,111	-
FUND BALANCES, end of year	$ (353,889)	$ 732,001	$ 1,230,556	$ 498,555

CITY OF COVINGTON, GEORGIA

2011 SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	4,167,948	2,464,215	6,632,163
	$ 7,466,620	$ 8,688,495	$ 4,667,948	$ 2,464,215	$ 7,132,163

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, 2022

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Transportation projects	$ 4,029,944	$ 4,029,944	$ 279,570	$ 1,983,070	$ 2,262,640
Sanitary sewer inspection and construction	1,575,000	1,575,000	-	-	-
Public safety	3,820,817	3,823,612	3,823,612	1,569,190	5,392,802
	$ 9,425,761	$ 9,428,556	$ 4,103,182	$ 3,552,260	$ 7,655,442

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

CITY OF COVINGTON, GEORGIA

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2022

	Stormwater Utility Fund	Sanitation Fund	Totals
ASSETS			
CURRENT ASSETS			
Cash	$ 1,147,228	$ 1,421,383	$ 2,568,611
Accounts receivable, net of allowances	770,205	467,122	1,237,327
Prepaid expenses	729	1,135	1,864
Total current assets	1,918,162	1,889,640	3,807,802
NON-CURRENT ASSETS			
Capital assets:			
Right to use assets	-	18,240	18,240
Nondepreciable	871,206	13,002	884,208
Depreciable, net of accumulated depreciation	7,389,113	45,627	7,434,740
Total non-current assets	8,260,319	76,869	8,337,188
Total assets	10,178,481	1,966,509	12,144,990
CURRENT LIABILITIES			
Accounts payable	309,816	375,405	685,221
Accrued liabilities	6,174	15,056	21,230
Current portion - lease liability	-	5,262	5,262
Total current liabilities	315,990	395,723	711,713
LONG-TERM LIABILITIES			
Leases liabilities	-	15,455	15,455
Total long-term liabilities	-	15,455	15,455
Total liabilities	315,990	411,178	727,168
NET POSITION			
Investment in capital assets	8,260,319	56,152	8,316,471
Unrestricted	1,602,172	1,499,179	3,101,351
Total net position	$ 9,862,491	$ 1,555,331	$ 11,417,822

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 REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Stormwater Utility Fund	Sanitation Fund	Totals
OPERATING REVENUES			
Charges for services	$ 936,276	$ 3,139,784	$ 4,076,060
Other services	-	1,772	1,772
Total operating revenues	936,276	3,141,556	4,077,832
OPERATING EXPENSES			
Personnel services	143,786	114,706	258,492
Other costs of operations	208,653	2,959,447	3,168,100
Depreciation	302,516	11,956	314,472
Amortization	-	7,016	7,016
Total operating expenses	654,955	3,093,125	3,748,080
Operating income	281,321	48,431	329,752
NON-OPERATING REVENUES (EXPENSES)			
Gain on sale of capital assets	-	50,000	50,000
Interest expense	-	(781)	(781)
Loss on transfer of capital assets	-	(64,624)	(64,624)
Total non-operating expenses, net	-	(15,405)	(15,405)
Change in net position	281,321	33,026	314,347
NET POSITION, beginning of year	9,581,170	1,522,305	11,103,475
NET POSITION, end of year	$ 9,862,491	$ 1,555,331	$ 11,417,822

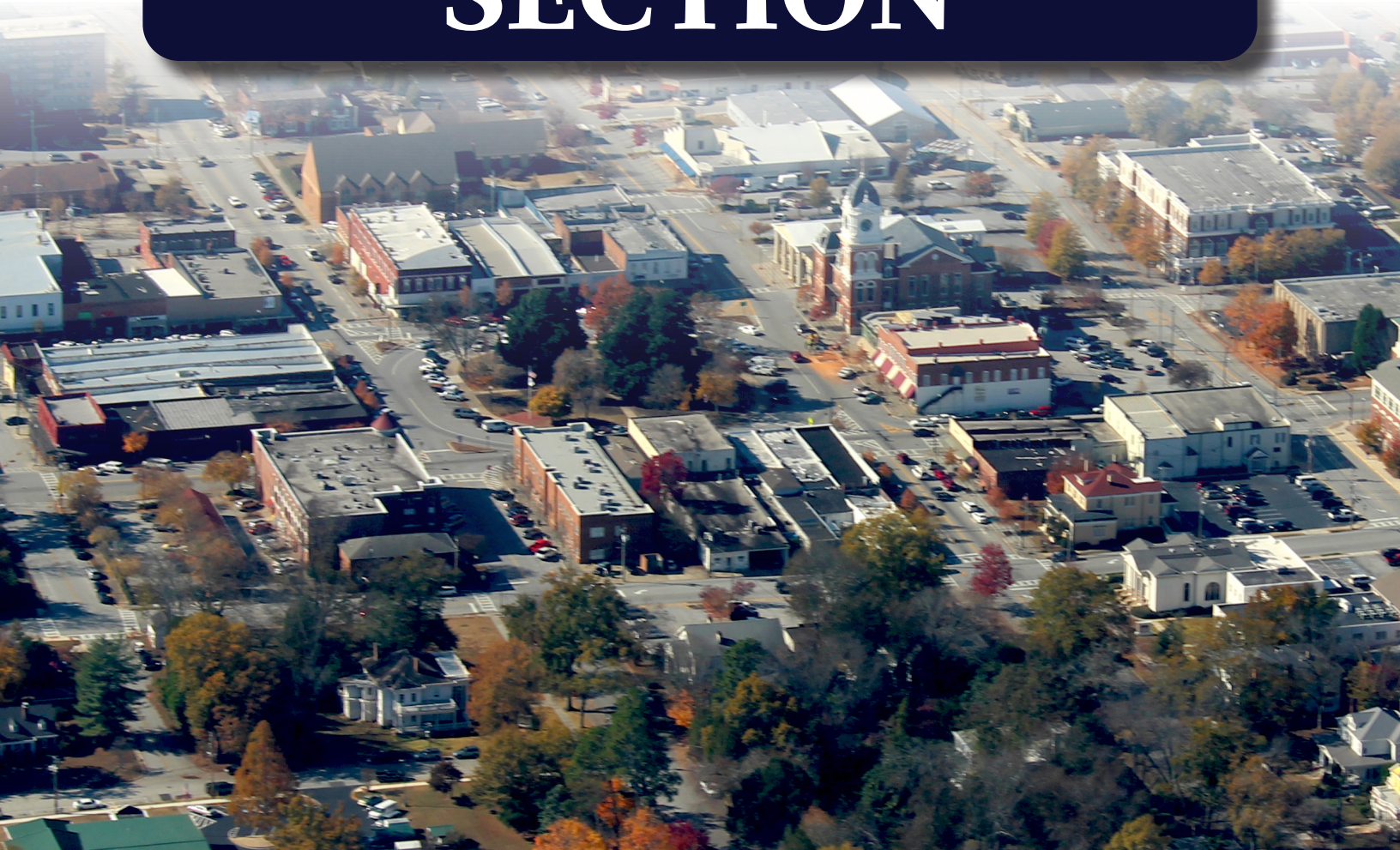
CITY OF COVINGTON, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Stormwater Utility Fund	Sanitation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 1,024,175	$ 3,114,519	$ 4,138,694
Payments to suppliers	81,547	(2,886,783)	(2,805,236)
Payments to employees	(147,431)	(99,650)	(247,081)
Net cash provided by operating activities	958,291	128,086	1,086,377
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers out	-	(64,624)	(64,624)
Net cash provided by non-capital financing activities	-	(64,624)	(64,624)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from the sale of capital assets	-	114,624	114,624
Acquisition of leased assets	-	20,717	20,717
Acquisition and construction of capital assets	(960,789)	(25,256)	(986,045)
Interest paid	-	(781)	(781)
Net cash provided by (used in) capital and related financing activities	(960,789)	109,304	(851,485)
Change in cash and cash equivalents	(2,498)	172,766	170,268
Cash and cash equivalents:			
Beginning of year	1,149,726	1,248,617	2,398,343
End of year	$ 1,147,228	$ 1,421,383	$ 2,568,611
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 281,321	$ 48,431	$ 329,752
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	302,516	18,972	321,488
Decrease (increase) in accounts receivable	87,899	(27,037)	60,862
Increase in prepaids and other assets	(729)	(1,135)	(1,864)
Increase in accounts payable	290,929	73,799	364,728
Increase (decrease) in accrued liabilities	(3,645)	15,056	11,411
Net cash provided by operating activities	$ 958,291	$ 128,086	$ 1,086,377



STATISTICAL SECTION



STATISTICAL SECTION

This part of the City of Covington, Georgia's (the "City") Annual Comprehensive Financial Report ("ACFR") presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Page

Financial Trends ..... 92 – 97
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 ..... 98 – 101
These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.

Debt Capacity ..... 102 – 104
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..... 105 and 106
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 ..... 107 – 110
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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Governmental activities										
Net investment in capital assets	$ 30,692	$ 31,345	$ 33,435	$ 32,492	$ 32,207	$ 34,018	$ 34,196	$ 39,003	$ 40,251	**$ 49,121**
Restricted	3,279	4,707	6,658	7,909	9,031	8,406	10,058	8,811	9,499	**7,979**
Unrestricted	24,995	25,221	19,365	16,816	16,407	10,916	7,364	6,656	5,610	**6,463**
Total governmental activities net position	58,966	61,273	59,458	57,217	57,645	53,340	51,618	54,470	55,360	**63,563**
Business-type activities										
Net investment in capital assets	63,064	65,612	65,867	68,338	73,961	80,037	88,401	94,304	100,802	**103,593**
Restricted	206	790	750	925	2,550	2,715	2,716	217	2,718	**2,720**
Unrestricted	42,928	44,974	47,526	57,934	60,368	65,019	72,718	82,835	83,650	**84,967**
Total business-type activities net position	106,198	111,376	114,143	127,197	136,879	147,771	163,835	177,356	187,170	**191,280**
Primary government										
Net investment in capital assets	93,756	96,957	99,302	100,830	106,168	114,055	122,597	133,307	141,054	**152,714**
Restricted	3,485	5,497	7,408	8,834	11,581	11,121	12,774	9,028	12,217	**10,699**
Unrestricted	67,923	70,195	66,891	74,750	76,775	75,935	80,082	89,491	89,260	**91,430**
Total primary government net position	$ 165,164	$ 172,649	$ 173,601	$ 184,414	$ 194,524	$ 201,111	$ 215,453	$ 231,826	$ 242,531	**$ 254,843**

CITY OF COVINGTON, GEORGIA

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Expenses										
Governmental activities:										
General government	$ 2,223	$ 3,639	$ 3,121	$ 3,585	$ 3,737	$ 4,349	$ 4,466	$ 4,558	$ 4,839	**$ 4,484**
Judicial	505	512	625	707	739	721	592	684	512	**624**
Public safety	12,805	14,129	13,982	16,161	16,503	18,182	19,910	19,683	18,164	**18,466**
Public works	3,574	3,386	3,377	4,286	3,763	4,288	4,106	5,027	6,736	**989**
Parks and recreation	505	435	138	285	457	-	389	403	483	**521**
Housing and development	2,959	1,480	1,485	1,783	1,431	1,691	1,683	1,726	1,535	**1,981**
Interest on long-term debt	44	38	34	26	20	20	15	6	1	**48**
Total governmental activities expenses	22,615	23,619	22,762	26,833	26,650	29,251	31,161	32,087	32,270	**27,113**
Business-type activities:										
Water and sewer	9,839	9,348	9,210	9,502	10,220	10,140	10,250	10,421	10,513	**10,801**
Gas	11,013	12,648	10,597	8,005	9,396	10,034	10,805	8,421	9,206	**14,557**
Electric	34,879	34,420	35,003	32,642	32,847	33,704	34,693	34,656	38,488	**47,865**
Stormwater	781	795	694	743	508	551	571	709	744	**655**
Sanitation	2,857	2,741	2,857	2,892	3,010	3,088	3,251	3,372	3,006	**3,094**
Airport	1,020	1,113	1,024	994	997	1,287	1,300	1,316	1,437	**1,649**
Total business-type activities expenses	60,389	61,065	59,385	54,778	56,978	58,804	60,870	58,895	63,394	**78,621**
Total primary government expenses	83,004	84,684	82,147	81,611	83,628	88,055	92,031	90,982	95,664	**105,734**
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,005	1,077	936	668	774	918	1,754	1,596	1,535	**1,529**
Public safety	1,453	1,750	2,500	3,453	3,417	3,444	3,596	3,679	3,511	**4,215**
Parks and recreation	-	-	-	-	-	-	-	64	10	**13**
Housing and development	-	-	-	-	-	-	-	16	16	**16**
Operating grants and contributions	2,532	802	829	779	898	945	800	728	1,065	**587**
Capital grants and contributions	2,005	2,174	2,808	2,601	2,067	1,891	2,205	4,186	2,809	**3,551**
Total governmental activities program revenues	6,995	5,803	7,073	7,501	7,156	7,198	8,355	10,269	8,946	**9,911**
Business-type activities:										
Charges for services:										
Water and sewer	10,897	11,337	10,967	11,114	12,190	11,999	13,423	13,746	12,969	**13,484**
Gas	14,725	18,006	15,500	12,883	13,025	14,821	15,534	14,053	14,662	**19,953**
Electric	40,102	42,644	44,924	45,059	45,112	45,789	47,168	46,267	47,249	**53,058**
Stormwater	756	729	839	839	801	994	849	1,027	913	**936**
Sanitation	2,414	2,459	2,543	2,743	2,769	2,834	2,919	3,489	3,080	**3,142**
Airport	514	468	421	403	476	576	634	591	710	**994**
Operating grants and contributions	2,069	120	261	512	-	-	662	242	1,391	**-**
Capital grants and contributions	-	87	-	-	1,889	1,865	2,369	1,880	2,037	**316**
Total business-type activities program revenues	71,477	75,850	75,455	73,553	76,262	78,878	83,558	81,295	83,011	**91,883**
Total primary government program revenues	78,472	81,653	82,528	81,054	83,418	86,076	91,913	91,564	91,957	**101,794**
Net (expense)/revenue:										
Governmental activities	(15,620)	(17,816)	(15,689)	(19,332)	(19,494)	(22,053)	(22,806)	(21,818)	(23,324)	**(17,202)**
Business-type activities	11,088	14,785	16,070	18,775	19,284	20,074	22,688	22,400	19,617	**13,262**
Total primary government net expense	$ (4,532)	$ (3,031)	$ 381	$ (557)	$ (210)	$ (1,979)	$ (118)	$ 582	$ (3,707)	**$ (3,940)**

CITY OF COVINGTON, GEORGIA

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Program Revenues (Continued)										
General revenues and other changes in net position										
Governmental activities:										
Property taxes	$ 4,715	$ 4,868	$ 4,729	$ 4,646	$ 4,885	$ 5,088	$ 5,656	$ 6,421	$ 6,972	**$ 7,633**
Sales taxes	2,000	1,942	2,012	1,981	2,032	2,176	2,477	2,910	3,082	**3,647**
Franchise fees	712	701	775	756	764	872	820	892	776	**809**
Insurance premium taxes	654	677	707	745	818	2,016	956	1,007	1,054	**1,089**
Other taxes	1,362	1,441	1,648	1,786	1,745	720	2,025	1,992	2,199	**2,842**
Unrestricted investment earnings	46	66	31	28	42	57	128	157	48	**51**
Gain on sale of capital assets	4	-	-	-	-	-	-	-	-	**-**
Lease income	-	-	-	-	-	-	-	-	-	**94**
Transfers	7,162	10,428	11,081	7,149	9,617	9,946	9,022	11,292	10,081	**9,240**
Total governmental activities	16,655	20,123	20,983	17,091	19,903	20,875	21,084	24,671	24,212	**25,405**
Business-type activities:										
Unrestricted investment earnings (losses)	(118)	782	524	1,427	327	726	2,382	1,835	125	**20**
Gain on sale of capital assets	36	39	6	-	-	38	15	577	135	**67**
Transfers	(7,162)	(10,428)	(11,081)	(7,149)	(9,928)	(9,946)	(9,022)	(11,291)	(10,081)	**(9,240)**
Total business-type activities	(7,244)	(9,607)	(10,551)	(5,722)	(9,601)	(9,182)	(6,625)	(8,879)	(9,821)	**(9,153)**
Total primary government	$ 4,879	$ 7,485	$ 10,813	$ 10,812	$ 10,092	$ 9,714	$ 14,341	$ 16,374	$ 10,684	**$ 12,312**
Change in net position:										
Governmental activities	$ 1,035	$ 2,307	$ 5,294	$ (2,241)	$ 409	$ (1,178)	$ (1,722)	$ 2,853	$ 888	**$ 8,203**
Business-type activities	3,844	5,178	5,519	13,053	9,683	10,892	16,063	13,521	9,796	**4,109**
Total primary government	$ 4,879	$ 7,485	$ 10,813	$ 10,812	$ 10,092	$ 9,714	$ 14,341	$ 16,374	$ 10,684	**$ 12,312**

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
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	5,088	2,176	721	572	2,016	452	11,025
2018	5,110	2,175	862	638	872	516	10,173
2019	5,656	2,477	891	622	956	512	11,114
2020	6,421	2,910	891	622	1,007	479	12,330
2021	6,972	3,082	969	716	1,054	514	13,307
2022	7,633	3,647	1,432	793	1,089	617	15,211

CITY OF COVINGTON, GEORGIA

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
General fund										
Non-spendable	$ 2,906	$ 3,556	$ 3,315	$ 3,242	$ 2,778	$ 582	$ 120	$ 79	$ 92	**$ 188**
Committed	234	225	233	258	-	-	-	-	-	**-**
Assigned	2,692	575	2,692	3,270	37	37	-	-	-	**-**
Unassigned	19,237	20,763	18,818	15,380	18,407	19,703	18,688	20,451	21,940	**22,049**
Total general fund	25,069	25,119	25,058	22,150	21,222	20,322	18,808	20,530	22,032	**22,237**
All other governmental funds										
Non-spendable	15	12	15	50	31	46	19	9	23	**32**
Restricted for:										
Law enforcement	-	-	-	716	800	791	662	736	931	**1,352**
Cemetery maintenance	176	176	177	177	178	179	181	183	183	**183**
Public safety	266	349	852	-	-	-	-	-	-	**-**
Parks and recreation	-	-	-	-	-	-	-	38	38	**331**
Housing and development	-	-	10	25	40	187	278	121	84	**95**
Capital projects	2,837	4,183	5,619	6,991	8,013	7,249	8,937	7,733	8,300	**6,018**
Assigned to:										
Capital projects	-	-	-	-	-	-	-	810	1,210	**239**
Unassigned	-	(10)	-	(258)	-	-	-	-	-	**-**
Total all other governmental funds	3,294	4,710	6,673	7,701	9,062	8,452	10,077	9,630	10,769	**8,250**
Total all governmental funds	$ 28,363	$ 29,829	$ 31,731	$ 29,851	$ 30,284	$ 28,774	$ 28,885	$ 30,160	$ 32,801	**$ 30,487**

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Revenues										
Taxes	$ 8,953	$ 8,867	$ 9,069	$ 9,217	$ 9,466	$ 10,173	$ 11,090	$ 12,030	$ 13,659	**$ 15,127**
Licenses and permits	155	153	230	188	243	279	402	446	715	**756**
Intergovernmental	4,535	2,975	3,637	3,380	2,964	2,836	3,005	4,108	4,680	**4,138**
Charges for services	1,064	1,145	1,005	2,909	2,882	2,800	2,945	3,090	3,118	**3,439**
Franchise fees	712	701	775	745	764	720	820	892	777	**809**
Fines and forfeitures	391	614	1,491	743	542	644	651	658	420	**805**
Interest earned	48	66	31	28	42	57	128	157	48	**51**
Lease income	-	-	-	-	-	-	-	-	-	**94**
Miscellaneous	850	925	706	481	530	640	1,352	1,160	820	**773**
Total revenues	16,708	15,446	16,944	17,691	17,433	18,149	20,393	22,541	24,237	**25,992**
Expenditures										
General government	3,811	4,181	3,944	3,945	3,742	3,732	4,088	3,946	4,420	**5,221**
Judicial	503	517	626	704	681	700	662	621	514	**674**
Public safety	13,110	14,882	14,566	16,124	16,660	16,281	17,964	16,608	16,710	**18,669**
Public works	2,777	2,731	3,743	3,452	3,876	3,078	2,780	2,815	3,246	**3,335**
Parks and recreation	519	401	308	332	483	362	370	370	469	**521**
Housing and development	2,951	1,481	1,617	1,758	1,451	1,586	1,634	1,905	1,785	**1,958**
Capital outlay	424	609	979	7	-	3,649	1,606	6,121	4,598	**7,386**
Debt service:										
Principal retirement	288	392	373	381	273	198	205	213	65	**389**
Interest charges	47	41	35	28	20	21	15	7	1	**49**
Total expenditures	24,430	25,235	26,191	26,731	27,186	29,607	29,324	32,606	31,808	**38,202**
Deficiency of revenues over expenditures	(7,722)	(9,789)	(9,247)	(9,040)	(9,753)	(11,458)	(8,931)	(10,065)	(7,571)	**(12,210)**
Other financing sources (uses)										
Transfers in	7,243	10,533	11,201	10,153	10,743	11,871	10,274	11,919	10,612	**11,142**
Transfers out	(81)	(104)	(120)	(3,004)	(824)	(1,925)	(1,252)	(628)	(531)	**(1,967)**
Capital leases	-	815	-	-	254	-	-	-	-	**748**
Proceeds from sale of capital assets	4	12	68	11	13	13	21	49	95	**12**
Total other financing sources (uses)	7,166	11,256	11,149	7,160	10,186	9,959	9,043	11,340	10,176	**9,935**
Net change in fund balances	$ (556)	$ 1,467	$ 1,902	$ (1,880)	$ 433	$ (1,499)	$ 112	$ 1,275	$ 2,605	**$ (2,275)**
Debt service as a percentage of non-capital expenditures (1)	1.37%	1.72%	1.56%	1.53%	1.16%	0.85%	0.81%	0.85%	0.24%	**1.30%**

(1) Difference in 2017, 2018 and 2019 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
2013	2012	$ 370,786	$ 255,310	$ 22,901	$ 131	$ 83,804	$ 565,324	$ 8	$ 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%
2020	2019	472,002	384,809	6,560	287	148,029	715,629	7.654	2,159,145	40.00%
2021	2020	469,362	383,743	3,829	224	138,406	718,752	7.654	2,142,895	40.00%
2022	2021	655,140	449,255	2,687	286	124,639	982,729	7.654	2,768,420	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
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
2020	2019	7.654	5.000	13.441	20.000	N/A	N/A	0.00	46.095
2021	2020	7.186	5.000	12.916	19.788	N/A	N/A	0.000	44.890
2022	2021	6.884	5.000	11.145	18.288	N/A	N/A	0.000	41.317

Source: Georgia Department of Revenue.

CITY OF COVINGTON, GEORGIA

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

Taxpayer	Fiscal Year 2022 Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxes Levied	Fiscal Year 2013 Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxes Levied
Bard C.R. Inc	$ 54,638	1	7.60%	$ 454	$ 37,147	3	4.60%	$ 129
General Mills	46,682	2	6.49%	1,629	41,431	2	5.13%	314
SKC, Inc.	38,918	3	5.41%	1,090	42,198	1	5.23%	265
Fibervisions Manufacturing Company	24,589	4	3.42%	717	19,391	5	2.40%	128
Verescence North America Inc.	22,483	5	3.13%	359	-		0.00%	-
Nisshinbo Automotive Mfg Inc.	20,342	6	2.83%	587	19,162	6	2.37%	136
Newton County Industrial Development Authority	15,940	7	2.22%	579	-			-
Bard CR Medical Division Inc.	13,128	8	1.83%	454	-			-
Pactiv LLC	12,795	9	1.78%	359	-			-
Bard Peripheral Vascular Inc.	12,294	10	1.71%	411	-			-
Gwinnett Industries	-			-	-			-
Tenneco Plastics (fka Pactiv)	-			-	33,223	4	4.11%	200
Eric Zorn/Walmart	-			-	17,679	7	2.19%	82
SGD North America	-			-	12,210	8	1.51%	78
Michelin North America	-			-	11,733	9	1.45%	88
Gwinnett Industries	-			-	5,802	10	0.72%	47
	$ 261,809		36.42%	$ 6,639	$ 239,976		29.71%	$ 1,467

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
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%	85	5,144	100.19%
2020	2019	5,255	5,182	98.61%	114	5,296	100.78%
2021	2020	5,339	5,328	99.79%	43	5,371	100.60%
2022	2021	5,681	5,680	99.98%	82	5,762	101.43%

(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)
	Leases (2)	Revenue Bonds	Notes Payable	Intergovernmental Agreement	Leases (2)		
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
2020	65	3,670	3,925	-	-	7,660	539
2021	-	2,215	3,708	-	-	5,923	417
2022	1,446	730	3,490	-	379	6,045	426

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.

(2) Starting in 2022 the City implemented GASB87, removing the delineation between leases and capital leases.

CITY OF COVINGTON, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2022
(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	$ -	100.00%	$ -
Total direct debt	-		-
Overlapping debt:			
Newton County Board of Education	85,065,000	0.03%	23,752
Newton County Board of Commissioners	-		-
Total overlapping debt	85,065,000		23,752
Total direct and overlapping debt	$ 85,065,000		$ 23,752

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Debt limit	$ 64,913	$ 63,753	$ 64,260	$ 67,100	$ 71,348	$ 75,957	$ 78,260	$ 83,077	$ 85,716	**$ 110,736**
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	**-**
Legal debt margin	$ 64,913	$ 63,753	$ 64,260	$ 67,100	$ 71,348	$ 75,957	$ 78,260	$ 83,077	$ 85,716	**$ 110,736**
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 2022

Assessed value	**$ 972,623**
Plus exempt property	**134,740**
Total assessed value	**1,107,363**
Debt limit (10% of total assessed value)	**110,736**
Debt applicable to limit:	
General obligation bonds	**-**
Less: Amount set aside for repayment	**-**
Total net debt applicable to limit	**-**
Legal debt margin (in thousands)	**$ 110,736**

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)
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%
2020	14,206	37,270	22,275	34.7	85.3%	19,408	3.5%
2021	14,192	39,845	22,867	37.4	85.3%	18,710	4.5%
2022	14,192	39,814	23,331	33.6	88.5%	18,727	3.0%

(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	2022 Fiscal Year			2013 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)	2,529	1	37.49%	N/A	N/A	N/A
Piedmont Newton Hospital, Inc.	739	2	10.95%	N/A	N/A	N/A
Newton County Board of Commissioners	663	3	9.83%	N/A	N/A	N/A
Becton Dickinson	515	4	7.63%	N/A	N/A	N/A
Pactiv	498	5	7.38%	N/A	N/A	N/A
General Mills	462	6	6.85%	N/A	N/A	N/A
Wal-Mart #459	373	7	5.53%	N/A	N/A	N/A
Fibervisions	334	8	4.95%	N/A	N/A	N/A
City of Covington	336	9	4.98%	N/A	N/A	N/A
Global Distribution Center	297	10	4.40%	N/A	N/A	N/A
	6,746		100.00%	N/A		N/A

Note: (a) Information for 2013 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

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
General Government	36	35	36	36	36	36	36	36	36	**39**
Judicial	4	4	4	4	4	4	4	4	2	**3**
Public Safety										
Police:										
Officers	54	54	55	57	57	61	61	61	61	**62**
Civilians	10	10	10	10	10	10	11	11	12	**12**
Fire:										
Firefighters/EMTs	52	53	54	54	54	54	54	54	54	**54**
Civilians	1	1	1	1	1	1	1	1	1	**1**
E-911 Communications	21	28	32	32	33	33	33	33	33	**33**
Public Works	125	124	125	126	126	126	123	122	99	**104**
Culture and Recreation	5	3	3	3	3	3	3	3	3	**5**
Housing and Development	11	11	11	12	12	13	11	11	19	**23**
Total Budgeted Positions	319	323	331	335	336	341	337	336	320	**336**

Source: City of Covington Human Resources Department.

CITY OF COVINGTON, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year 2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
General Administration										
Court cases closed (1)	2,879	2,461	3,531	4,766	4,293	5,153	3,781	4,384	256	**1,677**
Purchase orders processed	3,189	3,386	3,175	3,403	3,728	3,705	3,609	3,625	3,409	**3,549**
Accounts payable checks processed	5,409	5,488	5,544	5,620	5,371	5,363	5,483	5,915	4,764	**6,653**
Servers/PCs/laptops/etc. maintained (3)	N/A	226	216	231	289	984	998	1,118	1,257	**1,279**
Total business licenses issued	N/A	N/A	1,496	1,932	1,173	2,280	2,168	2,064	2,153	**2,301**
New business licenses issued	N/A	246	210	216	203	378	198	212	240	**284**
Public Safety - Police										
Total calls for service (1)	32,228	33,011	37,414	39,146	36,429	35,407	32,035	28,123	23,629	**26,849**
Total crimes (1)	1,418	1,414	1,631	2,584	2,755	2,699	2,198	2,003	1,799	**1,959**
Traffic citations issued (1)	2,297	2,408	3,820	4,015	4,096	4,685	4,418	2,932	2,780	**4,345**
Traffic accidents investigated (1)	1,085	1,035	1,127	1,215	1,244	1,244	1,317	1,538	1,246	**1,379**
Servers/PCs/laptops/etc. maintained	N/A	N/A	N/A	178	188	224	310	353	521	**545**
Public Safety - Fire										
Number of calls answered	2,328	2,729	2,565	3,239	2,895	3,111	2,961	2,822	2,296	**2,868**
Highways and streets										
Vehicles and equipment maintained (2)	N/A	572	592	569	304	312	325	313	315	**245**
Miles of new street construction	-	0	-	-	-	-	-	-	2	**-**
Miles of streets resurfaced	0	3	2	4	2	2	4	3	3	**6**
Wastewater										
Sewer average daily flows in thousand gallons (1)	1,684	2,108	2,026	2,221	2,049	2,114	2,400	2,801	2,400	**2,392**
Number of sewer customers	6,398	6,511	6,659	6,734	6,834	6,986	7,295	7,393	7,454	**7,584**
Water										
Water average daily consumption in thousand gallons (1)	3,303	3,132	2,981	3,045	3,361	3,034	2,856	3,234	3,073	**3,083**
Number of water customers	7,871	7,988	8,148	8,210	8,303	8,436	8,917	9,028	9,087	**9,230**
Electric										
Electricity sold in thousand kilowatt hours	688,417	673,423	425,097	439,621	415,719	424,747	434,836	432,043	436,658	**409,308**
Number of electric customers	11,346	11,412	11,530	11,707	11,783	11,915	12,186	12,324	12,620	**13,264**
Gas										
Gas sold in thousand cubic feet	1,927,957	1,753,512	1,949,395	1,996,645	1,959,768	2,205,817	2,284,146	2,286,341	2,090	**2,105,500**
Number of gas customers	8,212	8,279	8,489	8,389	8,431	8,526	8,629	8,701	8,893	**9,190**
Sanitation										
Tons of residential waste landfilled	14,855	14,511	14,164	18,380	18,758	17,414	17,095	6,882	N/A	**N/A**
Pounds per capita	2,209	2,157	2,106	2,642	2,684	2,480	2,440	344		**N/A**
Number of residential solid waste customers	5,678	5,719	5,799	5,905	5,934	6,014	6,149	6,231	6,288	**5,508**

(Continued)

CITY OF COVINGTON, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function (Continued)	Fiscal Year 2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Stormwater										
Number of stormwater customers	N/A	N/A	4,807	4,825	4,832	4,858	4,904	4,408	5,041	**5,098**
Parks and recreation										
Parks maintained (acres) (4)	15.75	15.75	15.75	15.75	15.75	15.75	15.75	175.75	175.75	**176**
Walking trail maintained (miles)	2.50	2.50	2.50	2.50	2.50	2.50	2.50	6.00	3.59	**8**
Number of visitors to the welcome center	-	-	-	-	-	-	-	-	-	**92,566**
Housing and development										
Building permits	209	171	266	345	443	292	236	178	357	**288**

N/A: Information is not available.

Source: Various City Departments

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

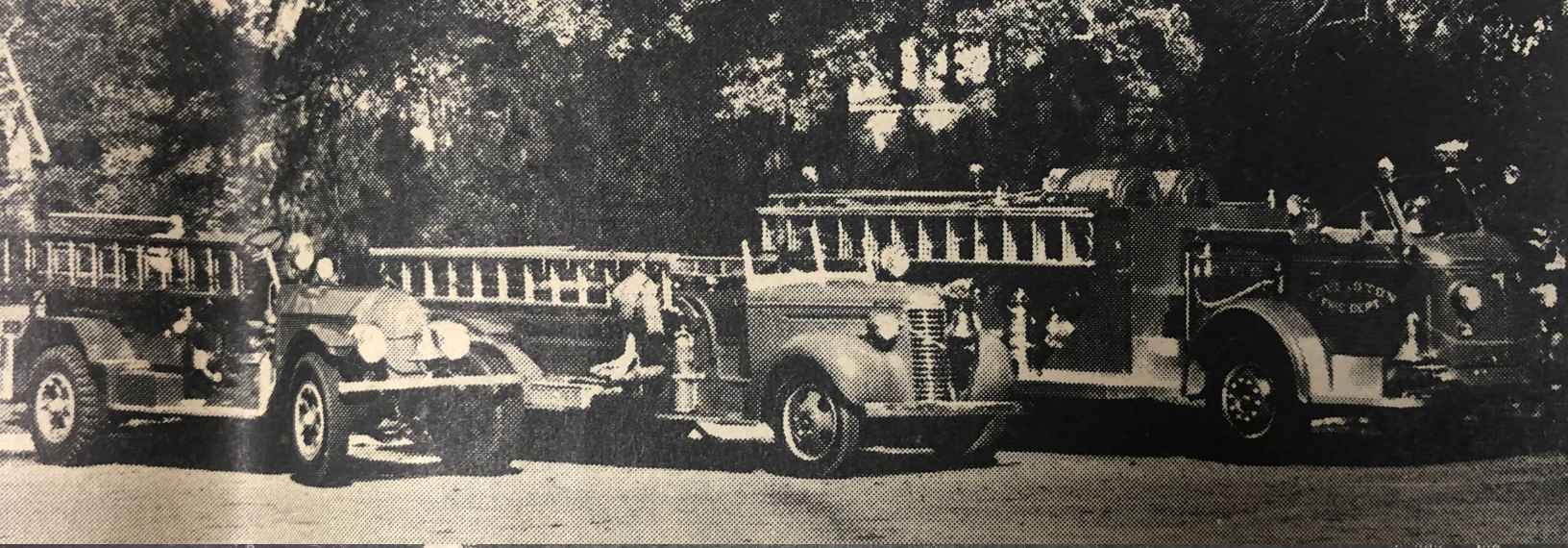
CITY OF COVINGTON, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Public Safety - Police										
Police stations	1	1	1	1	1	1	1	1	1	**1**
Police vehicles	N/A	76	77	75	80	83	86	72	60	**87**
Public Safety - Fire										
Fire stations	2	2	2	2	2	2	2	2	2	**2**
Fire apparatus	N/A	10	9	6		6	6	6	6	**7**
Fire vehicles	N/A	10	10	12	11	12	11	11	11	**9**
Highways and streets										
Miles of streets	96.00	96.16	96.16	96.16	97.39	98.92	98.92	98.92	100.83	**107.00**
Wastewater										
Sewage treatment facilities	1	1	1	1	1	1	1	1	1	**1**
Miles of sanitary sewers	N/A	140	140	140	146	146	146	146	125	**125**
Miles of stormwater pipe	N/A	N/A	91.25	91.67	91.50	92.42	92.68	91.03	148.36	**148.36**
Water										
Water treatment facilities (1)	2	2	2	2	2	2	2	2	2	**2**
Miles of water mains	N/A	180	180	180	144	144	144	144	185	**185**
Electric										
Miles of electric lines (3)	290	290	290	291	553	530	541	549	567	**572**
Gas										
Miles of gas lines	318	322	322	322	296	311	328	334	336	**338**
Sanitation										
Number of sanitation trucks (4)	N/A	3	3	4	14	18	19	19	0	**0**
Airport										
Feet of runway	5,500	5,500	5,500	5,500	5,500	5,500	6,000	6,000	6,000	**6,000**
Parks and recreation										
Number of parks (2)	8	8	8	8	8	8	8	9	9	**9**
Parks acreage	436	436	436	436	436	436	436	596	596	**596**
Miles of walking trails	2.5	2.5	2.5	2.5	2.5	2.5	2.5	6	15	**15**
Cemeteries	2	2	2	2	2	2	2	2	2	**2**

Source: Various City Departments.

(1) Water treatment plants are owned by Newton County and partially operated by City of Covington personnel.
(2) Two of the City owned parks are maintained by Newton County.
(3) In 2017, the City began reporting total miles of electric lines including overhead primary, secondary and service conductor, as well as underground. Previously, the City had only been reporting overhead primary and secondary conductor.
(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





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
City of Covington, Georgia
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, 2022, 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 28, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 or significant deficiencies may exist that have not been identified.

Report on 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 financial statements. 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 28, 2022

CITY OF COVINGTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

CITY OF COVINGTON, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

None reported.