PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 10, 2026

NEW ISSUE – BOOK ENTRY ONLY

RATINGS:
Moody's: "Aa3"
(See "Ratings" herein)

In the opinion of Bond Counsel, subject to the limitations and conditions described herein, interest on the Bonds (including any original issue discount properly allocable to a holder of the Bonds) is exempt from present State of Georgia income taxation, is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. See "LEGAL MATTERS – Tax Exemption" herein.

$9,570,000*
NEWTON COUNTY PUBLIC FACILITIES AUTHORITY
Revenue Bonds (City of Covington Projects), Series 2026

Dated: Date of Issuance **Due: March 1, as shown on the inside cover**

The Newton County Public Facilities Authority (the "Authority"), a public body corporate and politic of the State of Georgia, is issuing its Revenue Bonds (City of Covington Projects), Series 2026 (the "Bonds") for the purpose of (a) financing the construction and equipping of a fire station and the acquisition of a fire truck (collectively, the "Projects") and (b) paying the costs of issuing the Bonds. See "FINANCING PLAN" herein.

The Bonds are special limited obligations of the Authority payable solely from the Security (as herein defined), including amounts paid to the Authority pursuant to an Intergovernmental Contract, dated as of September 1, 2026 (the "Contract"), between the Authority and the City. Under the Contract, the Authority has agreed to, among other things, issue the Bonds, and the City has agreed to, among other things, (a) construct, equip and operate the Projects, (b) pay the Authority amounts sufficient to enable the Authority to pay the debt service on the Bonds (the "Contract Payments") and (c) levy an ad valorem property tax, unlimited as to rate or amount, on all property in the City subject to such tax in order to make such Contract Payments. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Interest on the Bonds is payable semiannually on March 1 and September 1 of each year (each such date, an "Interest Payment Date"), commencing March 1, 2027, by U.S. Bank Trust Company, National Association, Atlanta, Georgia, as Paying Agent and Bond Registrar. The Bonds bear interest from the Interest Payment Date next preceding their date of authentication, except as provided herein. See "THE BONDS – Description" herein. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Redemption" herein.

The Bonds will be issued in book-entry form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (the "Securities Depository"). The Securities Depository will act as securities depository for the Bonds. Purchases will be made only through the Participants (as herein defined) in the Securities Depository, and no physical delivery of the Bonds will be made to Beneficial Owners (as herein defined). Payment of principal of and interest on the Bonds will be made to Beneficial Owners by the Securities Depository through its Participants. Registrations of transfers and exchanges shall be made in accordance with the rules of the Securities Depository. See "THE BONDS – Book-Entry Only System" herein.

This cover page contains certain information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, as and if received and accepted by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and the approval of legality by Murray Barnes Finister LLP, Atlanta, Georgia, as Bond Counsel and Disclosure Counsel to the City. Certain matters will be passed upon for the Authority by Jarrard & Davis, LLP, Cumming, Georgia, and for the City by Strickland Turner LLP, Covington, Georgia. It is expected that the Bonds will be available for delivery through DTC on or about ____________, 2026.

RAYMOND JAMES®

Dated: ______________, 2026

* Preliminary, subject to change.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP[1] NOS.

Maturity March 1*	Principal Amount*	Interest Rate	Yield	CUSIP[1]
2027	150,000			
2028	310,000			
2029	325,000			
2030	340,000			
2031	360,000			
2032	380,000			
2033	395,000			
2034	415,000			
2035	435,000			
2036	460,000			
2037	480,000			
2038	505,000			
2039	530,000			
2040	560,000			
2041	585,000			

$1,255,000* ______% Term Bond due March 1, 2043, to Yield ________%[C], CUSIP[1] ____________

$2,085,000* ______% Term Bond due March 1, 2046, to Yield ________%[C], CUSIP[1] ____________

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* Preliminary, subject to change.

(1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein have been provided by CUSIP Global Services (CGS). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP numbers are set forth herein for the convenience of reference only and neither the County, the Authority, the Underwriter nor their respective agents take responsibility for the accuracy of such data.

(C) Priced to the _________ par call date.

NEWTON COUNTY PUBLIC FACILITIES AUTHORITY

Andre Cooper, Chairman
LeAnne Long, Vice Chair
Stan Edwards
Demond Mason
J.C. Henderson

CITY OF COVINGTON, GEORGIA

City Council

Fleeta S. Baggett, Mayor
Charika Davis
Anthony Henderson
Kim Johnson
Travis Moore
Jared Rutberg
Dwayne Turner

Appointed Officials

Tres Thomas, City Manager
Randy Smith, Finance Director

COUNSEL TO THE AUTHORITY

Jarrard & Davis, LLP
Cumming, Georgia

COUNSEL TO THE CITY

Strickland Turner LLP
Covington, Georgia

BOND COUNSEL AND DISCLOSURE COUNSEL

Murray Barnes Finister LLP
Atlanta, Georgia

UNDERWRITER

Raymond James & Associates, Inc.
Atlanta, Georgia

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and the Appendices hereto and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and the Authority and other sources which are deemed to be reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed this Official Statement in accordance with, and as part of, its responsibilities to investors under the Federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expression of opinions herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the City or the Authority since the date hereof.

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES APPEARING ON THE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS, AND THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Any projections or forecasts contained herein are based on current expectations but are not intended as representations of fact or guarantees of results. The projections or forecasts are intended to be forward-looking statements as defined in the Securities Act of 1933, as amended, and such projections and forecasts inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such projections. These projections and forecasts speak only as of the date of this Official Statement. The Authority and the City disclaims any obligation or undertaking to release publicly any updates or revisions to any projections or forecasts contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such projections or forecasts are based.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS SET FORTH IN SUCH ACTS. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF ANY BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS WHEREIN THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY, THE AUTHORITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

References to website addresses presented herein are for informational purposes and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

This Preliminary Official Statement has been deemed final by the Authority and the City for purposes of U.S. Securities and Exchange Commission Rule 15c2-12, except for permitted omissions described in paragraph (b)(1) of Rule 15c2-12.

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Newton County Public Facilities Authority
Revenue Bonds (City of Covington Projects), Series 2026

SUMMARY STATEMENT

The following information is furnished solely to provide limited introductory information regarding the terms of the Bonds (as hereinafter defined) and does not purport to be comprehensive. Such information is qualified in its entirety by reference to the more detailed descriptions appearing in the Official Statement. No person is authorized to detach this Summary Statement from the Official Statement or to otherwise use it without the entire Official Statement. Capitalized terms used and not defined herein have the same meaning ascribed to them in the Resolution and Contract. Certain defined terms are set forth in Appendix B.

The Authority

The Newton County Public Facilities Authority (the "Authority") the issuer of the Bonds (hereinafter defined), is a public body corporate and politic of the State of Georgia (the "State"), created pursuant to an act of the General Assembly of the State of Georgia (Ga. Laws 2020, p. 3600), as amended by Senate Bill 237, Reg. Sess. (GA. 2025) (Collectively the "Act") See "THE AUTHORITY."

The City

The City of Covington, Georgia (the "City") is a municipal corporation of the State located in Newton County (the "County"), approximately 35 miles east of Atlanta. The City had a July 2025 estimated population of 17,477. See "THE CITY."

Purpose of the Bonds

The Authority is issuing its Revenue Bonds, Series 2026 (the "Bonds") for the purpose of (a) financing the construction and equipping of a fire station and the acquisition of a fire truck (collectively, the "Projects") (collectively, the "Projects") and (b) paying the costs of issuing the Bonds. See "FINANCING PLAN."

Security and Sources of Payment for the Bonds

The Bonds are special limited obligations of the Authority payable solely from the Security (defined below), including amounts paid to the Authority pursuant to an Intergovernmental Contract, dated as of September 1, 2026 (the "Contract"), between the Authority and the City. Under the Contract, the Authority has agreed to, among other things, issue the Bonds, and the City has agreed to, among other things, (a) construct, equip and operate the Projects, (b) pay the Authority amounts sufficient to enable the Authority to pay the debt service on the Bonds (the "Contract Payments") and (c) levy an ad valorem property tax, unlimited as to rate or amount, on all property in the City subject to such tax in order to make such Contract Payments.

Pursuant to the Resolution, the Authority has pledged all of its rights, title, and interest in the Contract (except for its right to receive notices and to indemnification), the Contract Payments, and the moneys and investments on deposit in the Project Fund and the Sinking Fund (the "Security") as security for the Bonds.

See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "CITY AD VALOREM TAXATION" and Appendix B.

Description of the Bonds

Redemption. The Bonds are subject to redemption prior to their stated maturity. See "THE BONDS – Redemption."

Denominations. The Bonds are issuable in denominations of $5,000 and any integral multiple thereof.

Payments. Interest on the Bonds is payable semiannually on March 1 and September 1 of each year (each such date, an "Interest Payment Date"), commencing March 1, 2027, by U.S. Bank Trust Company, National Association, Atlanta, Georgia, as Paying Agent and Bond Registrar. The principal amount of the Bonds is payable at the times and in the amounts set forth on the inside cover page of this Official Statement. See "THE BONDS – Description."

Book-Entry Bonds. The Bonds will be issued in book-entry form ("Book-Entry Form") and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (the "Securities Depository"). The Securities Depository will act as securities depository for the Bonds. Purchases will be made only through the Participants (as herein defined) in the Securities Depository, and no physical delivery of the Bonds will be made to Beneficial Owners (as hereinafter defined). Payment of principal of and interest on the Bonds will be made to Beneficial Owners by the Securities Depository through its Participants. Registrations of transfers and exchanges shall be made in accordance with the rules of the Securities Depository. See "THE BONDS – Book-Entry Only System."

For a more complete description of the Bonds and the basic documentation pursuant to which they are being issued, see "THE BONDS" and Appendix B.

Tax Exemption

In the opinion of Bond Counsel, under existing law, subject to the exceptions, conditions, and limitations described herein, interest on the Bonds (including any original issue discount properly allocable to a holder of the Bonds) is exempt from present State of Georgia income taxation, is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. See Appendix C hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Bonds. For a more complete discussion of such opinion and certain other tax consequences of owning the Bonds, including certain exceptions to the exclusion of the interest on the Bonds from gross income, see "LEGAL MATTERS – Tax Exemption" herein.

Professionals Involved in the Offering

Certain legal matters pertaining to the Authority and its authorization and issuance of the Bonds are subject to the approving opinion of Murray Barnes Finister LLP, Atlanta, Georgia, Bond Counsel and Disclosure Counsel to the City. Certain matters will be passed upon for the Authority by Jarrard & Davis, LLP, Cumming, Georgia, and for the City by Strickland Turner LLP, Covington, Georgia. See "APPROVAL OF LEGAL PROCEEDINGS."

U.S. Bank Trust Company, National Association, will act as Paying Agent and Bond Registrar for the Bonds and will act as the Project Fund Custodian and the Sinking Fund Custodian. The principal corporate trust office of the Paying Agent is 2 Concourse Parkway, Suite 800, Atlanta, GA 30328-5588.

The City's financial statements for the fiscal year ended June 30, 2025, are included as Appendix A hereto and have been audited by Mauldin & Jenkins, LLC, as indicated in their report included thereon. See "FINANCIAL STATEMENTS."

Legal Authority

The Bonds are being issued and validated pursuant to (a) the Act and the Revenue Bond Law of the State (O.C.G.A. Section 36-82-60 *et seq.,* as amended) (the "Revenue Bond Law") and (b) a resolution adopted by the Authority on July 7, 2026, as supplemented on ________ ____, 2026 (collectively, the "Resolution"). The Contract is being executed and delivered pursuant to the Constitution of the State, the Act, the Resolution and a resolution adopted by the Mayor and City Council on ________ ____, 2026.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if received and accepted by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by Murray Barnes Finister LLP, Atlanta, Georgia, as Bond and Disclosure Counsel to the City. The Bonds are expected to be delivered through DTC in New York, New York, on or about ________ ____, 2026.

Continuing Disclosure

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Bonds, and the Authority will not provide any such information. The City has undertaken all responsibilities for any continuing disclosure as described below, and the Authority will have no liability to the Beneficial Owners of the Bonds or any other person with respect to such disclosure.

The City has covenanted in the Contract and a Continuing Disclosure Certificate (the "Disclosure Certificate") for the benefit of the Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the City (the "Annual Report") by not later than 270 days after the end of each fiscal year of the City, commencing with the fiscal year ended June 30, 2026 and to provide notices of the occurrence of certain enumerated events (the "Event Notices"). The Annual Report and the Event Notices will be filed by the City with the Municipal Securities Rulemaking Board's (the "MSRB") Electronic Municipal Market Access ("EMMA") system in an electronic format as prescribed by the MSRB. See Appendix D hereto for the form of Disclosure Certificate the City proposes to execute. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

The City has entered into certain prior written undertakings (collectively, the "Prior Undertakings") as an obligated person under the Rule. The Prior Undertakings were substantially similar to the Disclosure Certificate. The City has been in material compliance with its continuing disclosure obligations under the Prior Undertakings during the last five years.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

This Official Statement contains forecasts, projections and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The Authority and the City disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in their respective expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Authority, the City, the Bonds, the Resolution, the Contract and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Resolution, the Contract and other documents are intended as summaries only and are qualified in their entirety by reference to such constitutional provisions, statutes and documents, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Resolution. Copies of the Resolution, the Contract and other documents and information are available, upon request and upon payment to the City of a charge for copying, mailing and handling, from the City of Covington, Georgia, City Manager, 315 Bradley Street, Covington, Georgia 30117, telephone (770) 385-6831. During the period of the offering of the Bonds, copies of such documents are available, upon request and upon payment to the Underwriter of a charge for copying, mailing and handling, from Raymond James & Associates, Inc., 3050 Peachtree Road, NW, Suite 702, Atlanta, Georgia 30305, Attn: Todd L. Barnes, telephone: (404) 279-5724.

THE AUTHORITY

The Authority is a public body corporate and politic of the State created pursuant to the Act. Under the terms of the Act, the Authority has the power to (a) acquire by purchase, lease or otherwise, and to hold, lease and dispose of real and personal property of every kind for its corporate purposes, (b) execute contracts, leases, installment sale agreements, and other agreements and instruments necessary or convenient in connection with the acquisition, construction, addition, extension, improvement, equipping, operation, or maintenance of a project (as defined in the Act), (c) acquire, construct, add to, extend, improve, equip, hold, operate, maintain, lease and dispose of projects and (d) issue revenue bonds, and to provide for the payment of the same and the rights of the holders thereof.

The affairs of the Authority are conducted by its five members, who are appointed by the Board of Commissioners of the County. Members of the Board of Commissioners of the County may be appointed to the Authority. To be eligible for appointment as a member of the Authority, a person shall be at least 21 years of age and a resident of the County for at least two years before the date of his or her appointment and shall not have been convicted of a felony. The names of the current members, their principal occupation, and the expiration of their terms of office are set forth below.

Name	Principal Occupation	Expiration of Term
Andre Cooper, Chairman	Business Owner	May 6, 2026[(1)]
LeAnne Long, Vice Chair	Business Owner	May 6, 2027
Stan Edwards	Insurance	May 6, 2028
Demond Mason	Business Owner	May 6, 2028
J.C. Henderson	Retired	May 6, 2027

(1) Members and officers serve until successors are appointed.

THE AUTHORITY HAS NO TAXING POWER AND HAS NO LEGAL RIGHT TO RECEIVE APPROPRIATIONS OR OTHER PAYMENTS FROM THE CITY THAT MAY BE APPLIED TO THE BONDS EXCEPT FOR THE PAYMENTS THE CITY HAS CONTRACTED TO MAKE UNDER THE CONTRACT.

THE BONDS

Description

The Bonds will be dated their date of issuance and will bear interest at the rates specified on the inside cover page of this Official Statement (computed on the basis of a 360-day year of twelve 30-day months) from the Interest Payment Date next preceding their date of authentication to which interest has been paid (unless their date of authentication is an Interest Payment Date, in which case from such Interest Payment Date, unless their date of authentication is after the fifteenth day of the calendar month preceding each Interest Payment Date (the "Record Date") but before an Interest Payment date, in which case from the next Interest Payment Date, or unless their date of authentication is before the first Interest Payment Date, in which case from their date of original issuance). Interest will be payable semiannually on each Interest Payment Date, commencing March 1, 2027. The principal amount of the Bonds is payable at the times and in the amounts set forth on the inside cover page of this Official Statement. Both the principal of and interest on the Bonds shall be payable in lawful money of the United States of America.

The Bonds shall initially be issued in Book-Entry Form. As long as the Bonds are held in Book-Entry Form, the principal of and the interest on the Bonds shall be payable in accordance with the rules of the Securities Depository, as described more fully below under "Book-Entry Only System." If the Bonds are no longer held in

Book-Entry Form, the principal of and interest on the Bonds shall be payable in accordance with the terms of the Resolution.

As long as the Bonds are held in Book-Entry Form, registrations of transfers and exchanges shall be made in accordance with the rules of the Securities Depository, as described more fully below. If the Bonds are no longer held in Book-Entry Form, the Bonds may be registered as transferred and exchanged in accordance with the terms of the Resolution.

Book-Entry Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy and Security Position Report to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy). The Security Position Report includes each Participant's closing balance in any Bond along with their name, address, telephone number and proxy contact person.

Redemption proceeds and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Authority on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Authority or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the City. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE SOLE REGISTERED OWNER OF THE BONDS, THE AUTHORITY AND THE PAYING AGENT WILL TREAT CEDE & CO. AS THE ONLY OWNER OF THE BONDS FOR ALL PURPOSES UNDER THE RESOLUTION, INCLUDING RECEIPT OF ALL DISTRIBUTIONS ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE AUTHORITY OR THE PAYING AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE RESOLUTION. NEITHER THE AUTHORITY, THE CITY, NOR THE PAYING AGENT SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT WITH RESPECT TO ANY BENEFICIAL OWNERSHIP INTEREST IN ANY BONDS; (B) THE PAYMENT BY ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE DISTRIBUTIONS ON THE BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO OWNERS OF

THE BONDS INCLUDING, WITHOUT LIMITATION, ANY NOTICE OF REDEMPTION; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO., AS REGISTERED OWNER.

Redemption*

Optional Redemption. The Bonds maturing on or after March 1, 20__ may be redeemed prior to their respective maturities at the direction of the City, either in whole or in part, in any order of maturities, on any date not earlier than March 1, 20__ at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.

Partial Redemption. If the Bonds are called for redemption in part, then the particular maturity or maturities to be redeemed shall be selected by the City. If less than all of the Bonds of a maturity are to be called for redemption, then Bonds within each maturity so called for redemption shall be selected (a) in the manner designated by the Securities Depository when the Bonds are held in Book-Entry Form and (b) by lot when the Bonds are not held in Book-Entry Form.

Notice of Redemption. Notice of redemption shall be given by the Paying Agent not less than 30 nor more than 60 days prior to the redemption date (a) in accordance with the rules of the Securities Depository as long as the Bonds are held in Book-Entry Form and (b) by first class mail, postage to all registered owners of the Bonds to be redeemed at addresses which appear upon the bond registration book as of the date of giving such notice. Any defect in such notice shall not affect the validity of the proceedings for such redemption or cause the interest to accrue on the principal amount of the Bonds so designated for redemption after the redemption date. Notice given in the manner set forth above shall be conclusively presumed to have been given, whether or not the registered owner receives the notice.

If at the time of mailing of notice of redemption there have not been deposited with the Paying Agent moneys sufficient to redeem all Bonds called for redemption, such notice will state that it is conditional upon the deposit of the redemption moneys with the Paying Agent not later than the opening of business on the date established for redemption, and such notice will be of no effect unless such moneys are so deposited.

FINANCING PLAN

Sources and Uses of Funds

Set forth below are the sources and uses of funds for the Bonds.

Sources:
Par Amount
Plus: **[Net]** Original Issue Premium
Total Sources
Uses:
Projects
Costs of Issuance(1)
Total Uses

(1) Includes underwriter's discount, legal fees, printing fees, rating fees and other miscellaneous transaction costs with respect to the Bonds.

The Projects

Project Description. The proceeds of the Bonds will be used to pay the costs of the Projects and the costs of issuing the Bonds. The Projects consist of the construction and equipping of a fire station and the acquisition of a fire truck.

The proceeds of the Bonds will be deposited in the Project Fund. Prior to the expenditure of the proceeds of the Bonds held by the Project Fund Custodian, such moneys will be invested as set forth below under the heading "Investment of Bond Proceeds."

Investment of Bond Proceeds. The proceeds of the Bonds will be invested pending their disbursement in investments authorized by the laws of the State of Georgia. Presently, Section 36-82-7 of the Official Code of Georgia Annotated provides that the proceeds of the Bonds may be invested and reinvested by the governing authority of the City in the following investments, and no others:

(1) the local government investment pool created in Chapter 83 of Title 36 of the Official Code of Georgia Annotated;

(2) bonds or obligations of the City or bonds or obligations of the State of Georgia or other states or of other counties, municipal corporations, and political subdivisions of the State of Georgia;

(3) bonds or other obligations of the United States or of subsidiary corporations of the United States government which are fully guaranteed by such government;

(4) obligations of and obligations guaranteed by agencies or instrumentalities of the United States government, including those issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, Bank for Cooperatives, and any other such agency or instrumentality now or hereafter in existence, provided however, that all such obligations shall have a current credit rating from a nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;

(5) bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;

(6) certificates of deposit of national or state banks located within the State of Georgia which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State of Georgia which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any such bond proceeds, provided the portion of the certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or the Georgia Credit Union Deposit Insurance Corporation, if any, must be secured by deposit, with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State of Georgia, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State of Georgia or of any City or municipal corporation in the State of Georgia, obligations of the United States or subsidiary corporations described in (3) above, obligations of the agencies of the United States government described in (4) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities described in (5) above;

(7) securities of or other interests in any no-load, open-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof so long as:

(a) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations described in paragraph (3) and (4) above and repurchase agreements fully collateralized by any such obligations,

(b) such investment company or investment trust or common trust fund takes delivery of such collateral either directly or through an authorized custodian,

(c) such investment company or investment trust or common trust fund is managed so as to maintain its shares at a constant net asset value, and

(d) securities of or other interests in such investment company or investment trust or common trust fund are purchased and redeemed only through the use of national or state banks having corporate trust powers and located within the State of Georgia; and

(8) interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least $50 million or with any government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least $50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956, provided that each such interest-bearing time deposit, repurchase agreement, reverse repurchase agreement, rate guarantee agreement, or other similar banking arrangement shall permit the moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys.

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Annual Debt Service Requirements

The following table sets forth the principal and interest payment requirements with respect to the Bonds:

Fiscal Year	Principal*	The Bonds Interest	Total
2027	$150,000		
2028	310,000		
2029	325,000		
2030	340,000		
2031	360,000		
2032	380,000		
2033	395,000		
2034	415,000		
2035	435,000		
2036	460,000		
2037	480,000		
2038	505,000		
2039	530,000		
2040	560,000		
2041	585,000		
2042	615,000		
2043	640,000		
2044	665,000		
2045	695,000		
2046	725,000		
Total	$9,570,000		

See "CITY DEBT STRUCTURE" herein hereto for a description of other long-term debt of the City that is paid from its General Fund.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are special limited obligations of the Authority payable solely from the Security. The Authority has no taxing power and no other sources of revenue. The Bonds are not secured by any lien on or pledge of the Projects or any other real estate.

THE BONDS DO NOT CONSTITUTE A DEBT OR A MORAL OBLIGATION OF THE STATE, THE COUNTY, OR THE CITY. NO OWNER OF THE BONDS SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE, THE COUNTY, OR THE CITY TO PAY THE SAME OR THE INTEREST THEREON. HOWEVER, THE CITY'S TAXING POWER HAS BEEN PLEDGED TO THE PAYMENT OF THE CONTRACT PAYMENTS.

The Contract

Pursuant to the Contract, the City has agreed to, among other things, (a) construct, equip and operate the Projects, (b) pay the Authority amounts sufficient to enable the Authority to pay the debt service on the Bonds (the "Contract Payments") and (c) levy an ad valorem property tax, unlimited as to rate or amount, on all property in the City subject to such tax in order to make such Contract Payments. The obligations of the City to make the Contract Payments and to perform and observe various other agreements contained in the Contract are absolute and unconditional. The Authority has directed the City to make the Contract Payments directly to the Sinking Fund

Custodian. For a more complete description of the Contract and the City's obligations under the Contract, see Appendix B.

Resolution

Pursuant to the Resolution, the Authority has pledged all of its rights, title and interest in the Security (except for its right to receive notices and to indemnification) as security for the Bonds. The Authority has covenanted not to create any other liens on the Security. For a more complete description of the Resolution and the Authority's obligations thereunder, see Appendix B.

BONDHOLDERS' RISKS

General

The purchase of the Bonds may involve certain risks. The following is a summary, which does not purport to be comprehensive or definitive, of some of such risk factors.

Decline in Property Tax Digest

There can be no assurance that the City's property tax digest will remain at its current levels and will not decline in the future. If the City's property tax digest declines from its current level, the City would need to either reduce expenses to pay the Contract Payments or increase the millage rate.

Cybersecurity

Despite the implementation of network security measures by the City, its information technology systems may be vulnerable to breaches, hacker and ransomware attacks, computer viruses, physical or electronic break-ins and other similar events or issues. State and local governments have recently been subject to such attacks.

The foregoing events or issues could lead to the inadvertent disclosure of confidential information, ransomware attacks holding critical information and operations hostage or could have an adverse effect on the City's ability to provide services and collect revenues. Any breach or cyberattack that compromises data could result in negative press. Despite efforts of the City, no assurances can be given that the City's measures will prevent cybersecurity attacks, and no assurances can be given that any cybersecurity attacks, if successful, will not have a material adverse effect on the operations or financial condition of the City.

Enforceability of Remedies

The realization of value from the pledge of the property assigned and pledged under the Resolution and the taxing power of the City under the Contract upon any default will depend upon the exercise of various remedies specified by the Resolution and the Contract. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights and remedies with respect to the Bonds may be limited by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, reorganization, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. A court may decide not to order the specific performance of the covenants contained in the Resolution or the Contract.

Under the terms of the Resolution and the Contract, the owners of the Bonds do not have the right to accelerate the principal of Bonds upon a default. The owners of the Bonds do, however, have the right to bring an action for specific performance and pursue other remedies.

Section 36-80-5 of the Official Code of Georgia Annotated provides that no municipality or public body corporate created under the Constitution or laws of the State shall be authorized to file a petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. Section 36-80-5 of the Official Code of Georgia Annotated also provides that no chief executive, mayor, board of commissioners, or other governmental officer, governing body, or organization shall be empowered to cause or authorize the filing by or on behalf of any municipality or public body corporate created under the Constitution or laws of the State of Georgia of any petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities.

THE CITY

Introduction

The City is a municipal corporation created and validly existing under the laws of the State. The City is located approximately 35 miles east of Atlanta and is near Interstate 20. The City was incorporated in 1822 and since that time the City's population has grown to a July 2025 estimated population of 17,477. There are six municipalities located in the County: the City, Mansfield, Newborn, Oxford, Porterdale and part of Social Circle. The City is the County seat.

Form of Government

Under the City's charter, all legislative powers are vested in the City Council, which is composed of the Mayor and six council members (the "Council"). The Mayor is elected at large for a four-year term. The City is divided into two wards, the West Ward and the East Ward. Three members of the Council shall be elected from each ward for four-year terms. Elections for Council members occur every two years, so terms are staggered. Each year the Council selects one of its members to be mayor pro tem. The current members of the Council, the expiration of their term of office and their principal occupation are as follows:

Member	Principal Occupation	Term Expires
Fleeta Baggett, *Mayor*	Retired Business Owner	December 31, 2027
Charika Davis	Insurance	December 31, 2029
Anthony Henderson	Detention Officer	December 31, 2029
Kim Johnson	Retired	December 31, 2027
Travis Moore	Realtor, Business Owner	December 31, 2027
Jared Rutberg	Business Owner	December 31, 2027
Dwayne Turner	Law Enforcement Officer	December 31, 2029

City Administration

The City Council appoints a full-time City Manager. Tres Thomas was appointed as interim city manager for the City in May 2022 by the Mayor and was appointed as City Manager by the Council in December of the same year. He supervises daily operations and oversees all departments and long-term plans for the City. Throughout his 24 year career with the City, Mr. Thomas has served in various positions such as: city engineer/assistant public works director, public works director, and planning and development director. Before joining municipal government, he worked as a project engineer for 10 years. Mr. Thomas holds Bachelor of Science Civil Engineering degree from the University of Alabama and is a Professional Engineer licensed in the State of Georgia.

The City Manager is responsible for the appointment of the City Finance Director. Randy Smith was appointed Finance Director for the City of Covington in August 2013 by the City Manager. In this role, he oversees the operations of the City's accounting, purchasing, customer service, utility billing, and municipal court functions. He is a seasoned government finance professional with over 20 years of experience in governmental accounting, auditing, and financial reporting.

Mr. Smith holds a Bachelor of Business Administration degree from the University of Georgia and is a Certified Public Accountant (CPA) licensed in the State of Georgia. He has also earned the Certified Government Chief Information Officer (CGCIO) designation from the Carl Vinson Institute of Government and is a Certified Retirement Plan Fiduciary through the Georgia Association of Public Plan Trustees.

Prior to joining the City of Covington, Mr. Smith served as Accounting Manager for the City of Peachtree City and previously as Chief Financial Officer of Enterprise Banking Company in McDonough, Georgia, where he oversaw the bank's investment portfolio, treasury management, and regulatory compliance. Earlier in his career, he audited numerous municipalities while working as an audit staff member for two CPA firms.

Mr. Smith is a member of the Government Finance Officers Association (GFOA) and the Georgia Government Finance Officers Association (GGFOA).

Employees

The City employed 377 full-time and 8 part-time/seasonal employees in all departments of government as of July 1, 2026. No employees of the City are represented by labor organizations or are covered by collective bargaining agreements, and the City is not aware of any union organizing efforts at the present time. The City believes that employee relations are good. The City offers its full-time employees competitive benefits.

Retirement Plans and Other Post-Employment Benefits

Defined Benefit Plan. The City maintains a noncontributory single-employer defined benefit pension plan (the "Defined Benefit Plan"). The Defined Benefit 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 Defined Benefit Plan and Southeastern Advisory Services, Inc., as investment consultants. The City Council has appointed the City Manager as the Plan Administrator. Benefit provisions and contributions are established and may be amended by the City Council.

The Defined Benefit Plan covers all full-time employees of the City and the elected officials, except those who elect to be a part of the City's Defined Contribution Plan (hereinafter defined). Employees become eligible to participate in the Defined Benefit Plan after one year of service and employees hired before July 1, 2002 are fully vested after completion of four years of credited service and 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. 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 Defined Benefit Plan provides retirement, disability, and death benefits to Defined Benefit Plan members and beneficiaries. The Defined Benefit Plan does not issue a stand-alone financial statement. The City is required to contribute all amounts necessary to fund the Defined Benefit Plan, using the actuarial basis specified by the pension board. The funding policy for the Defined Benefit Plan is to contribute an amount equal to or greater than the recommended contribution described below. Administrative costs of the Defined Benefit Plan are financed through investment income.

As of January 1, 2025, the Defined Benefit Plan had 462 participants consisting of the following: 94 active employees, 253 retirees and their beneficiaries currently receiving benefits and 115 vested former participants entitled to but not yet receiving benefits.

As of January 1, 2025 (the most recent information available), based on the entry age normal actuarial cost method, the Defined Benefit Plan had an actuarial value of assets equal to $63,864,073 and an actuarial accrued liability of $82,387,946, resulting in an unfunded actuarial accrued liability of $18,523,873.

See Note 7 of the audited financial statements for a detailed description of the Defined Benefit Plan.

Defined Contribution Plan. The City offers its employees a defined contribution plan (the "Defined Contribution Plan") created in accordance with Internal Revenue Code Section 401(a). The Defined Contribution Plan is available to all City employees, and participation in the plan is optional. 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 Defined Contribution 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 $940,279 to the Defined Contribution Plan in fiscal year 2025.

Deferred Compensation Plan. 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 an unforeseen 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 Defined Benefit Plan. During the year ended June 30, 2025, City employees contributed $1,356,174 to the 457 Plan.

Other Post-Employment Benefits. The City administers a single-employer defined benefit postemployment healthcare plan (the "Retiree Health Plan"). The Retiree Health Plan provides health 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. Health 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.

At June 30, 2024, the date of the most recent actuarial valuation, the Retiree Health Plan had 379 members, consisting of the following:

Active participants	347
Retirees and beneficiaries currently receiving benefits	30
Covered spouses	2

The City has not elected to advance fund the Retiree Health Plan, but rather maintains the Retiree Health Plan on a "pay-as-you-go" basis, in that claims are paid as they arise, rather than establishing an irrevocable trust to accumulate restricted funds. The City's contribution to the Retiree Health Plan for the fiscal year 2025 was $165,878.

At June 30, 2025, the City reported a net OPEB liability of $3,508,168. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024. For fiscal year 2025, the City recognized OPEB expense of $229,759. For the Governmental Activities, the net OPEB liability is liquidated by the General Fund.

See Note 13 of the audited financial statements for a detailed description of the OPEB Plan.

City Services

The City provides a full range of services, including 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. Additional City amenities include a golf course, a large lake, a City-owned airport, five public parks, and numerous other recreational facilities. The City also boasts a six-mile walking/biking path that runs through the heart of the city, connecting a local high school with a park.

Education

Local Schools. The residents of the City are served by the Newton County School District (the "School District"). The School District is coextensive with the territorial limits of the County, but excludes the area within the territorial limits of the School District of the City of Social Circle. The School District consists of 23 schools: 13 elementary schools, five middle schools, three high schools, one K-8 science and technology academy, and one college and career academy. The School District is responsible for educating approximately 18,672 students throughout the County. The School District employs approximately 2,582 full-time employees, including more than 1,178 teachers.

Higher Education. The County is home to several institutions of higher learning, including Oxford College of Emory University, Georgia State University's Newton Perimeter Campus, and Troy University's Global Campus. Due to the City's proximity to the City of Atlanta, residents of the County have convenient access to higher education opportunities throughout the State, including a wide array of public and private universities and technical and vocational schools located in the City of Atlanta.

Healthcare

The Piedmont Newton Hospital is located within the City. The hospital is a 107-bed acute care facility which provides 24-hour emergency services; women's services, including a six-bed special care nursery; general medical/surgical and diagnostic care, including cardiac services, diagnostic imaging services, heart and lung care, orthopedics and sports medicine, a sleep center, diabetes management, outpatient services and rehabilitation services.

Transportation

The City is conveniently located near Interstate 20 and is approximately 38 miles from the world's busiest airport, Hartsfield-Jackson International Airport. Direct railway service is provided by CSX (Chessie Seaboard Railroad), which serves as a link to the Southeast. Covington Municipal Airport, located in the northern portion of the City, features a 6,000-foot lighted runway, capable of accommodating aircraft up to 30,000 pounds. The nearest navigable river is the Chattahoochee, which has a nine-foot channel depth with a public barge dock located in Columbus, Georgia, 136 miles away. The nearest seaport is Savannah, 226 miles away, which has a forty-two-foot channel depth.

Recent Economic Activity

In addition to being a long-established film and television production hub, having served as the backdrop for over 160 film productions since 1954, the City continues to see impressive growth in the manufacturing sector. In 2026, the City Council approved the development of an Amazon data center within the City. Pursuant to the approved development agreement, the project is expected to generate revenue for the City through negotiated payments in lieu of taxes ("PILOT Payments") and utility franchise fees once construction is complete and the facility becomes operational. While the timing and amount of such revenues will depend on the project's completion and commencement of operations, City officials anticipate the development will have a positive long-term impact on the City's revenue base

Category of Land by Use

The following table reflects the categories of land use in the City for the calendar year 2025.

Land Type	Percentage[1]
Agricultural	6.82
Commercial	21.49
Industrial	34.51
Residential	35.67
Utility	0.10
Conservation Use	1.41
Total	100.00%

(1) Percentages are based on the number of acres excluding exempt property.
Source: Georgia Department of Revenue 2025 Digest Consolidation Sheet.

Demographic Information

The following information is provided to give prospective investors an overview of the general demographic conditions in the City. These statistics are not to be relied upon as a representation or guarantee of the City, the Authority or the Underwriter.

Population. Set forth below is the population of the City for the census years 1990 through 2020 and an estimate as of July 2025 (the most recent information available).

Year	Population
1990	10,028
2000	11,529
2010	13,118
2020	14,192
2025	17,477

Source: U.S. Census Bureau, 1990, 2000, 2010 and 2020 U.S. Census; and U.S. Census Bureau, Quick Facts July 1, 2025.

Population by Age; Median Age. The estimated median age of the City for the calendar year 2024 (the most recent information available) was 37.8 years. The following table presents the estimated population by age for the City for the calendar year 2024 (the most recent information available).

Under 20 Years	20 to 44 Years	45 to 64 Years	65 Years and Over
27.7%	31.3%	24.3%	16.8%

Source: U.S. Census Bureau, 2024 American Community Survey 5-Year Estimates.

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Population by Race. The following table presents estimated population by race for the City for the calendar year 2024 (the most recent information available).

White[(1)]	Black or African American[(1)]	Asian[(1)]	Other[(1)]	Two or More Races	Hispanic or Latino[(2)]
39.8%	50.9%	0.4%	3.4%	5.5%	7.9%

(1) Includes persons reporting only one race.
(2) Hispanics may be of any race, so also are included in applicable race categories.
Source: U.S. Census Bureau, 2024 American Community Survey 5-Year Estimates.

Level of Education. The following table presents the estimated level of educational attainment of the population 25 years and over for the City for the calendar year 2024 (the most recent information available).

Less than 9th grade	2.5%
9th to 12 grade, no diploma	8.5
High school graduate (including equivalency)	27.5
Some college, no degree	25.5
Associate degree	8.7
Bachelor's degree	14.3
Graduate or Professional degree	12.9
	100.0%
Percent high school graduate or higher	89.0%
Percent bachelor's degree or higher	27.2

Source: U.S. Census Bureau, 2024 American Community Survey 5-Year Estimates.

Commuting Characteristics. The following table presents the estimated percentages of the City's population employed at jobs located within the County, those employed at jobs located outside of the County and those employed at jobs outside the State for the calendar year 2024 (the most recent information available).

Inside the County	55.3%
Outside the County (in State)	41.1
Outside the State	3.7
	100.1%

Source: U.S. Census Bureau, 2024 American Community Survey 5-Year Estimates.

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Economic Information

The following information is provided to give prospective investors an overview of the general economic condition in the City. These statistics have not been adjusted to reflect economic trends and are not to be relied upon as a representation or guarantee of the City, the Authority or the Underwriter.

Per Capita Income. The following table reflects the per capita personal income for the City, the State and the United States for the calendar years 2020 through 2024 in inflation adjusted dollars (the most recent information available).

Year	City	State	United States
2020	$23,331	$32,427	$35,384
2021	26,268	34,516	37,638
2022	27,797	37,836	41,261
2023	29,413	39,525	43,289
2024	44,673	40,924	32,109

Source: U.S. Census Bureau, 2020-2023 American Community Survey 5-Year Estimates; 2024: U.S. Census Bureau, Quick Facts July 1, 2024.

Poverty Levels. The following table reflects an estimate of the percentage of all people in the City, the State and the United States with incomes lower than the poverty level for the calendar years 2020 through 2024 (the most recent information available).

Year	City	State	United States
2020	26.2%	14.3%	12.8%
2021	21.0	13.9	12.6
2022	20.5	13.5	12.5
2023	24.0	13.5	12.4
2024	20.4	13.4	12.5

Source: U.S. Census Bureau, 2020-2024 American Community Survey 5-Year Estimates.

Median Home Values. The following table reflects the median home value of owner-occupied housing for the City, the State and the United States for calendar years 2020 through 2024 (the most recent information available).

Year	City	State of Georgia	United States
2020	178,800	190,200	229,800
2021	179,400	206,700	244,900
2022	219,400	245,900	281,900
2023	242,700	272,900	303,400
2024	301,900	303,300	332,700

Source: U.S. Census Bureau, 2020-2024 American Community Survey 5-Year Estimates.

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Household Income Distribution. The following table reflects the estimated income distribution of all households in the City for the calendar year 2024 (the most recent information available). The median household income for the calendar year 2024 was estimated to be $58,810.

Income	Percent of Population
Less than $10,000	7.9
$10,000 to $14,999	1.8
$15,000 to $24,999	9.4
$25,000 to $34,999	14.9
$35,000 to $49,999	12.5
$50,000 to $74,999	10.2
$75,000 to $99,999	15.0
$100,000 to $149,999	18.2
$150,000 to $199,999	4.5
$200,000 or more	5.6
	100.0%

Source: U.S. Census Bureau, 2024 American Community Survey 5-Year Estimates.

Building Permits Summary. The following table reflects the number and aggregate dollar value of commercial and residential building permits issued in the City for the last five calendar years. Permits are categorized between commercial and residential, with each category including new construction, additions, alterations and conversions. The dollar value is based on an estimate of the value of the new construction or alteration submitted by the permit applicant. For presentation purposes, permits issued for mobile homes, single family homes and multifamily homes are included in the residential totals. All other permits are included in the commercial totals.

			Residential			
	Commercial		Single Family		Multi-Family	
Year	# Permits	Value	# Permits	Value	# Permits	Value
2021	61	$ 19,450,971	62	$ 19,576,016	19	$ 90,628,929
2022	73	21,615,772	82	25,366,882	17	136,882,651
2023	71	31,631,242	142	63,938,062	12	13,079,090
2024	32	196,433,105	269	114,277,818	179	105,894,507
2025	34	540,968,313	263	93,397,838	0	0

Source: City of Covington Planning & Zoning records

Labor Statistics. Set forth below are labor statistics for the County, the State and the United States for the past five calendar years and for the month of June 2026 (the most recent information available). Comparable information for the City is not available.

	2021	2022	2023	2024	2025	2026[1]
County Labor Force	55,127	56,854	58,770	59,602	60,661	61,509
County Unemployment Rate	4.3%	3.5%	3.8%	4.2%	4.1%	4.1%
State Unemployment Rate	3.9	3.2	3.3	3.5	3.4	3.6
United States Unemployment Rate	5.3	3.6	3.6	4.0	4.3	4.4

(1) Reflects labor statistics for the month of June 2026 (preliminary).
Source: Georgia Department of Labor.

Principal Employers. Set forth below are the 10 largest employers located in the City as of June 30, 2025. The type of business and the approximate number of employees are shown in the table. There can be no assurance that any employer listed below will continue to operate or will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the companies listed below. See "THE CITY – Demographic Information – Commuting Characteristics."

Employer	Industry	Number of Employees
Newton County Board of Education[1]	Education	2,575
CR Bard	Manufacturing	856
Piedmont Healthcare	Healthcare	740
Newton County Board of Commissioners	Government	721
General Mills	Manufacturing	481
Pactiv	Manufacturing	420
City of Covington	Government	344
Nisshinbo	Manufacturing	339
Wal-Mart #459	Retail	323
Global Distribution Center	Distribution	284

[1]Reflects total employees throughout the County

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

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CITY DEBT STRUCTURE

Summary of City Debt by Category and Estimated Overlapping Debt*

The following table sets forth the outstanding tax-supported debt of the City and certain overlapping governmental entities and assumes the issuance of the Bonds. Although the City has attempted to obtain accurate information as to the outstanding overlapping debt, it does not warrant its completeness or accuracy, as there is no central reporting entity that has this information available, and the amounts are based on information supplied by others. The information set forth below should be read in conjunction with the City's audited financial statements included as Appendix A.

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable(4)	Estimated Share of Overlapping Debt
Direct Debt:			
Capital Leases(1)	$7,366,656	100%	$7,366,656
Intergovernmental Contracts(2)	32,070,000*	100	32,070,000*
Total Direct Debt	$39,436,656*	100%	$39,436,656*
Overlapping Entities(4):			
Newton County:			
General Obligation Bonds(3)	$21,575,000	23.22%	$4,102,974
Capital Leases(1)	8,425,815	23.22%	1,956,474
Intergovernmental Contracts(2)	26,365,000	23.22%	6,121,953
School District:			
General Obligation Bonds(3)	89,735,000	23.22%	20,836,467
Total Overlapping Debt	$142,195,815	23.22%	$33,017,868
Total Direct and Overlapping Debt	$181,632,471		$72,454,524

(1) The financial obligations under the capital leases do not constitute general obligations of the governmental entity to which its faith and credit or taxing power are pledged, but are subject to and dependent upon lawful appropriations of general revenues being made by the governmental entity to pay the capital lease payments due in each year. The governmental entity's obligations under the capital leases are from year to year only and do not constitute mandatory payment obligations of the governmental entity in any year in which funds are not appropriated by the governmental entity to pay the capital lease payments due in such year. Capital leases do not constitute debt for purposes of the constitutional debt limit, but are subject to a similar statutory debt limit.

(2) The obligations under intergovernmental contracts are general obligations of the governmental entity to which its full faith and credit and taxing powers are pledged, but do not constitute debt for purposes of the constitutional debt limit. With respect to the City, includes $9,570,000* in aggregate principal amount of the Bonds. For the County, includes $8,100,000 of the Newton County Industrial Development Authority's $16,100,000 Taxable Industrial Development Revenue Bond (Stanton Grove Project), Series 2021. Excludes GEFA loans, SRF loans, and other intergovernmental contract obligations that are expected to be paid with revenues from an enterprise fund. Additionally, excludes the City's approximately $420,630,000 share of the Municipal Electric Authority of Georgia's (MEAG) debt and the City's approximately $2,160,000 share of the Municipal Gas Authority of Georgia's debt, as these outstanding obligations are expected to be paid with revenues of its electric system and gas system, respectively.

(3) General obligation bonds constitute a general obligation of the issuer to which its full faith credit and taxing powers are pledged, constitute debt for purposes of the constitutional debt limit, and are paid from an ad valorem property tax levy, unlimited as to rate or amount, separate and distinct from the operations and maintenance levy.

(4) The percentage of each overlapping entity's outstanding debt chargeable to property in the City is calculated by dividing the 2025 gross assessed valuation of property in the City by the 2025 gross assessed valuation of property in the County.

Proposed Debt

The City does not anticipate issuing additional tax-supported debt in the next three years.

Limitations on City Debt

General Obligation Debt. The Constitution of the State of Georgia provides that the City may not incur long-term general obligation debt payable out of general property taxes without the approval of a majority of the qualified voters of the City voting at an election called to approve the obligations. In addition, under the

Constitution of the State of Georgia, the City may not incur long-term obligations payable out of general property taxes in excess of 10 percent of the assessed value of all taxable property within the City. Refunded obligations cease to count against the City's debt limitations.

As computed in the table below, based upon the 2025 assessed value of all taxable property located in the City, the City could incur (upon necessary voter approval) approximately $142,956,868 in additional long-term obligations payable out of general property taxes (or general obligation bonds).

Computation of Legal Debt Margin

Net Bond Digest	$1,429,568,680
Debt Limit (10% of Assessed Value)	142,956,868
Less: Amount of Debt Applicable to Debt Limit	0
Legal Debt Margin	$142,956,868

Other Debt. Short-term obligations (those payable within the same calendar year in which they are incurred) and intergovernmental obligations are not subject to the constitutional limitations described above. Georgia law provides that no lease or installment purchase contract subject to annual appropriation may be delivered if the principal portion of such contract, when added to the amount of debt subject to the debt limitation described above, exceeds 10 percent of the assessed value of all taxable property within the City. Georgia law also provides that no lease or installment purchase contract subject to annual appropriation with respect to real property may (with certain exceptions) be executed or renewed, refinanced, or restructured if the lesser of either of the following is exceeded:

(a) the average annual payments on the aggregate of all such outstanding contracts exceed 7.5 percent of the governmental fund revenues of the City for the calendar year preceding the delivery of such contract plus any available special City one percent sales and use tax proceeds collected; or

(b) the outstanding principal balance on the aggregate of all such outstanding contracts exceeds $25 million.

Tax Supported Debt Ratios*

The following table sets forth certain debt ratios following issuance of the Bonds.

	Direct Tax Supported Debt	Overlapping Tax Supported Debt	Overall Tax Supported Debt
Per Capita Debt[(1)]	$2,256.49	$1,889.22	$4,145.71
Percentage of Gross Tax Digest[(2)]	2.406%	2.014%	4.420%
Percentage of Fair Market Value[(3)]	0.962%	0.806%	1.768%
Per Capita Debt as Percentage of Per Capita Income[(4)]	7.028%	5.884%	12.911%

(1) Based upon 2025 estimated population figure of 17,477.
(2) Based upon 2025 gross tax digest of $1,639,118,988.
(3) Based upon 2025 estimated fair market value of $4,097,797,470.
(4) Based upon a 2024 estimated per capital income figure of $32,109.

CITY FINANCIAL INFORMATION

Accounting System and Policies

See Note 1 of the audited financial statements of the City for a detailed description of the City's significant accounting policies.

Five Year General Fund History

Set forth below is a historical, comparative summary of the revenues, expenditures, and changes in fund balances of the City's General Fund for the past five fiscal years. Information in the following table has been extracted from the audited financial statements of the City. Although such information has been taken from audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the financial condition of the City for the fiscal years shown. For more complete information, reference is made to the audited financial statements of the City, copies of which are available from the City upon request.

	Fiscal Year Ended June 30,				
	2021	2022	2023	2024	2025
Revenues:					
Property taxes	$7,058,930	$7,548,641	$7,771,731	$8,178,155	$9,063,142
Sales taxes	3,346,923	3,646,838	4,052,200	4,202,866	4,241,875
Insurance premium taxes	1,054,249	1,088,683	1,179,238	1,260,190	1,354,791
Other taxes	1,230,104	1,409,761	1,412,589	1,424,978	1,380,074
Licenses and permits	715,158	755,984	1,036,920	1,839,880	1,887,072
Intergovernmental	1,064,890	586,819	532,687	581,671	500,293
Franchise taxes	776,573	808,763	961,840	857,226	1,040,823
Fines and forfeitures	265,119	660,499	1,039,853	900,594	879,502
Interest revenue	48,163	50,837	422,553	1,542,942	1,387,844
Lease income	—	93,989	92,898	50,633	82,831
Other revenues	819,775	773,450	984,716	1,544,012	2,413,312
Total revenues	16,379,884	17,424,264	19,487,225	22,383,147	24,231,559
Expenditures:					
Current:					
General government	4,420,105	5,220,764	4,713,700	5,413,792	5,878,702
Judicial	514,312	673,978	852,433	964,095	963,114
Public safety	13,328,287	14,917,326	15,755,903	19,148,900	19,960,069
Public works	3,246,344	3,335,359	3,223,857	4,208,722	4,389,431
Parks and recreation	413,774	415,057	457,947	581,054	646,222
Housing and development	1,293,719	1,330,920	1,431,163	1,800,410	2,081,852
Debt service					
Principal	64,697	350,934	620,210	1,430,075	1,689,842
Interest	950	44,109	61,389	221,939	220,224
Total expenditures	23,282,188	26,288,447	27,116,602	33,768,987	35,829,456
Excess (deficiency) of revenues over (under) expenditures	(6,902,304)	(8,864,183)	(7,629,377)	(11,385,840)	(11,597,897)
Other financing sources (uses):					
Transfers in[1]	8,309,254	8,348,571	6,544,002	7,479,640	10,114,935
Transfers out	—	(6,389)	—	—	(2,578)
Leases	—	715,583	1,157,342	4,044,041	2,432,737
Proceeds from sale of capital assets	95,085	11,519	170,039	320,577	1,995
Total other financing sources (uses)	8,404,339	9,069,284	7,871,383	11,844,258	12,547,089
Net change in fund balances	1,502,035	205,101	242,006	458,418	949,192
Fund balances, beginning of year	20,530,212	22,032,247	22,237,348	22,479,354	22,937,772
Fund balances, end of year	$22,032,247	$22,237,348	$22,479,354	$22,937,772	$23,888,964

(1) Transfers in primarily represent transfers from the Gas, Electric, Water and Sewer, Nonmajor Enterprise and Nonmajor Governmental funds.

Interim Financial Statements

Set forth below is a summary of the revenues, expenditures, and changes in the fund balance of the City's General Fund for the eleven-month periods ended May 31, 2025, and 2026. The information in the following table has not been audited and was prepared by the City's staff on a cash basis. Therefore, such information should not be compared with the financial information in the table above. The financial results for the eleven-month period ended May 31, 2026, are not necessarily indicative of the actual financial results for the fiscal year ending June 30, 2026.

	May 31,	
	2025	2026
Revenues:		
Taxes	14,708,016	16,728,343
Charges for Services	5,432,001	5,577,660
Licenses and permits	1,734,845	3,705,553
Intergovernmental	0	113,268
Franchise fees	954,866	1,061,718
Fines and forfeitures	842,678	689,260
Interest revenue	1,170,208	699,869
Lease income	481,336	199,687
Other revenues	613	0
Total revenues	25,324,563	28,775,358
Expenditures:		
Current:		
General government	8,239,722	8,951,781
Judicial	844,432	818,705
Public safety	17,327,203	19,257,993
Public works	4,310,366	4,149,348
Parks and recreation	0	0
Housing and development	1,901,207	2,745,038
Debt service	0	0
Total expenditures	32,622,930	35,922,876
Excess (deficiency) of revenues over (under) expenditures	(7,298,367)	(7,147,518)
Other financing sources (uses):		
Transfers in[(1)]	5,830,859	10,617,434
Transfers out	0	0
Proceeds from the sale of capital assets	50,831	38,569
General Fund Surplus (Deficit)[(2)]	(1,416,677)	3,508,485

(1) Transfers in primarily represent transfers from the Gas, Electric, Water and Sewer, as well as Nonmajor Enterprise and Nonmajor Governmental funds.

(2) The 2025 deficit stems from the timing of interfund transfers, as the City transferred approximately 75% of each budgeted monthly transfer through May and transferred the remaining actual amount in June 2025. The final 2026 results will determine the ending amount of transfers, and the General Fund surplus will primarily result from 2026 impact fee revenue.

Budgetary Process and Budget

Georgia law requires each municipality to operate under an annual balanced budget adopted by ordinance or resolution. A budget ordinance or resolution is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations. The City adopts annual appropriated budgets for all governmental fund types, except the Capital Projects Fund, for the upcoming fiscal year, prior to June 30. Project-length budgets are adopted for the Capital Projects Fund. Capital budgets are adopted for the Capital Projects Fund.

The budgets are prepared based on requests made by the various department heads prior to the proposed budget being reviewed and prepared by the City Manager for submission to the City Council. The adopted budget includes proposed expenditures and the means of financing them. Prior to a budget being legally enacted through the passage of an ordinance, public hearings are held to obtain taxpayer comments. The budget is legally adopted by the City Council prior to June 30. 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. Transfers of budgeted amounts in excess of $5,000 between departments requires the approval of the City Council.

General Fund Budget for the Fiscal Year Ending June 30, 2027[(1)]

Revenues	
Taxes	20,122,646
Licenses & permits	4,000,097
Intergovernmental	1,387,584
Charge for services	4,640,442
Fines & forfeitures	910,000
Investment income	1,130,313
Miscellaneous income	143,381
Other financing sources	14,111,535
Total revenues	**46,445,998**
Expenditures	
Elected officials	1,839,681
City Manager's Office	709,836
City clerk's office	321,126
Administrative Dept.	1,416,723
Purchasing	359,945
Utility billing/meter reading	945,695
Data Processing	1,198,699
Human resources	1,303,667
Safety & risk management	308,419
Facilities maintenance	967,982
Telecommunications	560,142
Marketing communications	1,644,812
Customer service	814,783
Court services	986,631
Police	13,731,399
Fire	10,243,162
Street	3,448,347
Engineering	1,383,057
Auto shop	570,234
Parks and cemeteries	752,015
Planning and zoning	2,939,643
Total expenditures	**46,445,998**
Excess (deficiency) of revenues over (under) expenditures	**0**

Capital Improvement Plan

The City does not currently have a formally adopted Capital Improvement Plan.

Insurance Coverage and Governmental Immunity

Under Georgia law, the defense of sovereign immunity is available to the City, except for actions for the breach of written contracts and actions for the recovery of damage for any claim for which liability insurance protection has been provided, but only to the extent of the liability insurance provided. The City, however, may be unable to rely upon the defense of sovereign immunity and may be subject to liability in the event of suits alleging causes of action founded upon various federal laws, such as suits filed pursuant to 42 U.S.C. § 1983 alleging the deprivation of federal constitutional or statutory rights of an individual and suits alleging anti-competitive practices and violations of the federal antitrust laws by the City in the exercise of its delegated powers.

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. It is the policy of the City 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. See Note 15 to the City's audited financial statements attached hereto as Appendix A.

Investment of Other Moneys

Section 36-80-3 of the Official Code of Georgia Annotated provides that the governing body of the City may invest and reinvest money subject to its control and jurisdiction in:

(1) obligations of the United States and of its agencies and instrumentalities,

(2) bonds or certificates of indebtedness of the State of Georgia and of its agencies and instrumentalities, and

(3) certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation must be secured by direct obligations of the State of Georgia or the United States which are of a par value equal to that portion of such certificates of deposit which would be uninsured.

Section 36-83-4 of the Official Code of Georgia Annotated provides that the governing body of the City may invest and reinvest money subject to its control and jurisdiction in:

(1) obligations of the State of Georgia or other states,

(2) obligations issued by the United States government,

(3) obligations fully insured or guaranteed by the United States government or a United States government agency,

(4) obligations of any corporation of the United States government,

(5) prime banker's acceptances,

(6) the local government investment pool established by Section 36-83-8 of the Official Code of Georgia Annotated,

(7) repurchase agreements, and

(8) obligations of other political subdivisions of the State of Georgia.

Section 45-8-14 of the Official Code of Georgia Annotated provides that the City shall designate one or more solvent banks, insured federal savings and loan associations, or insured state chartered building and loan associations as depositaries of moneys belonging to the City. Except as described below for certain operating funds, Section 45-8-12 of the Official Code of Georgia Annotated requires depositories to collateralize deposits in excess of the amount insured by the Federal Deposit Insurance Corporation. Banks participating in the State's Secure Deposit Program are required to pledge securities listed in Section 50-17-59 of the Official Code of Georgia Annotated having a value ranging from 25% to 110% of the uninsured deposit. The level of the collateral requirement is based upon the financial condition of the bank. Banks that do not participate in the State's Secure Deposit Program are required to pledge securities listed in Section 50-17-59 of the Official Code of Georgia Annotated or surety bonds having a value of 110% of the uninsured deposit. Section 45-8-11 of the Official Code of Georgia Annotated allows the City, in its discretion, to waive the requirement for security in the case of operating funds placed in demand deposit checking accounts. The City's policies require that all deposits be federally insured or fully collateralized. The collateralization percentage is subject to change and the City may, in its discretion, transfer its depository relationship to other financial institutions, which may or may not participate in the Secure Deposit Program.

CITY AD VALOREM TAXATION

Introduction

An important source of revenue to fund the operations of the City is ad valorem property taxes. Ad valorem property taxes are levied annually in mills (one tenth of one percent) upon each dollar of assessed property value.

Property Subject to Taxation

Ad valorem property taxes are levied on the assessed value of real and personal property within the City limits. There are, however, certain classes of property which are exempt from taxation, including the following: (a) public property, (b) places of burial, (c) places of religious worship, (d) property owned by religious groups and used only for single-family residences, (e) property of nonprofit hospitals used in connection with patient care, the delivery of healthcare services or training or educating physicians, nurses and other health care personnel, (f) buildings erected for and used as a college, incorporated academy or other seminary of learning, (g) funds or property held or used as endowment by colleges, nonprofit hospitals, incorporated academies or other seminaries of learning when the funds or property are not invested in real estate, (h) real and personal property of public libraries and literary associations, (i) all books, philosophical apparatus, paintings and statuary of any company or association which are kept in a public hall and which are not held as merchandise or for purposes of sale or gain, (j) certain air or water pollution control property, (k) property of a nonprofit home for the aged used in connection with the provision of residential or health care services for the aged, (l) property of any nonprofit home for the mentally disabled used in connection with the provision of residential or healthcare services for the mentally disabled, (m) property which is owned by and used exclusively as the headquarters, post home or similar facility of a veterans organization, (n) property which is owned by and used exclusively by any veterans organization organized for the purpose of refurbishing and operating historic military aircraft, (o) property that is owned by a historical fraternal benefit association and which is used exclusively for charitable, fraternal and benevolent purposes, (p) certain qualified farm products and harvested agricultural products, (q) personal property used within the home, (r) certain other personal property including personal property valued at less than $7,500 and (s) certain fertilizers.

Cities and counties are not permitted under Georgia law to reduce or abate a company's property taxes. When a community wants to offer economic incentives to a company in order to create or retain jobs, the company's property is transferred to a development authority and leased back to the company. The development authority's fee ownership interest in the property becomes "public property" exempt from ad valorem taxation as described above. The company may or may not be taxed on the value of its leasehold interest. The City does not have control over the willingness of a development authority to accept title to property in order to provide economic incentives. Therefore, property could be removed from the City's digest without the City's consent.

For purposes of reducing the burden of ad valorem taxation on property owned and occupied by a taxpayer as his or her legal residence, Georgia general law grants several types of homestead exemptions. In addition, the City, by virtue of a local law, offers an additional homestead exemption in the amount of $10,000.00 from City ad valorem taxes. The value of the homestead in excess of the exempted amount remains subject to taxation.

The City is authorized by law to exempt from ad valorem taxation, including all such taxes levied for educational purposes and for state purposes, all or any combination of the following types of tangible personal property (a) (i) inventories of goods in the process of manufacture or production, (ii) inventory of finished goods manufactured or produced in Georgia held by the manufacturer or producer for a period not to exceed 12 months, (iii) inventory of finished goods which, on January 1, are stored in a warehouse, dock or wharf and which are destined for shipment to a final destination outside of Georgia and inventory of finished goods which are shipped into Georgia from outside of Georgia and stored for the transshipment to a final destination outside of Georgia for a period not to exceed 12 months and (iv) stock in trade of a fulfillment center which, on January 1, are stored in a fulfillment center and which are made available to remote purchasers who may make such purchases by electronic, Internet, telephonic or other remote means and where such stock in trade of a fulfillment center will be shipped from the fulfillment center and delivered to the purchaser at a location other than the location of the fulfillment center for a period not to exceed 12 months (the "Level 1 Freeport Exemption") and (b) goods, wares and merchandise of every character and kind constitution business inventory which would not otherwise qualify for the Level 1 Freeport Exemption (the "Level 2 Freeport Exemption"). Both the Level 1 Freeport Exemption and the Level 2 Freeport Exemption must be approved by the voters and exempt either 20%, 40%, 60%, 80% or 100% of the property. The Level 2 Freeport Exemption may be granted either in lieu of or in addition to Level 1 Freeport Exemption. Once approved by the voters, the Level 1 Freeport Exemption and the Level 2 Freeport Exemption remain in effect until they are repealed by the voters. The City has approved items (i) – (iii) of the Level 1 Freeport Exemption at a 100% level in the same manner in which they are exempt from County taxes. The City has not approved the Level 2 Freeport Exemption.

Tax Reform

House Bill 386 (2012) eliminated the ad valorem taxation of new vehicles and replaced it with a one-time title tax (the "Title Tax") that is levied whenever the title to a vehicle is registered to a new owner (except if a transfer is made between immediate family members). The Title Tax is based upon the fair market value of the vehicle and is levied at a rate of 7.0% in 2026. The rate may be adjusted in future years; provided, however, the rate may not exceed 9%. The revenues are shared among the State and local governments by formula. As a result of this change in law, the assessed value of motor vehicles subject to ad valorem tax in the City has decreased, and the City expects the assessed value of motor vehicles to continue to decrease in future years as motor vehicles subject to ad valorem tax come out of service

House Bill 581 (2024), which was ratified by constitutional amendment on November 5, 2024, created a statewide floating exemption that restricts assessed value increases on homesteaded property by 3 percent annually beginning on January 1, 2025.

House Bill 581 ("HB 581") applies to all ad valorem taxes levied on behalf of the State, any county, consolidated government, municipality, or local school district, except for ad valorem taxes levied to pay interest on and to retire bonded indebtedness unless a local government was to opt out of the homestead exemption. The City has opted in to HB 581.

Senate Bill 33 ("SB 33") (2026), amends, among other changes to Georgia law, HB 581. SB 33 repeals the "opt out" provision contained in HB 581. In effect, all local governments that previously opted out of the exemption under HB 581 will be subject to it prospectively. However, as described above, the City did not opt out of HB 581, and the floating homestead exemption is already in effect

House Bill 1503 ("HB 1503"), passed in the 2026 legislative session at the request of the Mayor and City Council, provides for a 100% homestead exemption for City ad valorem property taxes commencing January 1, 2027; however, HB 1503 will stand automatically repealed in the event it is not ratified by voters in the City on the November 2026 ballot. Based on the calendar year 2025 tax digest, current millage rates, and estimates of homesteaded properties provided by the Tax Commissioner, this loss of revenue is estimated at up to $1,550,000 per year, commencing in calendar year 2027 (fiscal year 2028), subject to adjustment based on assessed valuation and millage rates. The City expects to offset this loss of revenue, in part, with PILOT Payments and franchise fees derived from a development agreement with Amazon. See also "THE CITY – Recent Economic Development." However, there can be no assurance that these revenues will be sufficient to offset the property tax reductions.

Legislative Proposals Affecting Ad Valorem Property Taxes

State and local laws, regulations, or judicial interpretations relating to the assessment, levy, collection, or limitation of ad valorem property taxes (including, but not limited to, changes affecting assessment practices, exemptions, homestead or other relief measures, millage rate caps, rollback provisions, or voter approval requirements) are subject to change and could adversely affect the City's capacity to generate ad valorem tax revenues if adopted. It cannot be predicted whether or in what form any such proposal might be enacted or the impact on the City's capacity to generate ad valorem tax revenues. Therefore, no assurance can be given as to the nature or extent of any future legislative, regulatory, or judicial actions affecting ad valorem property taxation. Purchasers of the Bonds should consult their own advisors regarding any pending, proposed or anticipated legislation or regulatory initiatives.

Assessed Value

Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated as a percentage of fair market value. Georgia law requires taxable tangible property to be assessed, with certain exceptions, at 40 percent of its fair market value and to be taxed on a levy made by each tax jurisdiction according to 40 percent of the property's fair market value. Georgia law requires certain agricultural real property to be assessed for ad valorem property tax purposes at 75 percent of the value of which other real property is assessed, requires certain historical property to be valued at a lower fair market value for ad valorem property tax purposes, and requires certain agricultural, timber, and environmentally sensitive real property and certain single-family real property located in transitional developing areas to be valued at their "current use value" (as opposed to fair market value). Standing timber is assessed at 100% of its fair market value.

The chief appraiser of Newton County is required to submit a certified list of assessments for all taxable property, except motor vehicles and property owned by public utilities, within the City to the Newton County Board of Tax Assessors. The Newton County Board of Tax Assessors is required to receive the tax returns of the City by April 1 of each year. The Newton County Board of Tax Assessors is required to complete its revision and assessment of returns by June 1 of each year and to forward a copy of the completed digest to the State of Georgia Revenue Commissioner for examination and approval. The State of Georgia Revenue Commissioner has the authority to examine the digest for the purpose of determining if the valuations of property are reasonably uniform and equalized between and within counties. Assessments may also be subject to review at various stages by the Newton County Board of Equalization and by state courts.

The State of Georgia Motor Vehicle Tax Unit assesses the value of motor vehicles by make, model, and year by county and provides this information to each county tax office. The State of Georgia Property Tax Unit assesses the value of the property of public utilities and divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these amounts to the City, which bills these taxes to the utilities.

Impact of Foreclosures on Assessment Procedures. A 2009 Georgia law requires tax assessors to consider foreclosure sales, bank sales, sales by other financial institutions, distressed sales and the decreased value of property subject to conservation easements in determining the fair market value of real property. In addition, Senate Bill 55 modifies the time that applications for conservation use assessments may be filed.

Annual Tax Levy

Generally. The City determines a rate of levy for each fiscal year by computing a rate which, when levied upon the assessed value of taxable property within its territorial limits, will produce the necessary amount of property tax revenues. The City then levies its ad valorem property taxes.

Rollback Procedural Requirements. Effective January 1, 2000, the General Assembly of the State of Georgia enacted Senate Bill 177, Act 431, known as The Property Taxpayer's Bill of Rights (the "Taxpayer's Act"). The purpose of the Taxpayer's Act was to prevent indirect tax increases resulting from increases to existing property values due purely to inflation. The Taxpayer's Act requires that each taxing jurisdiction located within the State (including local governments and political subdivisions of the State, such as the City), roll back (or reduce) the millage rate in each year to offset any inflationary increases in the tax digest of such taxing jurisdiction that have occurred since the last tax year. Any local government or taxing jurisdiction that elects to set the millage rate higher than the rollback rate must follow certain requirements to notify the public of such increase, including three public hearings, the publication of a notice of the increase in the local newspaper and the publication of a press release to explain the intent of the increase in taxes. The Taxpayer's Act also requires that the notice of assessment sent to any taxpayer who receives a 15% increase or greater in their property value contains a simple, non-technical description of the basis for the increased assessment and permits taxpayers to have access to records used in preparing the increased assessment and to record any meetings or hearings held in connection with an appeal of their property tax assessment. The Taxpayer's Act also entitles any taxpayer who wins an appeal by demonstrating a property value that is 85% or less than the proposed assessed value (80% for commercial property) to recover litigation costs and reasonable attorney's fees.

Property Tax Collections

The City contracts with the County Tax Commissioner to collect and bill the City's property taxes. Pursuant to the agreement with the County Tax Commissioner. Real and personal property taxes, except motor vehicle taxes, are levied on or about August 31 of each year on the assessed value listed as of January 1. Taxes levied by the City are due in installments, with the first installment payable on or about October 20, and the second installment payable on or before December 20. Interest applies to taxes paid after the due date as prescribed in Section 48-2-40 of the Official Code of Georgia Annotated, and penalties apply to taxes paid more than 120 days after the due date as prescribed in Section 48-2-44.

All taxes levied on real and personal property, together with interest thereon and penalties for late payment, constitute a perpetual lien on and against the property taxed. The lien normally becomes enforceable 30 days after notification. Georgia law provides that taxes must be paid before any other debt, lien, or claim of any kind, except for certain claims against the estate of a decedent and except that the title and operation of a security deed is superior to the taxes assessed against the owner of property when the tax represents an assessment upon property of the owner other than the property specifically subject to the title and operation of the security deed.

Collection of delinquent real property taxes is enforceable by tax sale of such realty. Delinquent personal property taxes are similarly enforceable by seizure and sale of the taxpayer's personal property. There can be no assurance, however, that the value of property sold, in the event of a tax sale, will be sufficient to produce the amount required to pay in full the delinquent taxes, including any interest or penalties thereon.

When the last day for the payment of taxes has arrived, the tax collector may notify the taxpayer in writing of the fact that the taxes have not been paid and that, unless paid, an execution will be issued. At any time after thirty days from giving the notice described in the preceding sentence, an execution for nonpayment of taxes may be issued. A notice of the sale is then published in a local newspaper weekly for four weeks and gives the taxpayer 10 days written notice by registered or certified mail. A public sale of the property may then be made by third-party vendor at City Hall on the first Tuesday of the month after the required notices are given.

Property Tax Millage Rates

The following table sets forth the millage rates[(1)] of the City and various taxing entities located within the City for the last five calendar years.

Calendar Year	City	CID HWY 278	County M&O	School
2022	6.256	5.000	9.454	16.788
2023	5.756	5.000	8.439	16.000
2024	5.756	5.000	8.242	15.750
2025	6.406	5.000	8.567	15.500
2026	6.173	5.000	8.567	15.500

(1) The tax rates per $1,000 of assessed value.
Source: Georgia Department of Revenue.

Ad Valorem Property Tax Digest

The State certified property tax digests, or the assessed valuations, of the City for the current and the last four calendar years are set forth below.

Property Type[(1)]	2021	2022	2023	2024	2025
Agricultural	$ 2,426,400	$ 1,386,680	$ 2,014,960	$ 2,733,520	$ 3,746,048
Commercial	229,862,891	224,717,166	316,494,282	329,205,537	394,350,117
Industrial	457,649,978	504,597,081	603,120,802	618,143,569	673,706,598
Residential	271,215,568	324,262,234	404,599,970	473,808,765	553,977,839
Utility	4,094,050	4,094,782	9,604,536	9,361,701	9,994,926
Conservation Use	992,680	990,080	1,421,040	683,440	555,000
Motor Vehicle	2,894,050	2,615,920	3,089,310	2,708,340	2,708,340
Mobile Home	71,284	71,452	72,031	74,265	74,265
Heavy Equipment	286,462	280,800	63,386	5,855	5,855
Gross Digest	969,493,363	1,063,016,195	1,340,480,317	1,436,724,992	1,639,118,988
M&O Exemptions	124,639,937	134,740,431	240,499,577	215,942,751	254,322,112
Net M&O Digest	$844,853,426	$928,275,764	$1,099,980,740	$1,220,782,241	$1,384,796,876

(1) Most real property other than timber is assessed at 40% of its fair market value. Standing timber is assessed at 100% of its fair market value and is subject to taxation even if the underlying land is exempt from taxation. Conservation Use property is assessed at its current use value rather than fair market value.
Source: Georgia Department of Revenue.

Tax Collections

The following table sets forth the real and personal property tax levy and collection record of the City for the last five fiscal years.

			Collected prior to or within the Fiscal Year of the Levy		Total Collections to Date[(4)]		
Tax Year[(1)]	Fiscal Year[(1)]	Total Levy[(2)]	Current Year's Levy[(3)]	Percentage of the Current Year's Levy	Delinquent Tax Collections	Total Collections	Percentage of Total Tax Collections to Tax Levy
2021	2022	$5,681	$5,680	99.98%	$ 82	$5,762	101.43%
2022	2023	5,791	5,653	97.62	228	5,881	101.55
2023	2024	6,314	6,082	96.33	220	6,302	99.81
2024	2025	7,027	6,939	98.75	55	6,994	99.53
2025	2026	8,871	8,540	96.27	331	8,659	97.61

(1) A tax year relates to the next succeeding fiscal year. For example, the 2025 tax year digest and millage rates are used for the 2026 fiscal year levy.
(2) Includes adjustments made from the original levy, interest and penalties. Does not include motor vehicle taxes.
(3) Collections within that fiscal year. For example, the 2025 tax year levy includes collections through June 30, 2026.
(4) Collections through July 6, 2026.
Source: Newton County Tax Commissioner.

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Ten Largest Taxpayers

Set forth below are the 10 largest taxpayers of the City for tax year 2025/fiscal year 2026 ranked based on taxes paid. No independent investigation has been made of, and consequently no representation can be made as to, the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the City. (Amounts expressed in thousands).

	Taxpayer	Taxable Assessed Value	Percentage of Taxable Assessed Value(1)	Taxes Levied
1.	General Mills	$ 64,364	4.65%	$ 399
2.	Bard C.R. Inc	112,897	8.15	247
3.	Indorama (fka Fibervisions)	41,451	2.99	207
4.	Ascend Elements Inc.	33,892	2.45	196
5.	Newton County IDA	29,056	2.10	186
6.	Microworks America Inc	35,511	2.56	154
7.	Nisshinbo Automotive MFG Inc	28,472	2.06	128
8.	Pactiv LLC	26,539	1.92	125
9.	Q Covington Holdings LLC	18,145	1.31	117
10.	CC Render Covington LP	18,111	1.31	116
	Total	$408,438	29.49%	$1,875

(1) Based on calendar year 2025 net maintenance and operation tax digest of $1,384,796,876.
(2) The taxes paid by the 10 largest taxpayers represent approximately 21.14% of the taxes levied by the City in calendar year 2025.
Source: Newton County Tax Commissioner.

RATINGS

Moody's Investors Service, Inc. has assigned a rating of "Aa3." The rating reflects only the views of the rating agency, and an explanation of the significance of such rating may be obtained from the rating agency furnishing such rating. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that either such rating will remain unchanged for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of either rating may have an adverse effect on the liquidity and market price of the Bonds. Neither the Underwriter nor the City has undertaken any responsibility to oppose any such revision, suspension or withdrawal.

LEGAL MATTERS

Pending Litigation

The City, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The City, after reviewing the current status of all pending and threatened litigation with its attorney, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the City or its officials in such capacity are adequately covered by insurance or sovereign immunity or will not have a material adverse effect upon the financial position or results of operations of the City.

Tax Exemption

Generally. Legal matters incident to the authorization, validity and issuance of the Bonds are subject to the unqualified approving opinion of Murray Barnes Finister LLP, Bond Counsel and Disclosure Counsel to the City.

The form of opinion of Bond Counsel is attached to this Official Statement as Appendix C. Copies of such opinion will be available at the time of the initial delivery of the Bonds.

Federal Taxes. In the opinion of Murray Barnes Finister LLP, Bond Counsel to the City, under existing statutes, rulings and court decisions and under applicable regulations, and assuming compliance by the Authority and the City with certain tax covenants, interest on the Bonds (including any original issue discount properly allocable to a holder of the Bonds) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. No opinion will be expressed with respect to any other federal tax consequences of the receipt or accrual of interest on the Bonds.

Ownership of the Bonds may result in other collateral federal income tax consequences to certain taxpayers, including without limitation, banks, thrift institutions and other financial institutions, foreign corporations which conduct a trade or business in the United States, property and casualty insurance corporations, S corporations, individual recipients of social security or railroad retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Purchasers of the Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

In rendering our opinion that the interest on the Bonds is not includable in gross income for federal income tax purposes, Bond Counsel will (a) rely as to certain factual matters upon certificates and certified proceedings of public officials, including officials of the City and the Authority, and representations of the City and the Authority with respect to, among other things, the use and investment of the proceeds of the Bonds without undertaking to verify the same by independent investigation, and (b) assume the continued compliance by the City and the Authority with their covenants relating to the use of the proceeds of the Bonds and compliance with other requirements of the Code. The inaccuracy of any such certificates or representations or noncompliance with such covenants may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

Original Issue Premium. An amount equal to the excess of the purchase price of a Bond over its stated redemption price at maturity constitutes premium on such Bond. A purchaser of a Bond must amortize any premium over such Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Bonds.

The foregoing is a general discussion of certain federal income tax consequences of original issue premium and does not propose to deal with all tax questions that may be relevant to particular investors or circumstances. Holders of the Bonds should consult their own tax advisors with respect to the apportionment for federal income tax purposes of accrued tax-exempt interest upon a sale or exchange (including redemption) and with respect to the state and local tax consequences of original issue premium.

Original Issue Discount. In the opinion of Bond Counsel, under existing statutes, rulings and court decisions and under applicable regulations, any original issue discount in the selling price of a Bond, to the extent properly allocable to a holder of such Bond, is excludable from gross income for federal income tax purposes. The original issue discount is the excess of the stated redemption price at maturity of such Bond over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Bond was sold.

Under Section 1288 of the Code, original issue discount on tax-exempt obligations accrues on a constant yield to maturity basis. The amount of the original issue discount that accrues to an owner of a discount bond who acquires such discount bond during any accrual period generally equals (a) the issue price of such discount bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (b) the yield to maturity of such discount bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (c) any interest payable on such discount bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in a discount bond for the purpose of determining gain or loss upon a subsequent sale, exchange, payment, or redemption. Any gain realized by an owner from a sale, exchange, payment, or redemption of a discount bond would be treated as gain from the sale or exchange of such discount bond.

The foregoing is a general discussion of original issue discount. Purchasers of discount Bonds should consult their own tax advisors with respect to the determination and treatment of original issue discount for federal income tax purposes and with respect to state and local tax consequences of owing such discount Bonds.

State Taxes. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is exempt from all present state income taxation within the State of Georgia. Interest on the Bonds may or may not be subject to state or local income taxation in jurisdictions other than Georgia under applicable state or local laws. Purchasers of the Bonds should consult their tax advisors as to the taxable status of the Bonds in a particular state or local jurisdiction other than Georgia.

Changes in Federal Tax Law. Current and future legislative proposals, if enacted by Congress, could cause interest on the Bonds to be subject, directly or indirectly, to Federal income taxation or to be subject to State income taxation or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds or could cause interest on the Bonds to be subject, directly or indirectly, to Federal income taxation or to be subject to State income taxation. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation.

APPROVAL OF LEGAL PROCEEDINGS

In accordance with the procedures set forth in the Revenue Bond Law, the Bonds will be validated by order of the Superior Court of Newton County prior to their issuance.

Certain legal matters pertaining to the Authority and its authorization and issuance of the Bonds are subject to the approving opinion of Murray Barnes Finister LLP, Atlanta, Georgia, Bond Counsel and Disclosure Counsel to the City. The form of opinion of Bond Counsel is attached to this Official Statement as Appendix C. Copies of such opinion will be available at the time of the initial delivery of the Bonds. Certain legal matters for the Authority will be subject to the approval of Jarrard & Davis, LLP, Cumming, Georgia, and for the City by Strickland Turner LLP, Covington, Georgia.

FINANCIAL STATEMENTS

The financial statements of the City for the fiscal year ended June 30, 2025, included in Appendix A have been audited by Mauldin & Jenkins, LLC to the extent indicated in its report thereon, which appears in Appendix A. Such financial statements have been included herein in reliance upon the report of Mauldin & Jenkins, LLC. Mauldin & Jenkins, LLC has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Mauldin & Jenkins, LLC also has not performed any procedures relating to this Official Statement.

UNDERWRITER

Raymond James & Associates, Inc. (the "Underwriter") has agreed pursuant to a Bond Purchase Agreement entered into by and among the Authority, the City and the Underwriter, subject to certain conditions, to purchase the Bonds at a purchase price of $_______ (representing par, plus [net] original issue premium of $_______, less an underwriting discount of $_______). The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased, with the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement. The City has agreed to indemnify the Underwriter against certain liabilities including liabilities under the federal securities laws relating to portions of this Official Statement. The Underwriter intends to offer the Bonds to the public initially at the offering prices shown on the cover page hereof, which prices may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with other dealers and underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers at prices lower than the public offering.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Underwriter and the purchasers or owners of any of the Bonds.

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AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement have been duly authorized by the City and the Authority.

NEWTON COUNTY PUBLIC FACILITIES AUTHORITY

By:____
Chairman

CITY OF COVINGTON, GEORGIA

By:____
Mayor

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE CITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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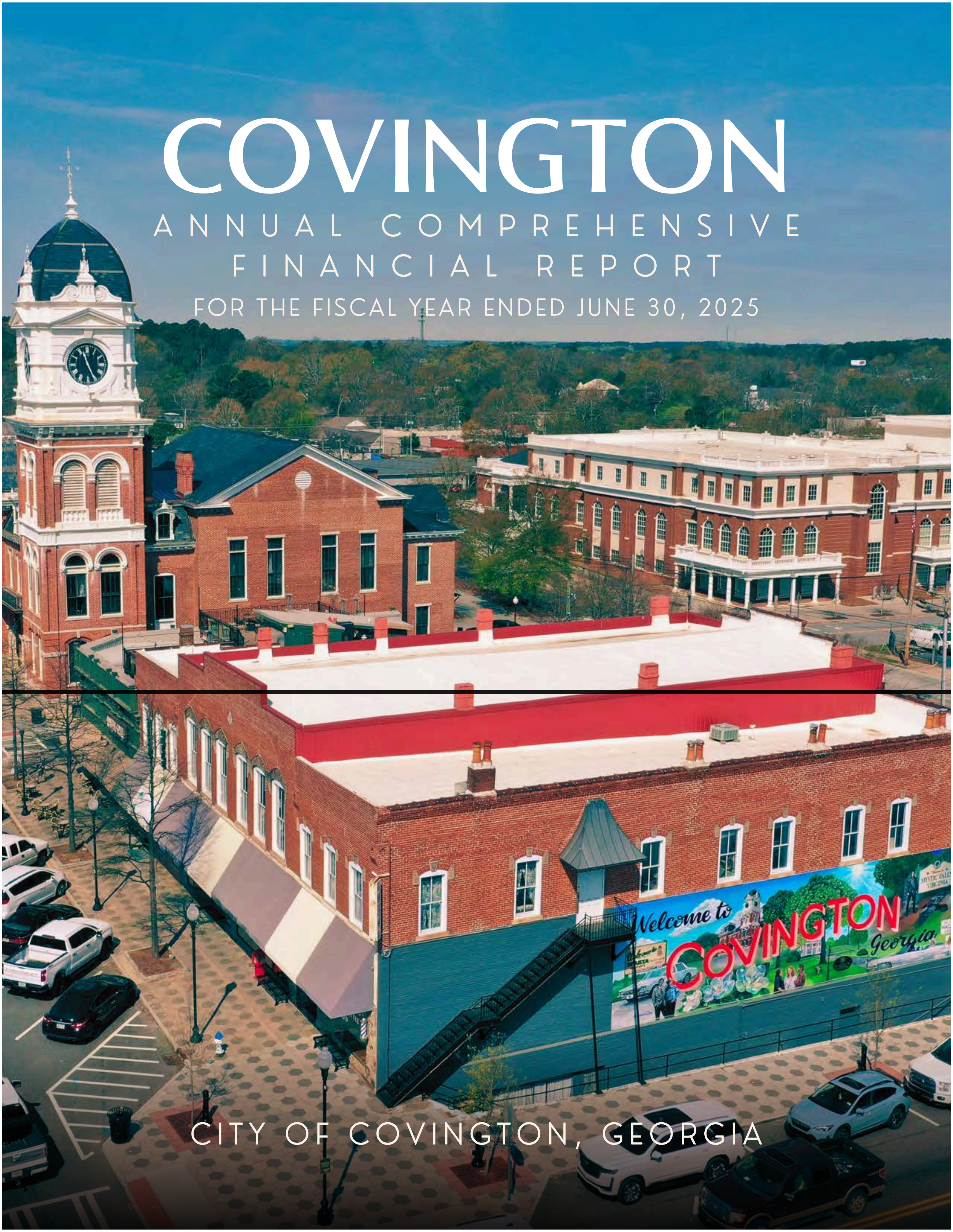

COVINGTON

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

CITY OF COVINGTON, GEORGIA

CITY OF COVINGTON, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

Prepared by:

Finance Department

Submitted by:
Tres Thomas
City Manager

CITY OF COVINGTON, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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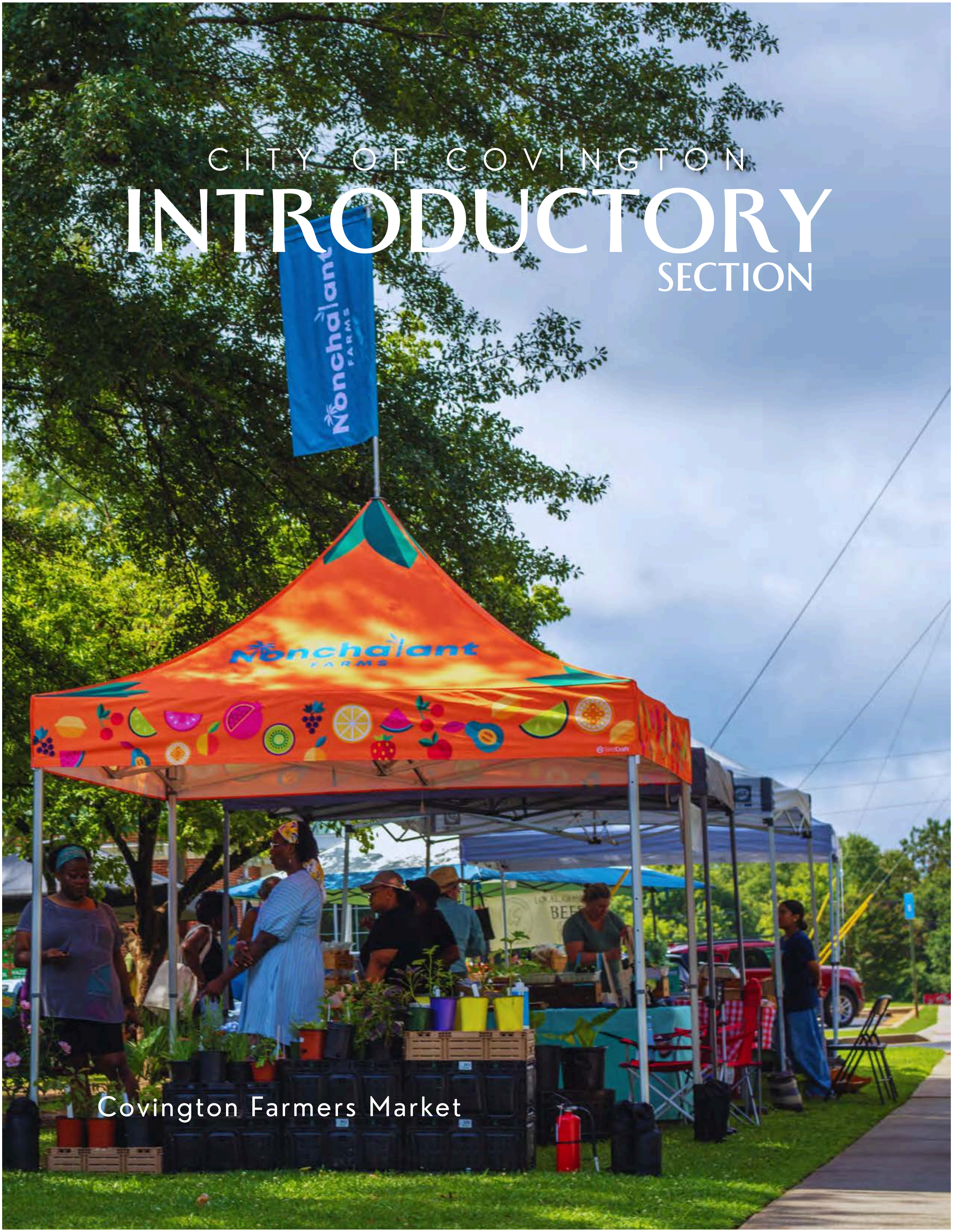
INTRODUCTORY SECTION



Covington Farmers Market

INTRODUCTORY SECTION

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

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

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

December 22, 2025

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

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

The Annual Comprehensive Financial Report ("ACFR") of Covington, Georgia (the "City"), for the fiscal year ended June 30, 2025, 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, 2025. 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 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. If required, information related to a Single Audit, including a Schedule of Expenditures of Federal Awards, the Independent Auditor's Reports on internal controls and compliance with applicable laws and regulations and a schedule of findings and questioned costs are included in a separately issued single audit report. These reports are presented in the Compliance section of this report.

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

PROFILE OF COVINGTON, GEORGIA

The City of Covington, Georgia, was founded and incorporated in 1822, is 203 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 a golf course, a large lake, a charming town square, city-owned airport, nine public parks and numerous other recreational facilities. The City houses a fifteen-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; municipal court 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 7,200 square feet terminal building was built at the Covington Municipal Airport, located in the northern portion of the city. Featuring a pilot's lounge and conference rooms, the building is state of the art. Featuring a 6,000 foot lighted runway, aircraft up to 30,000 pounds can be accommodated. Plans in the future call for an additional 17,000 square feet of hangar space.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Covington, Georgia, as legally defined), including all of its proprietary funds and component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The Covington Downtown and Tourism Association, City of Covington Parking Authority, Covington Redevelopment Authority, and the Covington Municipal Airport Authority are reported as discretely presented component units at June 30, 2025.

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

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

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

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

The City 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 of Covington's industrial park is situated along the City's eastern boundary. There are 4,500 acres of industrial zoned property in Covington.

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. The CNG fueling facility also boasts two level 3 EV chargers. Additionally, the electric vehicle charging stations installed and being added in the downtown area serve as an opportunity to charge a vehicle while promoting tourism and stimulation of the local economy. The charging stations are strategically located in tourism areas so visitors can shop and dine while waiting for their vehicle to charge.

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

The City 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) <u>Preparing the Community of Tomorrow</u> to provide forward-thinking opportunities that will enhance a progressive community.
   -Allocate sufficient financial resources to fund forward-looking opportunities
   -Review of financial operations
   -Review HR processes to maximize the effective recruitment, selection and retention of skilled workers
   -Develop an economic and community development process
   -Develop a communications process to assist citizens and stakeholders with access to information, resources, and opportunities within the City
   -Develop a technology and information management process
   -Provide innovative services
   -Continue visionary planning

2) <u>Working Towards a Safer Community</u> to promote a safe environment through public safety, public works and community involvement.
   -Allocate sufficient financial resources to fund "safe community" opportunities.
   -Develop a process for creating a "safer community"
   -Identify Capital Projects and review development progress with community safety as an attribute for project continuance
   -Attention to climate challenges like heat waves, floods and poor air quality.

3) Promoting Small Town Life to manage growth and development through extensive planning and collaboration with citizens and businesses.
   -Select, manage and evaluate all projects that preserve historical value, land use, green space and infrastructure improvements
   -Encourage employees to participate in community activities
   -Create a sense of community
   -Create a family friendly community improving infrastructure and community parks

4) Offering Access to the World to connect the public to the greater community or world outside of Covington.
   -Allocate sufficient financial resources to fund access opportunities
   -Develop an implementation strategy for all access related opportunities
   -Include Access Options in City's Communications Process

The City 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 2025, the Covington Welcome Center and Film / History Museum hosted more than 134,000 people. Located just two blocks from the Square, the center provides an excellent location to start a visit to Covington and provides ample information on the town's assets, resulting in increased foot traffic for the merchants on the Square.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The City 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 third Communications Center in the State of Georgia to be recognized as an accredited agency by the Commission on Accreditation for Law Enforcement Agencies. On May 31st, 2006 the city of Covington Public Works Department became the first in Georgia and the 33rd nationally to be accredited by the American Public Works Association. In August, 2003, the Covington Fire Department became the 4th department in the state of Georgia and the 89th in the world to be recognized as an accredited agency by the Commission on Fire Accreditation International. In May, 1985, the Covington Police Department had the distinction of being the first agency in Georgia and the 10th agency in the nation to become nationally accredited.

The Government Finance Officers Association ("GFOA") recently awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its ACFR 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 ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA for consideration. The City of Covington is committed to this effort and will strive to maintain and surpass these standards on future reports.

Benefits of accreditation include:

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

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

Acknowledgements

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

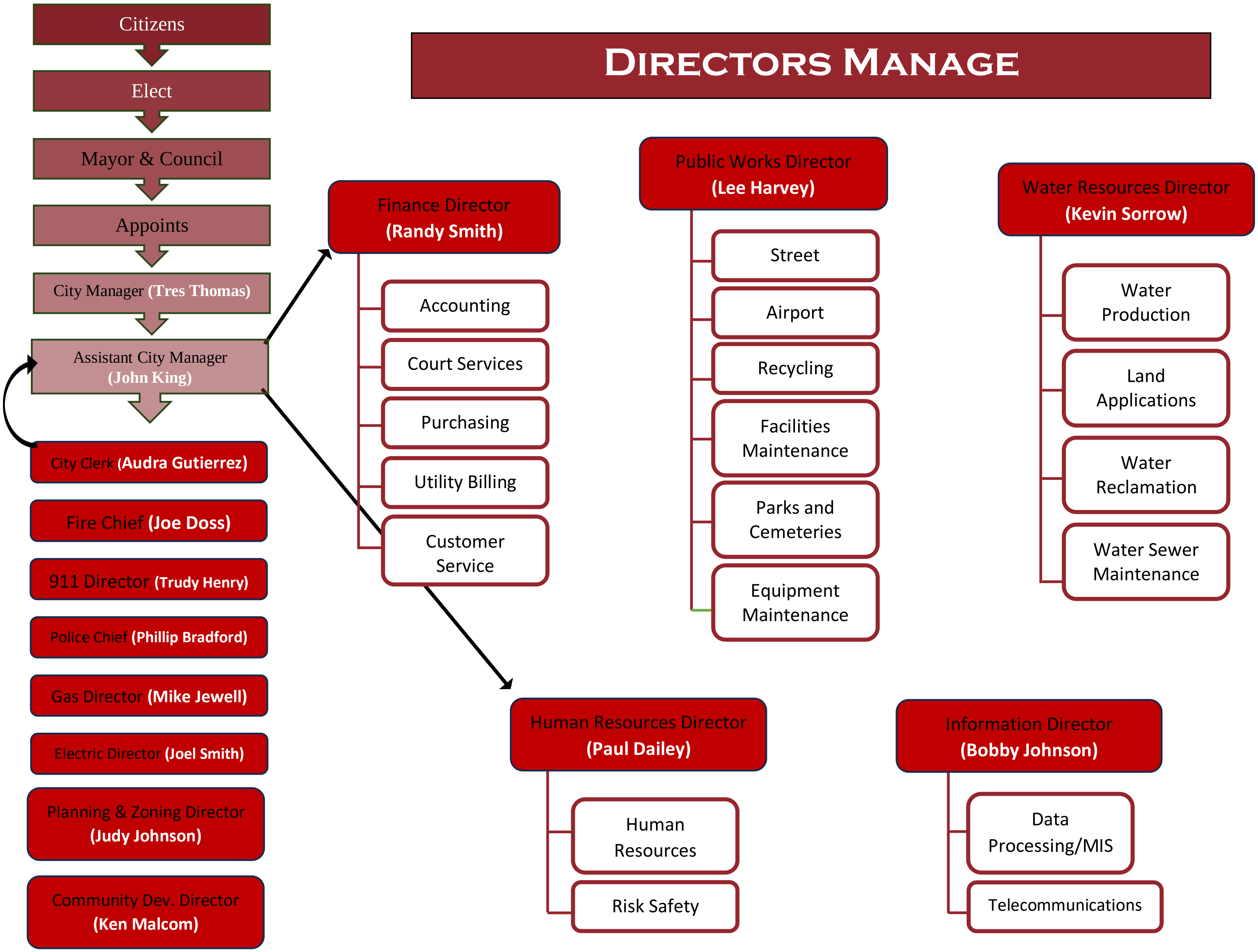
We would also like to thank the Mayor and the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner, and through whose efforts we have made substantial progress in responding to the extraordinary 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 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


Citizens
Elect
Mayor & Council
Appoints
City Manager (Tres Thomas)
Assistant City Manager (John King)
City Clerk (Audra Gutierrez)
Fire Chief (Joe Doss)
911 Director (Trudy Henry)
Police Chief (Phillip Bradford)
Gas Director (Mike Jewell)
Electric Director (Joel Smith)
Planning & Zoning Director (Judy Johnson)
Community Dev. Director (Ken Malcom)
DIRECTORS MANAGE
Finance Director (Randy Smith)
Accounting
Court Services
Purchasing
Utility Billing
Customer Service
Public Works Director (Lee Harvey)
Street
Airport
Recycling
Facilities Maintenance
Parks and Cemeteries
Equipment Maintenance
Water Resources Director (Kevin Sorrow)
Water Production
Land Applications
Water Reclamation
Water Sewer Maintenance
Human Resources Director (Paul Dailey)
Human Resources
Risk Safety
Information Director (Bobby Johnson)
Data Processing/MIS
Telecommunications

CITY OF COVINGTON, GEORGIA

LISTING OF PRINCIPAL OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

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

Government Finance Officers Association

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

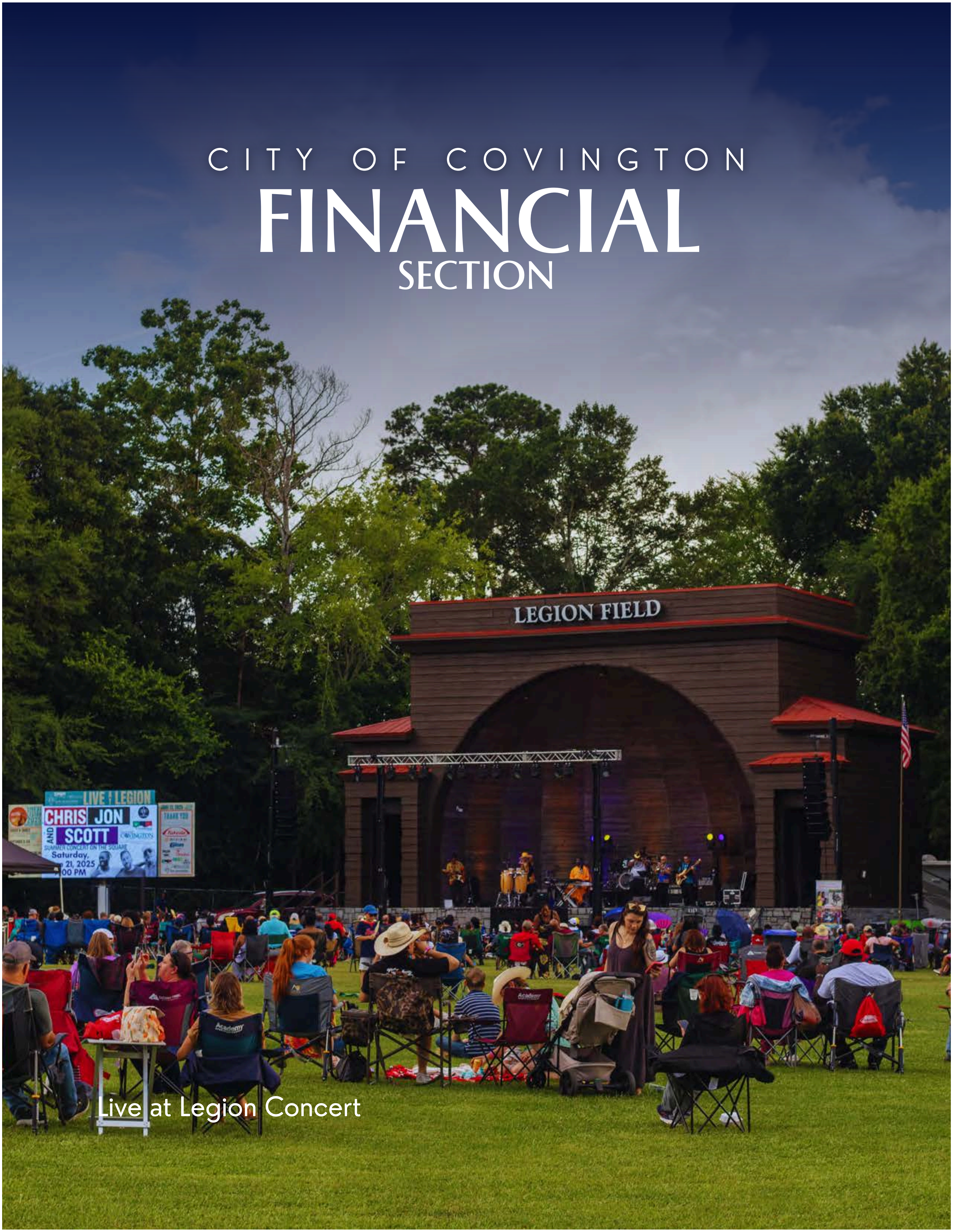
June 30, 2024

Christopher P. Morrill

Executive Director/CEO

CITY OF COVINGTON

FINANCIAL SECTION



Live at Legion Concert

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Covington, Georgia** (the "City"), as of and for the year ended June 30, 2025, 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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and American Rescue Plan Act ("ARPA") Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") (on pages 5 through 13), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on pages 73 and 74), the Schedule of City Contributions (on pages 75 and 76), the Schedule of Pension Investment Returns (on pages 77 and 78), and the Schedule of Changes in the City's Total OPEB Liability and Related Ratios (on pages 79 and 80) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB") who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025 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 22, 2025

CITY OF COVINGTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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, 2025. 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 $348,670,510 (net position). Of this amount, $96,484,827 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by $34,434,993; governmental activities increased net position by $4,198,135 and business-type activities increased net position by $30,236,858.
- As of the close of June 30, 2025, the City's governmental funds reported combined ending fund balances of $40,279,263 an increase of $3,755,270 from the prior year. Approximately fifty-eight percent (58%) of this total amount, or $23,382,746, 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 $23,382,746 or sixty-five percent (65%) of general fund expenditures.
- The City's revenues for the year ended June 30, 2025 total $164,687,684. Of this amount, $110,225,486, or sixty-seven percent (67%), was generated from charges for services. Additionally, $30,785,416 or nineteen percent (19%) was generated from operating and capital grants. The balance of $23,676,782, or fourteen percent (14%), was generated from general revenues.
- The City's expenses for the year ended 2025 total $128,157,817. Of this amount, $41,060,555, or thirty-two percent (32%), was consumed by governmental activities. The balance of $87,097,262, or sixty-eight percent (68%), 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 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 27) 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 S*tatement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between assets and deferred outflows of resources from liabilities and deferred inflows of resources is 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 government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains ten 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, Capital Projects Fund and American Rescue Plan Act ("ARPA") Fund as these 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 non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 16 through 17 of this report.

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

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

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

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

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

The basic fiduciary fund financial statements can be found on pages 26 and 27 of this report.

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 through 72 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 73 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 81 through 95 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, 2025 and June 30, 2024.

The City of Covington's Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	**2025**	2024	**2025**	2024
Current and other assets	**$ 44,399,245**	$ 40,399,389	**$ 109,188,325**	$ 112,558,755	**$ 153,587,570**	$ 152,958,144
Capital assets	**66,565,457**	61,496,386	**193,966,689**	151,261,509	**260,532,146**	212,757,895
Total assets	**110,964,702**	101,895,775	**303,155,014**	263,820,264	**414,119,716**	365,716,039
Deferred outflows of resources	**5,202,214**	4,703,533	**577,489**	483,176	**5,779,703**	5,186,709
Long-term liabilities outstanding	**29,912,106**	26,856,516	**12,929,513**	7,201,986	**42,841,619**	34,058,502
Other liabilities	**2,450,261**	1,986,723	**18,296,586**	14,867,685	**20,746,847**	16,854,408
Total liabilities	**32,362,367**	28,843,239	**31,226,099**	22,069,671	**63,588,466**	50,912,910
Deferred inflows of resources	**4,496,190**	2,645,845	**3,144,253**	3,108,476	**7,640,443**	5,754,321
Net position:						
Net investment in capital assets	**59,054,377**	54,902,518	**176,561,750**	145,445,870	**235,616,127**	200,348,388
Restricted	**12,818,006**	12,345,237	**-**	2,721,744	**12,818,006**	15,066,981
Unrestricted	**7,435,976**	7,862,469	**92,800,401**	90,957,679	**100,236,377**	98,820,148
Total net position	**$ 79,308,359**	$ 75,110,224	**$ 269,362,151**	$ 239,125,293	**$ 348,670,510**	$ 314,235,517

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 $348,670,510 and $314,235,517 at June 30, 2025 and June 30, 2024, respectively.

By far the largest portion of the City's net position (67%) 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, $16,569,556 or 5%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position, $96,484,827 or 28%, is unrestricted and may be used to meet the city's ongoing obligations to citizens and creditors.

At the end of June 30, 2025 and June 30, 2024 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 $4,198,135 as of June 30, 2025 and increased the City's net position by $6,820,052 as of June 30, 2024. As illustrated on the following table, taxes constitute the largest revenue source at $17,918,207 or forty percent (32%) of total revenue as of June 30, 2025 and $16,872,777 or forty percent (40%) as of June 30, 2024.

City of Covington's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	**2025**	2024	**2025**	2024
Revenues						
Program revenues:						
Charges for services	**$ 9,312,271**	$ 8,261,051	**$ 100,913,215**	$ 98,227,796	**$ 110,225,486**	$ 106,488,847
Operating grants and contributions	**500,293**	581,671	**-**	-	**500,293**	581,671
Capital grants and contributions	**25,534,070**	24,751,441	**4,751,053**	4,530,134	**30,285,123**	29,281,575
General revenues:						
Taxes	**17,918,207**	16,872,777	**-**	-	**17,918,207**	16,872,777
Franchise fees	**1,040,823**	857,226	**-**	-	**1,040,823**	857,226
Investment earnings (loss)	**1,387,875**	1,542,956	**3,310,027**	3,026,821	**4,697,902**	4,569,777
Gain on sale	**-**	-	**19,850**	16,508	**19,850**	16,508
Lease income	**-**	-	**-**	-	**-**	-
Total revenues	**55,693,539**	52,867,122	**108,994,145**	105,801,259	**164,687,684**	158,668,381
Expenses						
General government	**6,651,195**	5,441,563	**-**	-	**6,651,195**	5,441,563
Judicial	**1,065,118**	990,499	**-**	-	**1,065,118**	990,499
Public safety	**26,601,929**	23,923,585	**-**	-	**26,601,929**	23,923,585
Public works	**2,713,380**	1,643,918	**-**	-	**2,713,380**	1,643,918
Parks and recreation	**766,077**	642,490	**-**	-	**766,077**	642,490
Housing and development	**3,011,815**	2,684,939	**-**	-	**3,011,815**	2,684,939
Interest and fiscal charges	**251,041**	255,721	**-**	-	**251,041**	255,721
Water and sewer	**-**	-	**14,707,652**	12,580,547	**14,707,652**	12,580,547
Gas and electric	**-**	-	**66,660,748**	64,602,869	**66,660,748**	64,602,869
Stormwater	**-**	-	**1,526,649**	888,937	**1,526,649**	888,937
Sanitation	**-**	-	**2,130,110**	3,536,393	**2,130,110**	3,536,393
Telecommunications	**-**	-	**-**	573,109	**-**	573,109
Airport	**-**	-	**2,072,103**	2,138,624	**2,072,103**	2,138,624
Total expenses	**41,060,555**	35,582,715	**87,097,262**	84,320,479	**128,157,817**	119,903,194
Increase (decrease) in net position before transfers	**14,632,984**	17,284,407	**21,896,883**	21,480,780	**36,529,867**	38,765,187
Transfers	**(9,084,936)**	(10,464,355)	**9,084,936**	10,464,355	**-**	-
Change in net position	**5,548,048**	6,820,052	**30,981,819**	31,945,135	**36,529,867**	38,765,187
Net position, beginning	**75,110,224**	68,290,172	**239,125,293**	207,180,158	**314,235,517**	275,470,330
Restatement for change in accounting principal	**(1,349,913)**	-	**(744,961)**	-	**(2,094,874)**	-
Net assets, beginning as restated	**73,760,311**	68,290,172	**238,380,332**	207,180,158	**312,140,643**	275,470,330
Net position, ending	**$ 79,308,359**	$ 75,110,224	**$ 269,362,151**	$ 239,125,293	**$ 348,670,510**	$ 314,235,517

Business-type activities. The City's business-type activities increased the city's net position by $30,236,858 and $31,945,135 as of June 30, 2025 and June 30, 2024, 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, 2025, total fund balance of the General Fund was $23,886,964, an increase of $949,192 or four percent (4%) from the prior year. This increase is primarily a result of the accrual of impact fees collected and not yet spent. 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 65% of the total general fund expenditures. Transfers in from proprietary funds to supplement the General Fund were $10,114,935 for the year ended June 30, 2025, which represents 28% of total fund expenditures.

The Capital Projects Fund supports the capital activity of the general fund departments. For the fiscal year ended June 30, 2025, total fund balance of the Capital Projects was $3,541,759, an increase of $913,197 or thirty-five percent (35%) from the prior year. This increase is attributable to an accumulation of cash transferred into the fund in anticipation of capital expense expected in the subsequent fiscal year.

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 2025 amounted to $17,290,847; those for the Electric Fund amounted to $68,066,528, the Gas Fund amounted to $5,373,865 and those for the Airport Fund amounted to $492,537. The total change in net position for the Water and Sewer Fund, Electric Fund and Airport Fund were increases of $25,396,160 (29%), $5,886,973 (6%), and $831,719 (3%) respectively. The total change in net position for the Gas Fund was a decrease of $1,443,644 (-8%) for the fiscal year ended June 30, 2025. In the Water and Sewer Fund, the changes in net position can be traced to construction of water and sewer infrastructure assets. In the Electric Fund, the increase is attributable to investment earnings, and in the Airport Fund, the increase in net position is attributed to a construction of airport assets. The decrease in net position in the Gas Fund can be traced to a planned use of reserves to complete capital asset 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, 2025 amounted to $260,532,146 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles and equipment, park facilities, storm sewers, bridges, streets, water and sewer lines, and natural gas and electric lines

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	**2025**	2024	**2025**	2024
Land	**$ 3,356,360**	$ 3,356,360	**$ 11,082,601**	$ 11,082,601	**$ 14,438,961**	$ 14,438,961
Buildings	**13,926,148**	14,116,298	**1,599,053**	1,428,642	**15,525,201**	15,544,940
Machinery and equipment	**3,150,509**	2,873,539	**3,231,119**	2,627,305	**6,381,628**	5,500,844
Furniture and fixtures	**(1)**	(1)	**-**	-	**(1)**	(1)
Vehicles	**351,401**	837,538	**149,473**	19,697	**500,874**	857,235
Intangibles	**-**	-	**2,362,597**	2,484,135	**2,362,597**	2,484,135
Improvements other than buildings	**35,556,009**	32,657,817	**114,814,567**	103,312,612	**150,370,576**	135,970,429
Construction in progress	**3,391,682**	1,305,314	**58,790,721**	28,968,266	**62,182,403**	30,273,580
Leased equipment	**6,833,349**	6,349,521	**1,936,558**	1,338,251	**8,769,907**	7,687,772
Total	**$ 66,565,457**	$ 61,496,386	**$ 193,966,689**	$ 151,261,509	**$ 260,532,146**	$ 212,757,895

The increase in capital assets in the business type activities can be traced to the Water and Sewer Fund, where the City is expanding the water and sewer infrastructure and constructing water reclamation facility improvements.

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

Long-term debt. As of June 30, 2025, the City had no bonded debt outstanding. The City had total notes payable of $7,415,146 for utility improvements. The City's business-type activities capital leases payable of $2,010,252 at June 30, 2025, net of accumulated amortization, relating to vehicle leases.

The City has been assigned an Aa3 issuer rating by Moody's Ratings. The City's governmental activities had leases payable of $7,219,924 at June 30, 2024, 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 $143,672,499, which is significantly higher than the city's outstanding general obligation bonded debt as of June 30, 2025, which is zero.

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

Currently known facts, decisions, or conditions. On August 5, 2025, the Newton County Public Facilities Authority adopted a resolution authorizing the issuance of its Revenue Bones (City of Covington Projects), Series 2025, in the aggregate principal amount of $22,500,000. The proceeds of the bonds are to be used to finance the acquisition, construction, and equipping of a new E-911 facility and certain stormwater, water, sewer, and gas system improvements, and to pay the cost of issuing the bonds. The bonds were issued on August 28, 2025. As the bonds were issued subsequent to June 30, 2025, no amounts related to this financing are included in the accompany financial statements.

Additionally, on December 15, 2025, the City approved a water and wastewater capacity and service agreement with a customer for the provision of potable water, wastewater treatment, and reuse water services related to a planned industrial development. The agreement includes long-term service commitments, minimum demand charges, and provisions for infrastructure improvements and escrow funding. As the agreement was approved after June 30, 2025, no amounts related to this agreement are included in the accompanying financial statements.

Factors affecting the July 1, 2024 – June 30, 2025 Budget:

The Mayor and Council of the City of Covington considered many factors when approving the City's July 1, 2024 – June 30, 2025 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.

The City's budget is prepared in accordance with the laws of the State of Georgia and the Code of Ordinances of the City of Covington. 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.

General Fund Budgetary Highlights

A detailed budgetary comparison statement for the fiscal year ended June 30, 2025 for the General Fund can be found on page 19 and 20. The City adopted a General Fund budget of $21,702,631 for general fund revenues (excluding transfers in) and general fund expenditures of $35,583,592 for fiscal year 2025. At the end of the fiscal year, the final actual revenues (excluding transfers in) totaled $24,231,559 (an increase of $2,528,928 over the original budget) and the final actual expenditures totaled $35,829,456 (an increase of $245,864 over the original budget).

The primary reason for the difference between the original budget and the actual results in the General Fund include:

Revenues:

- Other revenues including impact fees totaling $932,826 in the current year which were not budgeted due to uncertainty as well as reimbursement for damaged property totaling $136,246 for reimbursement of insurance claims throughout the year

Requests for information

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

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

BASIC FINANCIAL STATEMENTS

CITY OF COVINGTON, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Parking Authority	Redevelopment Authority	Covington Downtown and Tourism Association	Airport Authority
ASSETS							
Cash and cash equivalents	$ 23,671,059	$ 14,198,320	$ 37,869,379	$ 61,430	$ 1,621	$ 215,704	$ 118,607
Investments	12,886,105	65,683,104	78,569,209	-	-	-	-
Taxes receivable	255,528	-	255,528	-	-	-	-
Accounts receivable, net of allowances	1,174,612	15,322,362	16,496,974	-	-	-	-
Lease receivable	1,666,754	2,866,576	4,533,330	-	-	-	-
Due from other governments	7,547,044	1,228,741	8,775,785	-	-	-	-
Due from primary government	-	-	-	-	-	90,849	-
Internal balances	(3,581,408)	3,581,408	-	-	-	-	-
Inventories	54,870	6,161,962	6,216,832	-	-	-	-
Prepaid expenses	338,165	145,852	484,017	-	-	4,046	1,064
Restricted assets:							
Cash and cash equivalents	386,516	-	386,516	-	-	-	-
Capital assets:							
Nondepreciable	6,748,042	69,873,322	76,621,364	414,173	-	-	-
Depreciable, net of accumulated depreciation	59,817,415	124,093,367	183,910,782	-	-	55,788	259,079
Total assets	110,964,702	303,155,014	414,119,716	475,603	1,621	366,387	378,750
DEFERRED OUTFLOWS OF RESOURCES							
Pension	4,108,671	577,489	4,686,160	-	-	-	-
Other post-employment benefits	1,093,543	-	1,093,543	-	-	-	-
Total deferred outflows of resources	5,202,214	577,489	5,779,703	-	-	-	-
LIABILITIES							
Accounts payable	1,430,510	14,485,195	15,915,705	-	-	8,580	-
Accrued liabilities	928,902	570,433	1,499,335	-	-	10,359	1,517
Unearned revenues	-	1,691,151	1,691,151	68,028	-	-	15,647
Due to component unit	90,849	-	90,849	-	-	-	-
Customer deposits payable	-	1,549,807	1,549,807	-	-	-	-
Leases due within one year	1,875,677	493,020	2,368,697	-	-	-	-
Leases due in more than one year	5,342,247	1,517,232	6,859,479	-	-	-	-
Notes payable due within one year	-	222,855	222,855	-	-	-	30,201
Notes payable due in more than one year	-	7,192,291	7,192,291	-	-	-	62,953
Compensated absences due within one year	1,286,686	477,971	1,764,657	-	-	-	-
Compensated absences due in more than one year	2,515,716	863,920	3,379,636	-	-	-	-
Net pension liability due in more than one year	15,383,612	2,162,224	17,545,836	-	-	-	-
Total other post-employment benefits liability due within one year	229,759	-	229,759	-	-	-	-
Total other post-employment benefits liability due in more than one year	3,278,409	-	3,278,409	-	-	-	-
Total liabilities	32,362,367	31,226,099	63,588,466	68,028	-	18,939	110,318
DEFERRED INFLOWS OF RESOURCES							
Pension	2,198,375	308,989	2,507,364	-	-	-	-
Other post-employment benefits	700,123	-	700,123	-	-	-	-
Deferred leases receivable	1,597,692	2,835,264	4,432,956	-	-	-	-
Total deferred inflows of resources	4,496,190	3,144,253	7,640,443	-	-	-	-
NET POSITION							
Net investment in capital assets	59,054,377	176,561,750	235,616,127	414,173	-	55,788	165,925
Restricted for:							
Law enforcement	1,157,682	-	1,157,682	-	-	-	-
Cemetery maintenance	182,748	-	182,748	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Housing and development	1,297,983	-	1,297,983	-	-	-	-
Other capital projects	10,179,593	-	10,179,593	-	-	-	-
Unrestricted	7,435,976	92,800,401	100,236,377	(6,598)	1,621	291,660	102,507
Total net position	$ 79,308,359	$ 269,362,151	$ 348,670,510	$ 407,575	$ 1,621	$ 347,448	$ 268,432

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

CITY OF COVINGTON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component Units			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Parking Authority	Redevelopment Authority	Covington Downtown and ourism Associati	Airport Authority
Primary government											
Governmental activities:											
General government	$ 6,651,195	$ 4,383,215	$ -	$ -	$ (2,267,980)	$ -	$ (2,267,980)	$ -	$ -	$ -	$ -
Judicial	1,065,118	-	-	-	(1,065,118)	-	(1,065,118)	-	-	-	-
Public safety	26,601,929	4,898,574	457,266	-	(21,246,089)	-	(21,246,089)	-	-	-	-
Public works	2,713,380	-	-	25,534,070	22,820,690	-	22,820,690	-	-	-	-
Parks and recreation	766,077	15,750	43,027	-	(707,300)	-	(707,300)	-	-	-	-
Housing and development	3,011,815	14,732	-	-	(2,997,083)	-	(2,997,083)	-	-	-	-
Interest on long-term debt	251,041	-	-	-	(251,041)	-	(251,041)	-	-	-	-
Total governmental activities	41,060,555	9,312,271	500,293	25,534,070	(5,713,921)	-	(5,713,921)	-	-	-	-
Business-type activities:											
Water and sewer	14,707,652	16,264,074	-	3,143,182	-	4,699,604	4,699,604	-	-	-	-
Gas	13,106,341	18,515,411	-	-	-	5,409,070	5,409,070	-	-	-	-
Electric	53,554,407	61,538,888	-	-	-	7,984,481	7,984,481	-	-	-	-
Stormwater	1,526,649	1,404,823	-	-	-	(121,826)	(121,826)	-	-	-	-
Sanitation	2,130,110	2,047,956	-	-	-	(82,154)	(82,154)	-	-	-	-
Airport	2,072,103	1,142,063	-	1,607,871	-	677,831	677,831	-	-	-	-
Total business-type activities	87,097,262	100,913,215	-	4,751,053	-	18,567,006	18,567,006	-	-	-	-
Total primary government	$ 128,157,817	$ 110,225,486	$ 500,293	$ 30,285,123	(5,713,921)	18,567,006	12,853,085	-	-	-	-
Component units:											
Parking Authority	$ 422	$ 2,995	$ -	$ -	-	-	-	2,573	-	-	-
Redevelopment Authority	4,694	-	-	-	-	-	-	-	(4,694)	-	-
Covington Downtown and Tourism Association	661,240	918,441	-	-	-	-	-			257,201	
Airport Authority	20,061	44,693	-	-	-	-	-	-	-	-	24,632
Total component units	$ 686,417	$ 966,129	$ -	$ -	-	-	-	2,573	(4,694)	257,201	24,632
General revenues:											
Property taxes					9,059,240	-	9,059,240	-	-	-	-
Sales taxes					4,241,875	-	4,241,875	-	-	-	-
Insurance premium tax					1,354,791	-	1,354,791	-	-	-	-
Hotel/Motel Tax					1,882,227	-	1,882,227	-	-	-	-
Alcohol tax					764,903	-	764,903	-	-	-	-
Buinsess and occupation tax					465,226	-	465,226	-	-	-	-
Transfer & recording tax					149,945	-	149,945	-	-	-	-
Franchise fees					1,040,823	-	1,040,823	-	-	-	-
Unrestricted investment earnings					1,387,875	3,310,027	4,697,902	6	-	-	-
Gain on sale of capital assets					-	19,850	19,850	-	3,700	-	-
Transfers					(9,084,936)	9,084,936	-	-	-	-	-
Total general revenues and transfers					11,261,969	12,414,813	23,676,782	6	3,700	-	-
Change in net position					5,548,048	30,981,819	36,529,867	2,579	(994)	257,201	24,632
Net position, beginning of year					75,110,224	239,125,293	314,235,517	404,996	2,615	90,247	243,800
Restatement for change in accounting principle					(1,349,913)	(744,961)	(2,094,874)	-	-	-	-
Net position, beginning of year, as restated					73,760,311	238,380,332	312,140,643	404,996	2,615	90,247	243,800
Net position, end of year					$ 79,308,359	$ 269,362,151	$ 348,670,510	$ 407,575	$ 1,621	$ 347,448	$ 268,432

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

CITY OF COVINGTON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Capital Projects Funds	ARPA	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 8,222,816	$ 3,574,401	$ -	$ 11,873,842	$ 23,671,059
Investments	12,886,105	-	-	-	12,886,105
Taxes receivable, net	83,690	-	-	171,838	255,528
Accounts receivable, net	406,484	-	-	768,128	1,174,612
Lease receivable	1,666,754	-	-	-	1,666,754
Due from other governments	419,019	13,064	6,492,375	622,586	7,547,044
Due from other funds	2,918,615	-	-	-	2,918,615
Inventories	54,870	-	-	-	54,870
Prepaid expenditures	292,567	-	-	45,598	338,165
Restricted assets:					
Cash and cash equivalents	386,516	-	-	-	386,516
Total assets	$ 27,337,436	$ 3,587,465	$ 6,492,375	$ 13,481,992	$ 50,899,268
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 939,068	$ 45,706	$ -	$ 445,736	$ 1,430,510
Accrued liabilities	843,371	-	-	87,219	930,590
Due to component units				90,849	90,849
Due to other funds	-	-	6,492,375	7,648	6,500,023
Total liabilities	1,782,439	45,706	6,492,375	631,452	8,951,972
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	70,341	-	-	-	70,341
Unavailable revenue - lessor	1,597,692	-	-	-	1,597,692
Total deferred inflows of resources	1,668,033	-	-	-	1,668,033
FUND BALANCES					
Nonspendable:					
Inventories	54,870	-	-	-	54,870
Prepaid expenditures	292,567	-	-	45,598	338,165
Restricted for:					
Law enforcement	-	-	-	1,157,682	1,157,682
Cemetery maintenance	-	-	-	182,748	182,748
Housing and development	-	-	-	1,297,983	1,297,983
Other capital projects	-	13,064	-	10,166,529	10,179,593
Opioid Settlement	156,781				156,781
Assigned to:					
Capital projects	-	3,528,695	-	-	3,528,695
Unassigned	23,382,746	-	-	-	23,382,746
Total fund balances	23,886,964	3,541,759	-	12,850,540	40,279,263
Total liabilities, deferred inflows of resources and fund balances	$ 27,337,436	$ 3,587,465	$ 6,492,375	$ 13,481,992	

Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets and right to use lease assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	66,565,457
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	70,341
The net pension liability and related deferred outflows of resources are not financial resources and, therefore, are not reported in the governmental funds.	(13,473,316)
The total OPEB liability and related deferred outflows and inflows of resources are not financial resources and, therefore, are not reported in the governmental funds.	(3,114,748)
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(11,018,638)
Net position of governmental activities	$ 79,308,359

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, 2025

	General	Capital Projects Funds	ARPA	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	$ 9,063,142	$ -	$ -	$ -	$ 9,063,142
Sales taxes	4,241,875	-	-	-	4,241,875
Insurance premium taxes	1,354,791	-	-	-	1,354,791
Other taxes	1,380,074	-	-	1,882,227	3,262,301
Charges for services	-	-	-	3,802,380	3,802,380
Licenses and permits	1,887,072	-	-	-	1,887,072
Intergovernmental	500,293	468,677	21,181,179	3,692,152	25,842,301
Franchise fees	1,040,823	-	-	-	1,040,823
Fines and forfeitures	879,502	-	-	247,174	1,126,676
Interest revenue	1,387,844	-	-	192,093	1,579,937
Lease income	82,831	-	-	-	82,831
Other revenues	2,413,312	-	-	-	2,413,312
Total revenues	24,231,559	468,677	21,181,179	9,816,026	55,697,441
Expenditures					
Current:					
General government	5,878,702	-	-	-	5,878,702
Judicial	963,114	-	-	-	963,114
Public safety	19,960,069	-	-	4,262,112	24,222,181
Public works	4,389,431	-	-	-	4,389,431
Parks and recreation	646,222	-	-	76,748	722,970
Housing and development	2,081,852	-	-	962,528	3,044,380
Capital outlay	-	1,751,912	-	2,258,711	4,010,623
Debt service:					
Principal	1,689,842	-	-	118,839	1,808,681
Interest	220,224	-	-	31,661	251,885
Total expenditures	35,829,456	1,751,912	-	7,710,599	45,291,967
Excess (deficiency) of revenues over (under) expenditures	(11,597,897)	(1,283,235)	21,181,179	2,105,427	10,405,474
Other financing sources (uses)					
Transfers in	10,114,935	2,196,432	-	575,289	12,886,656
Transfers out	(2,578)	-	(21,181,179)	(787,835)	(21,971,592)
Leases	2,432,737	-	-	-	2,432,737
Proceeds from the sale of capital assets	1,995	-	-	-	1,995
Total other financing sources (uses), net	12,547,089	2,196,432	(21,181,179)	(212,546)	(6,650,204)
Net change in fund balances	949,192	913,197	-	1,892,881	3,755,270
Fund balances, beginning of year	22,937,772	2,628,562	-	10,957,659	36,523,993
Fund balances, end of year	$ 23,886,964	$ 3,541,759	$ -	$ 12,850,540	$ 40,279,263

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, 2025

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

Net change in fund balances - total governmental funds	$ 3,755,270
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.	5,264,507
The net effect of various miscellaneous transactions involving capital assets and leases (i.e., sales and donations) is to increase net position.	(195,436)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(3,902)
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.	(624,056)
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.	(2,648,335)
	$ 5,548,048

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, 2025

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Property taxes	$ 8,614,687	$ 8,614,687	$ 9,063,142	$ 448,455
Sales taxes	4,200,000	4,200,000	4,241,875	41,875
Insurance premium taxes	1,300,000	1,300,000	1,354,791	54,791
Other taxes	1,422,000	1,422,000	1,380,074	(41,926)
Licenses and permits	1,662,700	1,710,240	1,887,072	176,832
Intergovernmental	510,000	510,000	500,293	(9,707)
Franchise fees	800,000	800,000	1,040,823	240,823
Fines and forfeitures	925,000	925,000	879,502	(45,498)
Interest revenue	1,200,000	1,258,471	1,387,844	129,373
Lease income	87,800	87,800	82,831	(4,969)
Other revenues	980,444	1,137,584	2,413,312	1,275,728
Total revenues	21,702,631	21,965,782	24,231,559	2,265,777
Expenditures				
Current:				
General government:				
Administrative services	2,647,131	2,962,738	2,716,732	246,006
Elected and appointed officials	2,379,996	2,208,247	1,583,663	624,584
Maintenance department	570,948	620,628	518,973	101,655
Purchasing	68,497	111,466	77,360	34,106
Personnel	791,617	804,030	793,980	10,050
Risk management	203,593	202,227	187,994	14,233
Total general government	6,661,782	6,909,336	5,878,702	1,030,634
Judicial	985,613	987,893	963,114	24,779
Public safety:				
Police	11,602,064	11,892,713	11,796,602	96,111
Fire	8,441,774	8,595,847	8,163,467	432,380
Total public safety	20,043,838	20,488,560	19,960,069	528,491
Public works:				
Highways and streets	2,996,014	3,016,915	2,614,624	402,291
Engineering	909,497	960,873	713,181	247,692
Facilities maintenance	719,214	815,472	796,744	18,728
Telecommunications	299,508	291,996	264,882	27,114
Total public works	4,924,233	5,085,256	4,389,431	695,825
Parks and recreation:				
Cemetery and parks	621,489	783,785	646,222	137,563
Total parks and recreation	621,489	783,785	646,222	137,563
Housing and development:				
Planning and zoning	1,996,167	2,081,872	2,081,852	20
Total housing and development	1,996,167	2,081,872	2,081,852	20

(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, 2025

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Expenditures (Continued)				
Current (Continued):				
Debt service:				
Principal	$ 350,470	$ 1,799,571	$ 1,689,842	$ 109,729
Interest	-	239,854	220,224	19,630
Total debt service	350,470	2,039,425	1,910,066	129,359
Total expenditures	35,583,592	38,376,127	35,829,456	2,546,671
Deficiency of revenues under expenditures	(13,880,961)	(16,410,345)	(11,597,897)	4,812,448
Other financing sources (uses)				
Transfers in	13,512,483	13,681,402	10,114,935	(3,566,467)
Transfers out	-	(2,580)	(2,578)	2
Leases	368,478	2,731,523	2,432,737	(298,786)
Proceeds from the sale of capital assets	-	-	1,995	1,995
Total other financing sources (uses), net	13,880,961	16,410,345	12,547,089	(3,863,256)
Net change in fund balances	-	-	949,192	949,192
Fund balances, beginning of year	22,937,772	22,937,772	22,937,772	-
Fund balances, end of year	$ 22,937,772	$ 22,937,772	$ 23,886,964	$ 949,192

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

CITY OF COVINGTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
ARPA FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Intergovernmental	$ -	$ -	$ 21,181,179	$ 21,181,179
Total revenues	-	-	21,181,179	21,181,179
Excess of revenues over expenditures	-	-	21,181,179	21,181,179
OTHER FINANCING USES				
Transfers out	-	-	(21,181,179)	(21,181,179)
Total other financing uses	-	-	(21,181,179)	(21,181,179)
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of year	-	-	-	-
FUND BALANCES, end of year	$ -	$ -	$ -	$ -

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

CITY OF COVINGTON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Water and Sewer Utility Fund	Electric Utility Fund	Gas Utility Fund	Airport Fund	Nonmajor Enterprise Funds	Totals
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 11,088,836	$ -	$ 1,460,773	$ 200	$ 1,648,511	$ 14,198,320
Investments	-	65,683,104	-	-	-	65,683,104
Accounts receivable, net of allowances	1,919,981	8,965,301	3,276,531	15,992	1,144,557	15,322,362
Leases receivable	-	1,900,824	-	965,752	-	2,866,576
Due from other funds	6,492,375	1,124	-	-	-	6,493,499
Inventories	223,119	3,888,193	1,982,457	68,193	-	6,161,962
Prepaid expenses	23,309	72,439	30,488	18,114	1,502	145,852
Due from other governments	718,525	-	-	510,216	-	1,228,741
Restricted assets, cash	-	-	-	-	-	-
Total current assets	20,466,145	80,510,985	6,750,249	1,578,467	2,794,570	112,100,416
NON-CURRENT ASSETS						
Capital assets:						
Nondepreciable	60,024,082	164,410	556,553	8,484,157	644,120	69,873,322
Depreciable, net of accumulated depreciation	50,221,113	32,118,229	12,191,385	19,608,045	9,954,595	124,093,367
Total non-current assets	110,245,195	32,282,639	12,747,938	28,092,202	10,598,715	193,966,689
Total assets	130,711,340	112,793,624	19,498,187	29,670,669	13,393,285	306,067,105
DEFERRED OUTFLOWS OF RESOURCES						
Pension	409,340	146,061	22,088	-	-	577,489
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	7,420,220	4,940,175	1,038,492	583,798	502,510	14,485,195
Accrued liabilities	703,009	830,311	275,587	59,771	43,646	1,912,324
Current portion - lease payable	233,584	132,302	93,471	27,214	6,449	493,020
Current portion - notes payable	222,855	-	-	-	-	222,855
Customer deposits payable	-	1,549,807	-	-	-	1,549,807
Due to other funds	-	2,912,091	-	-	-	2,912,091
Unearned revenue	627,085	143,664	-	25,757	894,645	1,691,151
Total current liabilities	9,206,753	10,508,350	1,407,550	696,540	1,447,250	23,266,443
NON-CURRENT LIABILITIES						
Notes payable, net of current portion	7,192,291	-	-	-	-	7,192,291
Lease payable, net of current portion	717,791	431,607	348,025	-	19,809	1,517,232
Net pension liability	1,532,644	546,879	82,701	-	-	2,162,224
Total non-current liabilities	9,442,726	978,486	430,726	-	19,809	10,871,747
Total liabilities	18,649,479	11,486,836	1,838,276	696,540	1,467,059	34,138,190
DEFERRED INFLOWS OF RESOURCES						
Pension	219,020	78,151	11,818	-	-	308,989
Deferred lease revenues	-	1,887,891	-	947,373	-	2,835,264
Total deferred inflows of resources	219,020	1,966,042	11,818	947,373	-	3,144,253
NET POSITION						
Net investment in capital assets	94,738,479	31,420,279	12,296,316	27,534,219	10,572,457	176,561,750
Unrestricted	17,513,702	68,066,528	5,373,865	492,537	1,353,769	92,800,401
Total net position	$ 112,252,181	$ 99,486,807	$ 17,670,181	$ 28,026,756	$ 11,926,226	$ 269,362,151

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, 2025

	Water and Sewer Utility Fund	Electric Utility Fund	Gas Utility Fund	Airport Fund	Nonmajor Enterprise Funds	Totals
OPERATING REVENUES						
Charges for services	$ 15,994,960	$ 60,356,143	$ 17,780,977	$ 979,251	$ 3,452,779	$ 98,564,110
Other services	269,114	1,182,745	734,434	162,812	-	2,349,105
Total operating revenues	16,264,074	61,538,888	18,515,411	1,142,063	3,452,779	100,913,215
OPERATING EXPENSES						
Personnel services	3,930,521	3,941,662	1,529,332	370,084	210,781	9,982,380
Water purchases	2,835,559	-	-	-	-	2,835,559
Purchased power	-	42,949,449	-	-	-	42,949,449
Other costs of operations	5,347,871	5,279,300	11,097,573	1,157,644	3,051,946	25,934,334
Depreciation	2,529,868	1,366,796	468,224	542,058	393,262	5,300,208
Total operating expenses	14,643,819	53,537,207	13,095,129	2,069,786	3,655,989	87,001,930
Operating income (loss)	1,620,255	8,001,681	5,420,282	(927,723)	(203,210)	13,911,285
NON-OPERATING REVENUE (EXPENSES)						
Intergovernmental	99,301	-	-	-	-	99,301
Interest income	-	3,274,453	-	35,574	-	3,310,027
Interest expense	(63,833)	(17,200)	(11,211)	(2,317)	(770)	(95,331)
Gain on sale of capital assets	15,377	7,608	-	-	-	22,985
Loss on disposal of capital assets	-	-	-	(2,411)	(725)	(3,136)
Total non-operating revenue (expenses)	50,845	3,264,861	(11,211)	30,846	(1,495)	3,333,846
Income (loss) before transfers and capital contributions	1,671,100	11,266,542	5,409,071	(896,877)	(204,705)	17,245,131
CAPITAL CONTRIBUTIONS	3,043,881	-	-	1,607,871	-	4,651,752
TRANSFERS						
Transfers in	21,181,179	-	-	120,725	515,316	21,817,220
Transfers out	(500,000)	(5,379,569)	(6,852,715)	-	-	(12,732,284)
Total transfers	20,681,179	(5,379,569)	(6,852,715)	120,725	515,316	9,084,936
Change in net position	25,396,160	5,886,973	(1,443,644)	831,719	310,611	30,981,819
NET POSITION, beginning of year, as previously reported	87,199,534	93,863,052	19,204,068	27,219,038	11,639,601	239,125,293
Restatement for change in accounting principle	(343,513)	(263,218)	(90,243)	(24,001)	(23,986)	(744,961)
NET POSITION, beginning of year, as restated	86,856,021	93,599,834	19,113,825	27,195,037	11,615,615	238,380,332
NET POSITION, end of year	$ 112,252,181	$ 99,486,807	$ 17,670,181	$ 28,026,756	$ 11,926,226	$ 269,362,151

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, 2025

	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	$ 17,545,895	$ 62,861,960	$ 17,257,063	$ 1,633,049	$ 3,917,440	$ 103,215,407
Payments to suppliers	(5,320,820)	(47,781,211)	(12,439,514)	(1,508,890)	(3,073,118)	(70,123,553)
Payments to employees	(3,788,626)	(3,909,220)	(1,539,865)	(349,730)	(209,518)	(9,796,959)
Net cash provided by (used in) operating activities	8,436,449	11,171,529	3,277,684	(225,571)	634,804	23,294,895
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Intergovernmental revenues	99,301	-	-	-	-	99,301
Transfers out	(500,000)	(5,379,569)	(6,852,715)	-	-	(12,732,284)
Transfers in	21,181,179	-	-	120,725	515,316	21,817,220
Net cash provided by (used in) non-capital financing activities	20,780,480	(5,379,569)	(6,852,715)	120,725	515,316	9,184,237
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from sale of capital assets	427,143	196,466	26,187	555	27,770	678,121
Proceeds from notes payable	4,587,187	-	-	-	-	4,587,187
Acquisition and construction of capital assets and leases	(37,890,088)	(4,284,978)	(2,741,208)	(1,582,298)	(1,002,246)	(47,500,818)
Principal paid on notes payable	(221,744)	-	-	-	-	(221,744)
Principal paid on bonds	(160,000)	-	-	-	-	(160,000)
Principal paid on lease	(268,140)	(119,707)	(105,017)	(9,929)	(34,121)	(536,914)
Capital contributions	3,043,881	-	-	1,607,871	-	4,651,752
Interest paid	(63,833)	(17,200)	(11,211)	(2,317)	(770)	(95,331)
Net cash provided by (used in) related financing activities	(30,545,594)	(4,225,419)	(2,831,249)	13,882	(1,009,367)	(38,597,747)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	-	(4,840,994)	-	-	-	(4,840,994)
Interest and dividends received	-	3,274,453	-	35,574	-	3,310,027
Net cash provided by (used in) investing activities	-	(1,566,541)	-	35,574	-	(1,530,967)
Change in cash and cash equivalents	(1,328,665)	-	(6,406,280)	(55,390)	140,753	(7,649,582)
Cash and cash equivalents:						
Beginning of year	12,417,501	-	7,867,053	55,590	1,507,758	21,847,902
End of year	$ 11,088,836	$ -	$ 1,460,773	$ 200	$ 1,648,511	$ 14,198,320
Classified as:						
Cash and cash equivalents	$ 11,088,836	$ -	$ 1,460,773	$ 200	$ 1,648,511	$ 14,198,320
Restricted assets, cash	-	-	-	-	-	-
	$ 11,088,836	$ -	$ 1,460,773	$ 200	$ 1,648,511	$ 14,198,320

(Continued)

CITY OF COVINGTON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Water and Sewer Utility Fund	Electric Utility Fund	Gas Utility Fund	Airport Fund	Nonmajor Enterprise Funds	Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss):	$ 1,620,255	$ 8,001,681	$ 5,420,282	$ (927,723)	$ (203,210)	$ 13,911,285
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	2,529,868	1,366,796	468,224	542,058	393,262	5,300,208
Changes in assets and liabilities:						
Increase in lease receivable	-	152,719	-	125,082	-	277,801
Decrease in deferred lease revenues	-	(133,463)	-	(139,749)	-	(273,212)
(Increase) decrease in accounts receivable	101,469	1,379,955	(1,269,148)	895,412	83,897	1,191,585
(Increase) decrease in inventories	2,486	40,551	(1,588,566)	(24,558)	-	(1,570,087)
(Increase) decrease in due from other funds	1,971,971	(1,124)	-	-	-	1,970,847
Decrease in prepaids and other assets	(17,561)	(12,661)	(5,545)	(1,843)	(54)	(37,664)
(Increase) decrease in due from other governments	(685,799)	-	10,800	(392,560)	-	(1,067,559)
Decrease in deferred outflows of resources related to pension	(66,852)	(23,854)	(3,607)	-	-	(94,313)
Increase (decrease) in accounts payable	2,808,345	301,121	170,011	(324,845)	(21,118)	2,933,514
Increase in accrued liabilities	69,340	100,337	63,969	20,354	1,263	255,263
Increase (decrease) in unearned revenues	(105,820)	92,064	-	2,801	380,764	369,809
Increase in customer deposits	-	36,002	-	-	-	36,002
Increase in deferred inflows of resources related to pension	219,020	78,151	11,818	-	-	308,989
Decrease in net penson liability	(10,273)	(3,665)	(554)	-	-	(14,492)
Decrease in due to other funds and advances	-	(203,081)	-	-	-	(203,081)
Net cash provided by (used in) operating activities	$ 8,436,449	$ 11,171,529	$ 3,277,684	$ (225,571)	$ 634,804	$ 23,294,895
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Lease Proceeds	$ 412,890	$ 420,360	$ 329,592	$ -	$ -	$ 1,162,842
Acquisition of lease assets	(412,890)	(420,360)	(329,592)	-	-	(1,162,842)
Net noncash investing, capital, and financing activities	$ -	$ -	$ -	$ -	$ -	$ -

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

CITY OF COVINGTON, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Custodial Fund Impound Evidence	Pension Trust Fund
ASSETS		
Cash and cash equivalents	$ 152,807	$ 1,326,348
Receivables:		
Miscellaneous	-	2,513
Investments, at fair value:		
Common stock	-	44,213,752
Governmental bonds	-	725,169
Property	-	7,144,542
Mutual funds	-	7,876,236
Corporate bonds	-	7,720,635
Total assets	152,807	69,009,195
LIABILITIES		
Due to others	57,623	60,374
NET POSITION		
Net position restricted for individuals, organizations, and other governments	95,184	-
Net position restricted for pension benefits	-	68,948,821
Total net position	$ 95,184	$ 68,948,821

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, 2025

	Custodial Fund	
	Impound Evidence	Pension Trust Fund
Additions		
Contributions:		
Employer	$ -	$ 3,138,634
Total contributions	-	3,138,634
Investment income:		
Interest income	11	1,792,614
Add: Net appreciation in fair value of investments	-	5,397,296
Less: Investment expense	-	(191,081)
Net investment income	11	6,998,829
Total additions	11	10,137,463
Deductions		
Benefits paid	-	4,256,406
Administrative expenses	99,917	210,049
Total deductions	99,917	4,466,455
Net increase (decrease)	(99,906)	5,671,008
Net position restricted for pension benefits:		
Beginning of year	195,090	63,277,813
End of year	$ 95,184	$ 68,948,821

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

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NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Covington, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. The Financial Reporting Entity

The City was incorporated in 1822 and operates under a Council/Manager form of government. The City Manager is the head of the administrative branch of government. As such, he or she is responsible for the day-to-day operations of the City government. The legislative authority of the City is vested in the Mayor and six City Council members with an appointed City Manager. The City provides the following services and operations as authorized by its charter: public safety (police and fire); public works; airport; culture and recreation; planning and zoning; general administrative services; and public utilities (water, sewer, stormwater, electric, gas, and solid waste). As required by GAAP, these financial statements present the primary government and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Financial Reporting Entity (Continued)

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

The **Airport Authority** has been included as a discretely presented component unit in the accompanying financial statements with a March 31, 2025 year-end. The Airport Authority was created to provide, operate, maintain, and develop a premier air transportation facility to serve the City, Newton County and surrounding areas. The City possesses the authority to review, approve and revise the budget and governs collection and disbursement of funds. The governing body of the Airport Authority is appointed by the City. The Airport Authority is audited and included along with the primary government financial statements in accordance with GASB Statement No. 14, as amended. However, separate financial statements are not prepared.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The City reports the following major governmental funds:

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services provided. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Budgets and Budgetary Accounting

The City followed these procedures in establishing the budgetary data reflected in the financial statements for the year ended June 30, 2025:

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 no later than 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

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

7. Budgets for the governmental funds and the Enterprise Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

E. Cash and Cash Equivalents

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

F. Deposits and Investments

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Deposits and Investments (Continued)

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

G. Inventory and Prepaid Items

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

H. Short-Term Interfund Receivables/Payables

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

I. Grants from Other Governments

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement is reported at acquisition value.

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Liabilities

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

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

L. Deferred Outflows/Inflows of Resources

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources (Continued)

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

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

M. Compensated Absences

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

GASB 101 was implemented as of July 1, 2024, resulting in a restatement of the beginning balances of compensated absences for governmental and business type activities.

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, 2025, there were no encumbrances outstanding.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity

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

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (Continued)

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

P. Restricted Assets

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

Q. Use of Estimates

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

R. Leases

Lessee

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Leases (Continued)

Lessee (Continued)

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

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

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

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

Lessor

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Leases (Continued)

Lessor (Continued)

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

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

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

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

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

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

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

Lease payable	$	(7,217,924)
Compensated absences		(3,802,402)
Accrued interest payable		1,688
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(11,018,638)

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

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

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

Capital outlay	$	10,036,997
Depreciation expense		(4,772,490)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	5,264,507

Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this difference are as follows:

Issuance of lease liabilities	$	(2,432,737)
Prinicpal payments - lease liabilities		1,808,681
Net adjustment to decrease *net changes in fund balance - total governmental funds* to arrive at *changes in net position - governmental activities*	$	(624,056)

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	$	(1,131,673)
Net pension liability and deferred outflows of resources related to pensions		(1,424,242)
Total OPEB liability and deferred outflows and inflows of resources related to other post-employment benefits		(93,264)
Accrued interest		844
Net adjustment to decrease *net changes in fund balance - total governmental funds* to arrive at *changes in net position - governmental activities*	$	(2,648,335)

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2025 are summarized as follows:

As reported in the Statement of Net Position		
Primary government:		
Cash and cash equivalents	$	37,869,379
Investments		78,569,209
Restricted Assets:		
Cash and cash equivalents		386,516
Custodial Fund:		
Cash and cash equivalents		152,807
Pension Trust Fund:		
Cash and cash equivalents		1,326,348
Investments		67,680,334
Component Units:		
Cash and cash equivalents		397,362
	$	186,381,955

Cash deposited with financial institutions	$	50,433,921
Certificates of deposit		1,197,299
Investment in Municipal Competitive Trust		65,683,104
Investment in U.S. Government Securities		1,387,297
Pension Trust Fund investments		67,680,334
	$	186,381,955

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, 2025, 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	$ 20,994,853	$ 20,994,853	$ -	$ -	$ -	$ -	$ -	$ -	NR
Municipal Competitive Trust - Intermediate	44,688,251	44,688,251	-	-	-	-	-	-	NR
Government bonds	1,387,297	721,949	665,348	-	-	-	-	-	N/A
Certificates of deposit	1,197,299	1,197,299	-	-	-	-	-	-	N/A
Georgia Fund 1	10,301,509	10,301,509	-	-	-	-	-	-	AAAf
Subtotal	78,569,209	77,903,861	665,348	-	-	-	-	-	
Pension Trust Funds:									
Common stock	44,213,752	44,213,752	-	-	-	-	-	-	N/A
Government bonds	725,169	-	167,069	558,100	-	-	-	-	N/A
Corporate bonds	7,720,635	1,439,162	3,591,793	852,063	965,663	580,374	291,580	-	N/A
Property	7,144,542	7,144,542	-	-	-	-	-	-	N/A
Mutual Funds	7,876,236	7,876,236	-	-	-	-	-	-	N/A
Subtotal	67,680,334	60,673,692	3,758,862	1,410,163	965,663	580,374	291,580	-	
Total fair value	$ 146,249,543	$ 138,577,553	$ 4,424,210	$ 1,410,163	$ 965,663	$ 580,374	$ 291,580	$ -	

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, 2025:

Investment	Level 1	Level 2	Level 3	Fair Value
United States Treasuries	$ 1,387,297	$ -	$ -	$ 1,387,297
Municipal Competitive Trust	65,683,104	-	-	65,683,104
Total Investments by fair value level	$ 67,070,401	$ -	$ -	$ 67,070,401

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2025, the City had no amounts exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

Pension Plan – Investments

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

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

As of June 30, 2025, the Plan had $67,680,334 invested in common stock, government bonds, corporate bonds, and property and mutual funds. Those investments are categorized by risk in the investments table previously disclosed in this footnote.

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, 2025, 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, 2025, the Plan had $67,680,334 invested in the following types of investments as categorized by interest rate risk:

Investment Type	Fair Value	Weighted Average Maturity (years)
Common stock	$ 44,213,752	N/A
Corporate bonds	7,720,635	3.13
Government bonds	725,169	1.31
Property	7,144,542	N/A
Mutual funds	7,876,236	N/A
Total	$ 67,680,334	

Rate of Return – For the year ended June 30, 2025, 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, 2025:

Investment	Level 1	Level 2	Level 3	Fair Value
Corporate Equity Securities	$ 44,213,752	$ -	$ -	$ 44,213,752
Mutual Funds	7,876,236	-	-	7,876,236
United States Treasuries	-	725,169	-	725,169
Property	-	-	7,144,542	7,144,542
Corporate Bonds	7,720,635	-	-	7,720,635
	$ 59,810,623	$ 725,169	$ 7,144,542	$ 67,680,334

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

NOTE 4. RECEIVABLES

A. Accounts Receivable

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

	General	Capital Projects Fund	ARPA Fund	Nonmajor Governmental	Water and Sewer
Receivables:					
Taxes	$ 180,138	$ -	$ -	$ 171,838	$ -
Accounts	406,484	-	-	768,128	2,049,376
Lease receivable	1,666,754	-	-	-	-
Intergovernmental	419,019	13,064	6,492,375	622,586	718,525
Gross receivables	2,672,395	13,064	6,492,375	1,562,552	2,767,901
Less: allowance for uncollectibles	(96,448)	-	-	-	(129,395)
Net total receivables	$ 2,575,947	$ 13,064	$ 6,492,375	$ 1,562,552	$ 2,638,506

	Electric Fund	Airport	Gas Fund	Nonmajor Enterprise	Total
Receivables:					
Taxes	$ -	$ -	$ -	$ -	$ 351,976
Accounts	9,524,656	15,992	3,386,004	1,300,311	17,450,951
Lease receivable	1,900,824	965,752	-	-	4,533,330
Intergovernmental	-	510,216	-	-	8,775,785
Gross receivables	11,425,480	1,491,960	3,386,004	1,300,311	31,112,042
Less: allowance for uncollectibles	(559,355)	-	(109,473)	(155,754)	(1,050,425)
Net total receivables	$ 10,866,125	$ 1,491,960	$ 3,276,531	$ 1,144,557	$ 30,061,617

B. Property Taxes

Property taxes were levied on behalf of the City by Newton County on August 14, 2024 (levy date) based upon property values assessed as of January 1. The billings were mailed on August 19, 2024 and the final installment was payable on or before December 20, 2024 for the fiscal year 2025 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, 2025, the allowance for uncollectible property taxes was $96,448.

The tax rate levied during calendar year 2024 for the City's operations was 5.756 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, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	$ 3,356,360	$ -	$ -	$ -	$ 3,356,360
Construction in progress	1,305,314	2,275,191	(128,203)	(60,620)	3,391,682
Total capital assets, not being depreciated	4,661,674	2,275,191	(128,203)	(60,620)	6,748,042
Capital assets, being depreciated:					
Buildings and improvements	20,954,272	240,286	-	60,620	21,255,178
Machinery and equipment	12,548,279	991,163	-	-	13,539,442
Furniture and fixtures	122,424	-	-	-	122,424
Lease equipment	9,318,812	2,317,401	(864,663)	-	10,771,550
Vehicles	7,275,413	-	(316,130)	-	6,959,283
Infrastructure	58,365,586	4,212,956	-	-	62,578,542
Total capital assets, being depreciated	108,584,786	7,761,806	(1,180,793)	60,620	115,226,419
Less accumulated depreciation for:					
Buildings and improvements	(6,837,974)	(491,056)	-	-	(7,329,030)
Machinery and equipment	(9,674,740)	(714,193)	-	-	(10,388,933)
Furniture and fixtures	(122,425)	-	-	-	(122,425)
Lease equipment	(2,969,291)	(1,766,340)	797,430	-	(3,938,201)
Vehicles	(6,437,875)	(486,137)	316,130	-	(6,607,882)
Infrastructure	(25,707,769)	(1,314,764)	-	-	(27,022,533)
Total accumulated depreciation	(51,750,074)	(4,772,490)	1,113,560	-	(55,409,004)
Total capital assets, being depreciated, net	56,834,712	2,989,316	(67,233)	60,620	59,817,415
Governmental activities capital assets, net	$ 61,496,386	$ 5,264,507	$ (195,436)	$ -	$ 66,565,457

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 11,082,601	$ -	$ -	$ -	$ 11,082,601
Construction in progress	28,968,266	37,128,531	(264,874)	(7,041,202)	58,790,721
Total capital assets, not being depreciated	40,050,867	37,128,531	(264,874)	(7,041,202)	69,873,322
Capital assets, being depreciated:					
Buildings	5,275,114	233,256	-	136,115	5,644,485
Machinery and equipment	7,887,970	1,147,962	(26,009)	-	9,009,923
Vehicles	2,121,753	289,168	(24,692)	-	2,386,229
Lease equipment	1,762,757	1,162,842	(235,400)	-	2,690,199
Intangibles	4,397,830	-	-	-	4,397,830
Improvements other than buildings	173,045,274	8,701,901	(197,682)	6,905,087	188,454,580
Total capital assets, being depreciated	194,490,698	11,535,129	(483,783)	7,041,202	212,583,246
Less accumulated depreciation for:					
Buildings	(3,846,472)	(198,960)	-	-	(4,045,432)
Machinery and equipment	(5,260,665)	(538,948)	20,809	-	(5,778,804)
Vehicles	(2,102,056)	(134,700)	-	-	(2,236,756)
Lease equipment	(424,506)	(398,711)	69,576	-	(753,641)
Intangibles	(1,913,695)	(121,538)	-	-	(2,035,233)
Improvements other than buildings	(69,732,662)	(3,907,351)	-	-	(73,640,013)
Total accumulated depreciation	(83,280,056)	(5,300,208)	90,385	-	(88,489,879)
Total capital assets, being depreciated, net	111,210,642	6,234,921	(393,398)	7,041,202	124,093,367
Business-type activities capital assets, net	$ 151,261,509	$ 43,363,452	$ (658,272)	$ -	$ 193,966,689

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

Governmental activities:		
General government	$	394,892
Judicial		391
Public safety		2,553,053
Public works		1,743,352
Housing and development		80,802
Total depreciation expense - governmental activities	$	4,772,490
Business-type activities:		
Water and sewer	$	2,529,868
Electric		1,366,796
Gas		468,224
Airport		542,058
Stormwater		374,592
Sanitation		18,670
Total depreciation expense - business-type activities	$	5,300,208

NOTE 5. CAPITAL ASSETS (CONTINUED)

B. Component Units

Parking Authority

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

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	(95,451)	(9,090)	-	(104,541)
Total accumulated depreciation	(95,451)	(9,090)	-	(104,541)
Airport Authority assets, net	$ 268,169	$ (9,090)	$ -	$ 259,079

Covington Downtown & Tourism Association

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	$ 69,885	$ -	$ -	$ 69,885
Total capital assets, being depreciated	69,885	-	-	69,885
Less accumulated depreciation for:				
Buildings and improvements	(7,109)	(6,988)	-	(14,097)
Total accumulated depreciation	(7,109)	(6,988)	-	(14,097)
Covington Downtown & Tourism Association assets, net	$ 62,776	$ (6,988)	$ -	$ 55,788

NOTE 6. LONG-TERM DEBT

A. 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, 2025, the City has no unused lines of credit relating to this note. The City's line of credit outstanding at June 30, 2025, is as follows:

Purpose	Original Amount	Interest Rate	Due Date	Amount
GEFA Loan - DW 13-006	$ 4,500,000	0.50%	2038	$ 2,827,959
GEFA Loan - CW2021035-L	4,587,187	N/A	N/A	4,587,187
				7,415,146
			Less current maturities	(222,855)
				$ 7,192,291

The City's outstanding note from direct borrowings related to business-type activities of $7,415,146 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.

The $4,587,187 note payable amortization schedules have yet to be finalized and repayment will be determined when construction is complete. 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
2026	$ 236,485	$ 222,855	13,630
2027	236,485	223,972	12,513
2028	236,484	225,094	11,390
2029	236,484	226,222	10,262
2030	236,485	227,356	9,129
2031 – 2035	1,182,422	1,153,985	28,437
2036 – 2038	551,795	548,475	3,320
	$ 2,916,640	$ 2,827,959	$ 88,681

NOTE 6. LONG-TERM DEBT (CONTINUED)

B. 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, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 1,875,677	$ 221,434	$ 2,097,111
2027	1,699,067	136,149	1,835,216
2028	1,102,100	70,238	1,172,338
2029	714,460	40,001	754,461
2030	377,383	26,740	404,123
2031 – 2035	583,986	87,137	671,123
2036 – 2040	667,941	40,342	708,283
2041 and 2042	197,310	1,456	198,766
Total	$ 7,217,924	$ 623,497	$ 7,841,421

Principal and interest requirements to maturity for the enterprise lease liabilities as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 465,806	$ 76,693	$ 542,499
2027	526,685	53,064	579,749
2028	447,464	30,041	477,505
2029	392,121	10,847	402,968
2030	178,176	1,719	179,895
Total	$ 2,010,252	$ 172,364	$ 2,182,616

NOTE 6. LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Liabilities – Primary Government

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Governmental activities:					
Leases	$ 6,593,868	$ 2,432,737	$ (1,808,681)	$ 7,217,924	$ 1,875,677
Net pension liability	15,486,730	9,003,929	(9,107,047)	15,383,612	-
Total OPEB Liability	3,455,102	282,825	(229,759)	3,508,168	229,759
Compensated absences	2,670,729	2,418,359	(1,286,686)	3,802,402	1,286,686
Governmental activities long-term liabilities	$ 28,206,429	$ 14,137,850	$ (12,432,173)	$ 29,912,106	$ 3,392,122
Business-type activities:					
Revenue bonds	$ 160,000	$ -	$ (160,000)	$ -	$ -
Notes payable from direct borrowings	3,049,703	4,587,187	(221,744)	7,415,146	222,855
Leases	1,384,324	1,162,842	(536,914)	2,010,252	493,020
Net pension liability	2,176,716	1,265,535	(1,280,027)	2,162,224	-
Compensated absences	1,178,108	641,754	(477,971)	1,341,891	477,971
Business-type activities long-term liabilities	$ 7,948,851	$ 7,657,318	$ (2,676,656)	$ 12,929,513	$ 1,193,846

Beginning balances for compensated absences have been restated as a result of the implementation of GASB Statement 101

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

D. 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, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Airport Authority:					
Note payable from direct borrowings	$ 122,534	$ -	$ (29,380)	$ 93,154	$ 30,201
Airport Authority long-term liabilities	$ 122,534	$ -	$ (29,380)	$ 93,154	$ 30,201

NOTE 6. LONG-TERM DEBT (CONTINUED)

E. Airport Authority Note Payable

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

The annual payments as of March 31, 2025, are as follows:

Fiscal Year Payable	Total	Principal	Interest
2026	$ 32,800	$ 30,201	$ 2,599
2027	32,799	31,043	1,756
2028	32,800	31,910	890
	$ 98,399	$ 93,154	$ 5,245

The Airport Authority's outstanding note from direct borrowings of $93,154 is secured by the building constructed with the loan. The outstanding note from direct borrowings contains a provision that in an event of default, the lender may withdraw any balance remaining in the Airport Authority's project funds and apply such balance against outstanding required payments.

NOTE 7. PENSION PLAN

A. Plan Description

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

Plan Membership. As of June 30, 2024, the date of the most recent actuarial valuation, there were 466 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	240
Vested terminated employees not yet receiving benefits	120
Active employees	106
Total	466

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, 2024 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, 2024, 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, 2024 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 2021 mortality improvement scale.

NOTE 7. PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

Actuarial Assumptions (Continued). The actuarial assumptions used in the June 30, 2024 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, 2025 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.

NOTE 7. PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended June 30, 2025, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2024	$ 74,945,864	$ 57,282,418	$ 17,663,446
Changes for the year:			
Service cost	553,049	-	553,049
Interest	4,961,073	-	4,961,073
Change in benefit terms	1,794,783		1,794,783
Experience differences	2,571,946	-	2,571,946
Assumption changes	-	-	-
Contributions - employer	-	2,740,278	(2,740,278)
Net investment income	-	7,646,796	(7,646,796)
Benefit payments, including refunds of employee contributions	(4,003,066)	(4,003,066)	-
Administrative expense	-	(388,613)	388,613
Net changes	5,877,785	5,995,395	(117,610)
Balances at June 30, 2025	$ 80,823,649	$ 63,277,813	$ 17,545,836

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	$ 26,955,223	$ 17,545,836	$ 9,574,939

NOTE 7. PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued). Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2025, and the current sharing pattern of costs between employer and employee.

For the year ended June 30, 2025, the City recognized pension expense of $5,024,613. At June 30, 2025, 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	$ -	$ (2,507,364)
Net difference between expected and actual experience	1,285,973	-
City contributions subsequent to the measurement date	3,400,187	-
Total	$ 4,686,160	$ (2,507,364)

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

City contributions subsequent to the measurement date of $3,400,187 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, 2026. The remaining deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	
2026	$ 169,364
2027	205,654
2028	(829,217)
2029	(767,192)
Total	$ (1,221,391)

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 $940,279 in fiscal year 2025.

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, 2025, City employees contributed $1,356,174 to the 457 Plan.

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

NOTE 9. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of June 30, 2025, are as follows:

Receivable Fund	Payable Fund		Total
General Fund	Electric Utiltiy Fund	$	2,912,092
Water Sewer	ARPA		6,492,375
General Fund	Nonmajor Governmental Funds		6,523
Electric Utility Fund	Nonmajor Governmental Funds		1,124
Total		$	9,412,114

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

NOTE 9. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Interfund transfers for the year ended June 30, 2025 consisted of the following:

	Transfer From						
Transfer To	**Gas Fund**	**Electric Fund**	**General Fund**	**ARPA Fund**	**Water and Sewer Fund**	**Nonmajor Governmental**	**Total**
General Fund	$ 4,643,545	$ 4,683,555	$ -	$ -	$	$ 787,835	$ 10,114,935
Capital Projects Funds	1,696,432		-	-	500,000	-	2,196,432
Airport Fund		120,725	-	-	-	-	120,725
Water and Sewer Fund			-	21,181,179	-	-	21,181,179
Nonmajor Governmental		575,289		-	-	-	575,289
Nonmajor Enterprise	512,738	-	2,578			-	515,316
Total	$ 6,852,715	$ 5,379,569	$ 2,578	$ 21,181,179	$ 500,000	$ 787,835	$ 34,703,876

Transfers are used to: 1) move unrestricted gas and electric fund revenues to the General Fund, Airport Fund, and other governmental funds to generate revenue to forestall the need for property tax increases and use unrestricted revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations, 2) to transfer revenues from the ARPA fund to the Water and Sewer Fund for the construction of water and sewer infrastructure projects provided for by Georgia's share of the State Fiscal Recovery Fund created by the American Rescue Plan Act of 2021, and 3) move unrestricted nonmajor governmental fund revenue to the General Fund to generate revenue to forestall the need for property tax increases.

NOTE 10. RELATED ORGANIZATION

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

NOTE 11. HOTEL/MOTEL LODGING TAX

The City has levied an 8% lodging tax. For the year ended June 30, 2025, $1,882,227 of hotel/motel tax was collected. Of the total collected, 43.75% 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, 2025, the City paid $14,190 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. Operating costs of the Center are initially paid by the City and are reimbursed by participating governments in accordance with the E-911 Intergovernmental Agreement, as amended. Reimbursements from Newton County are based on the percentage of calls for service attributable to each party rather than a fixed percentage. County reimbursements are included in intergovernmental revenues of the Emergency 911 Fund.

NOTE 12. JOINT VENTURES (CONTINUED)

Communication Center (Continued)

Computerized communication equipment and emergency 911 services equipment have been funded in accordance with the E-911 Intergovernmental Agreement. The Center also provides 911 and dispatching services to the Cities of Porterdale and Oxford, which reimburse the Center based on their respective percentages 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, 2024, the date of the latest actuarial valuation:

Active participants	347
Retirees and beneficiaries currently receiving benefits	30
Covered spouses	2
Total plan members	379

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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, 2025, the City contributed $165,878 for the pay as you go benefits for the Retiree Health Plan.

D. Total OPEB Liability of the City

The City's total OPEB liability was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2024.

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions:

Discount rate:	4.21%
Healthcare cost trend rate:	Initial rate of 7.00% declining to an ultimate trend rate of 4.00% in fiscal year 2
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, 2024 valuation were based on the results of an actuarial experience study for the period 2013 – 2017.

E. Discount Rate

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

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, 2025 were as follows:

Total OPEB Liability

	Primary Government
Beginning Balance	$ 3,455,102
Changes for the year:	
Service cost	136,409
Interest	146,416
Benefit payments	(229,759)
Net changes	53,066
Ending Balance	$ 3,508,168

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

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
Total OPEB Liability	$ 3,764,622	$ 3,508,168	$ 3,270,224

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

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

OPEB Liability to Changes in the Healthcare Cost Trend Rates

	1% Decrease 3.00% - 6.50%	Current Healthcare Cost Trend Assumption Rate 4.00% - 7.50%	1% Increase 5.00% - 8.50%
Total OPEB Liability	$ 3,361,358	$ 3,508,168	$ 3,682,926

At June 30, 2025, 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	$ 190,639	$ 164,869
Assumption changes	657,062	535,254
Employer contributions subsequent to the measurement date	245,842	-
Total	$ 1,093,543	$ 700,123

City contributions subsequent to the measurement date of $245,842 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, 2026. The remaining deferred inflows of resources for the City related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30,	
2026	$ 56,281
2027	56,281
2028	72,230
2029	(29,327)
2030	(33,172)
Thereafter	25,285
Total	$ 147,578

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, 2025, 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 $46,041,922 in 2025.

At June 30, 2025, the outstanding debt of MEAG was approximately $9.04 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $420.63 million at June 30, 2025.

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 2024, 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 $9,625,436 in 2025.

At June 30, 2025, the outstanding debt of MGAG was approximately $40.20 million. The City's guarantee varies by individual projects undertaken by MGAG and totals approximately $2.16 million at June 30, 2025.

Contractual Commitments

In addition to the liabilities enumerated in the Balance Sheet at June 30, 2025, the City has contractual commitments on uncompleted construction contracts of approximately $14,809,402.

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.

NOTE 16. CHANGE IN ACCOUNTING PRINCIPLE

A. Government-wide and Fund Level Restatement

During the current year, the City implemented GASB Statement No. 101, Compensated Absences. In addition to the value of unused vacation time owed to employees upon separation of employment, the City now recognized an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized in the table below.

	Net Position/fund balance 6/30/2025 As Previously Reported	Restatement - GASB 101 implementation	Net Position/fund balance 6/30/2025 As Restated
Government-Wide			
Governmental Activities	$ 75,110,224	$ (1,349,913)	$ 73,760,311
Business-type Activities	239,125,293	(744,961)	238,380,332
Total Primary Government	$ 314,235,517	$ (2,094,874)	$ 312,140,643
Proprietary Funds			
Major Funds:			
Water and Sewer Utility Fund	$ 87,199,534	$ (343,513)	$ 86,856,021
Electric Utility Fund	93,863,052	(263,218)	93,599,834
Gas Utility Fund	19,204,068	(90,243)	19,113,825
Airport Fund	27,219,038	(24,001)	27,195,037
Nonmajor Funds	11,639,601	(23,986)	11,615,615
Total Proprietary Funds	$ 239,125,293	$ (744,961)	$ 238,380,332

NOTE 17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 22, 2025 which is the date the financial statements were available to be issued.

On August 5, 2025, the Newton County Public Facilities Authority (the "Authority") adopted a resolution authorizing the issuance of its Revenue Bonds (City of Covington Projects), Series 2025, in the aggregate principal amount of $22,500,000. The proceeds of the bonds are to be used to finance the acquisition, construction, and equipping of a new E-911 facility and certain stormwater, water, sewer, and gas system improvements, and to pay the costs of issuing the bonds.

On August 1, 2025, the City of Covington (the "City") entered into an Intergovernmental Contract with the Authority pursuant to which the Authority agreed to issue the bonds and the City agreed to make contract payments sufficient to enable the Authority to pay debt service on the bonds as it becomes due. The City's obligations under the contract are absolute and unconditional and are secured by the City's covenant to levy an ad valorem property tax, unlimited as to rate or amount, if necessary to make the required contract payments.

The bonds were issued on August 28, 2025. As the bonds were issued subsequent to June 30, 2025, no amounts related to this financing are included in the accompanying financial statements.

In connection with the issuance of the bonds, Moody's Ratings assigned an initial Aa3 issuer rating to the city and an Aa3 rating to the Revenue Bonds on July 22, 2025, with a stable outlook. The rating was assigned subsequent to June 30, 2025 and is not reflected in the accompanying financial statements.

Subsequent to year-end, on December 15, 2025, the City approved a Water and Wastewater Capacity and Service Agreement with a customer for the provision of potable water, wastewater treatment, and reuse water services related to a planned industrial development. The agreement includes long-term service commitments, minimum demand charges, and provisions for infrastructure improvements and escrow funding. As the agreement was approved after June 30, 2025, no amounts related to this agreement are included in the accompanying financial statements.

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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,

	2025	2024	2023
Total pension liability			
Service cost	**$ 553,049**	$ 557,486	$ 582,846
Interest on total pension liability	**4,961,073**	4,813,412	4,676,165
Change in benefit terms	**1,794,783**		
Changes in experience differences	**2,571,946**	611,407	182,360
Assumption changes	**-**	-	109,903
Benefit payments, including refunds of employee contributions	**(4,003,066)**	(3,577,522)	(3,407,719)
Other changes	**-**	-	-
Net change in total pension liability	**5,877,785**	2,404,783	2,143,555
Total pension liability - beginning	**74,945,864**	72,541,081	70,397,526
Total pension liability - ending (a)	**80,823,649**	74,945,864	72,541,081
Plan fiduciary net position			
Contributions - employer	**2,740,278**	2,343,304	2,981,131
Contributions - employee	**-**	-	-
Net investment income	**7,646,796**	3,962,498	(1,350,436)
Benefit payments, including refunds of member contributions	**(4,003,066)**	(3,577,522)	(3,407,719)
Administrative expenses	**(388,613)**	(344,712)	(375,908)
Other changes	-	-	-
Net change in plan fiduciary net position	**5,995,395**	2,383,568	(2,152,932)
Plan fiduciary net position - beginning	**57,282,418**	54,898,850	57,051,782
Plan fiduciary net position - ending (b)	**63,277,813**	57,282,418	54,898,850
City's net pension liability - ending (a) - (b)	**$ 17,545,836**	$ 17,663,446	$ 17,642,231
Plan fiduciary net position as a percentage of the total pension liability	**78.3%**	76.4%	75.7%
Covered payroll	**$ 8,465,600**	$ 8,381,243	$ 8,503,828
Net pension liability as a percentage of covered payroll	**207.3%**	210.7%	207.5%

	2022	2021	2020	2019	2018	2017	2016
	$ 629,828	$ 666,288	$ 695,998	$ 728,055	$ 493,714	$ 423,626	$ 465,688
	4,568,092	4,422,224	4,284,617	4,200,906	3,650,312	3,315,798	3,019,622
	(59,332)	434,967	177,171	(1,140,659)	1,470,212	2,313,285	2,393,142
	(192,281)	(213,957)	(232,581)	-	9,994,061	-	-
	(3,188,792)	(3,035,298)	(2,678,454)	(2,353,713)	(2,201,881)	(2,032,437)	(1,925,160)
	-	-	-	-	-	30,908	49,360
	1,757,515	2,274,224	2,246,751	1,434,589	13,406,418	4,051,180	4,002,652
	68,640,011	66,365,787	64,119,036	62,684,447	49,278,029	45,226,849	41,224,197
	70,397,526	68,640,011	66,365,787	64,119,036	62,684,447	49,278,029	45,226,849
	3,371,405	3,218,936	3,566,646	3,600,000	3,502,117	2,900,000	2,800,000
	-	-	-	-	-	30,908	49,360
	9,806,853	(98,799)	3,570,234	2,576,127	3,532,043	679,622	1,142,698
	(3,188,792)	(3,035,298)	(2,678,454)	(2,353,713)	(2,201,881)	(2,032,437)	(1,925,160)
	(375,932)	(382,999)	(356,900)	(201,337)	(207,754)	(202,608)	(246,954)
	-	-	1	-	-	-	-
	9,613,534	(298,160)	4,101,527	3,621,077	4,624,525	1,375,485	1,819,944
	47,438,248	47,736,408	43,634,881	40,013,804	35,389,279	34,013,794	32,193,850
	57,051,782	47,438,248	47,736,408	43,634,881	40,013,804	35,389,279	34,013,794
	$ 13,345,744	$ 21,201,763	$ 18,629,379	$ 20,484,155	$ 22,670,643	$ 13,888,750	$ 11,213,055
	81.0%	69.1%	71.9%	68.1%	63.8%	71.8%	75.2%
	$ 9,137,466	$ 9,547,345	$ 9,967,630	$ 10,355,722	$ 10,773,250	$ 11,313,614	$ 11,303,614
	146.1%	222.1%	186.9%	197.8%	210.4%	122.8%	99.2%

CITY OF COVINGTON, GEORGIA

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

	2025	2024	2023
Actuarially determined contribution	**$ 2,305,629**	$ 2,109,586	$ 2,022,771
Contributions in relation to the actuarially determined contribution	**2,952,409**	2,545,760	2,588,019
Contribution deficiency (excess)	**$ (646,780)**	$ (436,174)	$ (565,248)
Covered payroll	**$ 8,065,585**	$ 8,465,600	$ 8,381,243
Contributions as a percentage of covered payroll	**36.61%**	30.07%	30.88%

Notes to the Schedule:

(1) Actuarial Assumptions

Valuation Date	June 30, 2024
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Fair Value of Assets
Assumed Rate of Return on Investments	6.75%
Cost-of-living Adjustment	N/A
Amortization Method	Level dollar for unfunded liability
Remaining Amortization Period	30 years (open)

Projected Salary Increases:

Years of Service	Rate
0-9	4.50%
10-19	3.50%
20-24	3.00%
25+	2.50%

2022	2021	2020	2019	2018	2017	2016
$ 2,236,576	$ 2,327,580	$ 2,394,267	$ 2,441,637	$ 1,550,940	$ 2,900,000	$ 2,800,000
3,285,652	3,218,936	3,566,646	3,600,000	3,502,117	2,900,000	2,800,000
$ (1,049,076)	$ (891,356)	$ (1,172,379)	$ (1,158,363)	$ (1,951,177)	$ -	$ -
$ 8,503,828	$ 9,137,466	$ 9,547,345	$ 9,967,630	$ 10,355,722	$ 10,773,250	$ 11,313,614
32.99%	35.23%	37.36%	36.12%	33.82%	26.92%	24.75%

CITY OF COVINGTON, GEORGIA

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

	2025	2024	2023
Annual money-weighted rate of return, net of investment expenses for the City's Pension Plan	**6.8%**	6.8%	6.8%

2022	2021	2020	2019	2018	2017	2016
6.8%	6.8%	6.8%	6.8%	6.8%	4.0%	5.6%

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,

	2025	2024	2023
Total OPEB liability			
Service cost	**$ 136,409**	$ 108,641	$ 153,525
Interest on total OPEB liability	**146,416**	127,293	79,617
Differences between expected and actual experience	**-**	(211,975)	-
Changes of assumptions	**-**	561,803	(472,053)
Benefit payments, including refunds of employee contributions	**(229,759)**	(266,001)	(247,443)
Net change in total OPEB liability	**53,066**	319,761	(486,354)
Total OPEB liability - beginning	**3,455,102**	3,135,341	3,621,695
Total OPEB liability - ending (a)	**$ 3,508,168**	$ 3,455,102	$ 3,135,341
Covered employee payroll	**$ 24,472,154**	$ 23,560,368	$ 19,707,435
City's total OPEB liability as a percentage of covered employee payroll	**14.34%**	14.66%	15.91%

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

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

2022	2021	2020	2019	2018
$ 153,983	$ 144,631	$ 97,438	$ 99,781	$ 111,514
102,290	107,049	108,953	100,247	82,347
130,115	-	355,058	-	-
(306,483)	34,618	614,157	(61,305)	(159,480)
(297,468)	(276,714)	(126,429)	(116,257)	(107,645)
(217,563)	9,584	1,049,177	22,466	(73,264)
3,839,258	3,829,674	2,780,497	2,758,031	2,831,295
$ 3,621,695	$ 3,839,258	$ 3,829,674	$ 2,780,497	$ 2,758,031
$ 18,946,011	$ 19,353,485	**$** 18,646,772	$ 17,169,505	$ 16,027,917
19.12%	19.84%	20.54%	16.19%	17.21%

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COMBINING STATEMENTS AND SCHEDULES

CITY OF COVINGTON, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

CITY OF COVINGTON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue Funds			
	Emergency Telephone Fund	Hotel/ Motel Tax Fund	Confiscated Assets Fund	Neighborhood Stabilization Fund
ASSETS				
Cash and cash equivalents	$ 324,033	$ 1,204,186	$ 324,853	$ 46,629
Taxes receivable	-	171,838	-	-
Accounts receivable	705,821	-	-	58,282
Due from other governments	-	-	-	-
Prepaid expenditures	45,598	-	-	-
Total assets	$ 1,075,452	$ 1,376,024	$ 324,853	$ 104,911
LIABILITIES AND FUND BALANCES				
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 98,100	$ 85,579	$ 11,706	$ -
Accrued liabilities	87,219	-	-	-
Due to component units	-	90,849	-	-
Due to other funds	-	6,524	-	-
Total liabilities	185,319	182,952	11,706	-
FUND BALANCES				
Non-spendable:				
Prepaid expenditures	45,598	-	-	-
Restricted for:				
Law enforcement	844,535	-	313,147	-
Cemetery maintenance	-	-	-	-
Capital projects	-	-	-	-
Housing and development	-	1,193,072	-	104,911
Total fund balances	890,133	1,193,072	313,147	104,911
Total liabilities and fund balances	$ 1,075,452	$ 1,376,024	$ 324,853	$ 104,911

Special Revenue Funds		Capital Projects	
Legion Field Recreational Facility Fund	Cemetery Trust Fund	SPLOST Fund	Totals
$ -	$ 182,748	$ 9,791,393	$ 11,873,842
-	-	-	171,838
4,025	-	-	768,128
-	-	622,586	622,586
-	-	-	45,598
$ 4,025	$ 182,748	$ 10,413,979	$ 13,481,992
$ 2,901	$ -	$ 247,450	$ 445,736
-	-	-	87,219
-	-	-	90,849
1,124	-	-	7,648
4,025	-	247,450	631,452
-	-	-	45,598
-	-	-	1,157,682
-	182,748	-	182,748
-	-	10,166,529	10,166,529
-	-	-	1,297,983
-	182,748	10,166,529	12,850,540
$ 4,025	$ 182,748	$ 10,413,979	$ 13,481,992

CITY OF COVINGTON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Special Revenue Funds			
	Emergency Telephone Fund	Hotel/ Motel Tax Fund	Confiscated Assets Fund	Neighborhood Stabilization Fund
Revenues				
Other taxes	$ -	$ 1,882,227	$ -	$ -
Charges for services	3,771,898	-	-	14,732
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	247,174	-
Interest revenue	-	-	31	-
Total revenues	3,771,898	1,882,227	247,205	14,732
Expenditures				
Public safety	4,075,635	-	186,477	-
Parks and recreation	-	-	-	-
Housing and development	-	962,528	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	118,839	-	-	-
Interest	31,661	-	-	-
Total expenditures	4,226,135	962,528	186,477	-
Excess (deficiency) of revenues over (under) expenditures	(454,237)	919,699	60,728	14,732
Other financing sources (uses)				
Transfers in	514,291	-	-	-
Transfers out	-	(787,835)	-	-
Total other financing sources (uses)	514,291	(787,835)	-	-
Net change in fund balances	60,054	131,864	60,728	14,732
Fund balances, beginning of year	830,079	1,061,208	252,419	90,179
Fund balances, end of year	$ 890,133	$ 1,193,072	$ 313,147	$ 104,911

Special Revenue Funds		Capital Projects	
Legion Field Recreational Facility Fund	Cemetery Trust Fund	SPLOST Fund	Totals
$ -	$ -	$ -	$ 1,882,227
15,750	-	-	3,802,380
-	-	3,692,152	3,692,152
-	-	-	247,174
-	-	192,062	192,093
15,750	-	3,884,214	9,816,026
-	-	-	4,262,112
76,748	-	-	76,748
-	-	-	962,528
-	-	2,258,711	2,258,711
-	-	-	118,839
-	-	-	31,661
76,748	-	2,258,711	7,710,599
(60,998)	-	1,625,503	2,105,427
60,998	-	-	575,289
-	-	-	(787,835)
60,998	-	-	(212,546)
-	-	1,625,503	1,892,881
-	182,748	8,541,026	10,957,659
$ -	$ 182,748	$ 10,166,529	$ 12,850,540

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, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Charges for services	$ 4,411,333	$ 4,411,333	$ 3,771,898	$ (639,435)
EXPENDITURES				
Public safety	5,150,211	4,871,218	4,075,635	795,583
Debt Service:				
Principal	237,443	237,443	118,839	118,604
Interest	54,050	54,050	31,661	22,389
Total expenditures	5,441,704	5,162,711	4,226,135	936,576
Deficiency of revenues over expenditures	(1,030,371)	(751,378)	(454,237)	297,141
OTHER FINANCING SOURCES				
Transfers in	761,378	761,378	514,291	(247,087)
Leases Proceeds	-	-	-	-
Total other financing sources	761,378	761,378	514,291	(247,087)
Net change in fund balances	(268,993)	10,000	60,054	50,054
FUND BALANCES, beginning of year	830,079	830,079	830,079	-
FUND BALANCES, end of year	$ 561,086	$ 840,079	$ 890,133	$ 50,054

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, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Other taxes	$ 1,700,000	$ 1,882,229	$ 1,882,227	$ (2)
EXPENDITURES				
Housing and development	1,952,132	2,063,565	962,528	1,101,037
Total expenditures	1,952,132	2,063,565	962,528	1,101,037
Excess (deficiency) of revenues over (under) expenditures	(252,132)	(181,336)	919,699	1,101,035
OTHER FINANCING USES				
Transfers out	(719,500)	(790,296)	(787,835)	2,461
Total other financing uses	(719,500)	(790,296)	(787,835)	2,461
Net change in fund balances	(971,632)	(971,632)	131,864	1,103,496
FUND BALANCES, beginning of year	1,061,208	1,061,208	1,061,208	-
FUND BALANCES, end of year	$ 89,576	$ 89,576	$ 1,193,072	$ 1,103,496

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, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Fines and forfeitures	$ -	$ 186,536	$ 247,174	$ 60,638
Interest	-	-	31	31
Total revenues	-	186,536	247,205	60,669
EXPENDITURES				
Public safety	-	186,536	186,477	59
Total expenditures	-	186,536	186,477	59
Net change in fund balances	-	-	60,728	60,728
FUND BALANCES, beginning of year	252,419	252,419	252,419	-
FUND BALANCES, end of year	$ 252,419	$ 252,419	$ 313,147	$ 60,728

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, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Charges for services	$ 16,500	$ 16,500	$ 14,732	$ (1,768)
Total revenues	16,500	16,500	14,732	(1,768)
EXPENDITURES				
Housing and development	16,500	16,500	-	16,500
Total expenditures	16,500	16,500	-	16,500
Net change in fund balances	-	-	14,732	14,732
FUND BALANCES, beginning of year	90,179	90,179	90,179	-
FUND BALANCES, end of year	$ 90,179	$ 90,179	$ 104,911	$ 14,732

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, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Charges for services	$ 32,000	$ 32,000	$ 15,750	$ (16,250)
Total revenues	32,000	32,000	15,750	(16,250)
EXPENDITURES				
Parks and recreation	85,000	85,000	76,748	8,252
Total expenditures	85,000	85,000	76,748	8,252
Deficiency of revenues under expenditures	(53,000)	(53,000)	(60,998)	(7,998)
OTHER FINANCING SOURCES				
Transfers in	53,000	53,000	60,998	7,998
Total other financing sources	53,000	53,000	60,998	7,998
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, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
FUND BALANCES, beginning of year	$ 182,748	$ 182,748	$ 182,748	$ -
FUND BALANCES, end of year	$ 182,748	$ 182,748	$ 182,748	$ -

CITY OF COVINGTON, GEORGIA

2017 SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Expenditures Total
Transportation projects	$ 4,029,944	$ 7,883,225	$ 2,790,510	$ 492,727	$ 3,283,237
Sanitary sewer inspection and construction	1,575,000	1,575,000	1,346,653	-	1,346,653
Public safety	3,820,817	6,348,175	6,348,175	-	6,348,175
	$ 9,425,761	$ 15,806,400	$ 10,485,338	$ 492,727	$ 10,978,065

Note: The current year expenditures consisted of the purchae of public safety radios and transportation projects.

CITY OF COVINGTON, GEORGIA

2023 SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Expenditures Total
Transportation projects	$ 17,658,000	$ 17,658,000	$ 429,938	$ 1,765,984	$ 2,195,922
	$ 17,658,000	$ 17,658,000	$ 429,938	$ 1,765,984	$ 2,195,922

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

CITY OF COVINGTON, GEORGIA

NONMAJOR ENTERPRISE FUNDS

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

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

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

The **Telecommunications Fund** was previously used to account for activities relating to the City's fiber optic network. As the primary purpose of the network is to support City government operations and external revenues were incidental, the Telecommunications Fund did not meet the criteria to be reported as an enterprise fund and was closed. During the current year, remaining assets, liabilities, and net position were reported to facilitate the orderly closeout of the fund, and related activities are now accounted for within the General Fund.

CITY OF COVINGTON, GEORGIA

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2025

	Stormwater Utility Fund	Sanitation Fund	Telecommunications Fund	Totals
ASSETS				
CURRENT ASSETS				
Cash	$ 1,266,155	$ 382,356	$ -	$ 1,648,511
Accounts receivable, net of allowances	912,012	232,545	-	1,144,557
Prepaid expenses	195	1,307	-	1,502
Total current assets	2,178,362	616,208	-	2,794,570
NON-CURRENT ASSETS				
Capital assets:				
Nondepreciable	631,118	13,002	-	644,120
Depreciable, net of accumulated depreciation	9,918,575	36,020	-	9,954,595
Total non-current assets	10,549,693	49,022	-	10,598,715
Total assets	12,728,055	665,230	-	13,393,285
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	46,516	455,994	-	502,510
Accrued liabilities	171	43,475	-	43,646
Current portion - lease liability	-	6,449	-	6,449
Unearned revenue	894,645	-	-	894,645
Total current liabilities	941,332	505,918	-	1,447,250
LONG-TERM LIABILITIES				
Leases liabilities	-	19,809	-	19,809
Total long-term liabilities	-	19,809	-	19,809
Total liabilities	941,332	525,727	-	1,467,059
NET POSITION				
Net investment in capital assets	10,549,693	22,764	-	10,572,457
Unrestricted	1,237,030	116,739	-	1,353,769
Total net position	$ 11,786,723	$ 139,503	$ -	$ 11,926,226

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, 2025

	Stormwater Utility Fund	Sanitation Fund	Telecommunications Fund	Totals
OPERATING REVENUES				
Charges for services	$ 1,404,823	$ 2,047,956	$ -	$ 3,452,779
Total operating revenues	1,404,823	2,047,956	-	3,452,779
OPERATING EXPENSES				
Personnel services	14,820	195,961	-	210,781
Other costs of operations	1,137,237	1,914,709	-	3,051,946
Depreciation	374,592	18,670	-	393,262
Total operating expenses	1,526,649	2,129,340	-	3,655,989
Operating income (loss)	(121,826)	(81,384)	-	(203,210)
NON-OPERATING EXPENSES				
Gain on sale of capital assets	-	-	-	-
Interest expense	-	(770)	-	(770)
Loss on transfer of capital assets	-	(725)	-	(725)
Total non-operating expenses	-	(1,495)	-	(1,495)
Loss before capital contributions transfers	(121,826)	(82,879)	-	(204,705)
TRANSFERS				
Transfers in	512,738	-	2,578	515,316
Total transfers	512,738	-	2,578	515,316
Change in net position	390,912	(82,879)	2,578	310,611
NET POSITION, beginning of year, as previously reported	11,395,811	246,368	(2,578)	11,639,601
Restatement for change in accounting principle	-	(23,986)	-	(23,986)
NET POSITION, beginning of year, as restated	11,395,811	222,382	(2,578)	11,615,615
NET POSITION, end of year	$ 11,786,723	$ 139,503	$ -	$ 11,926,226

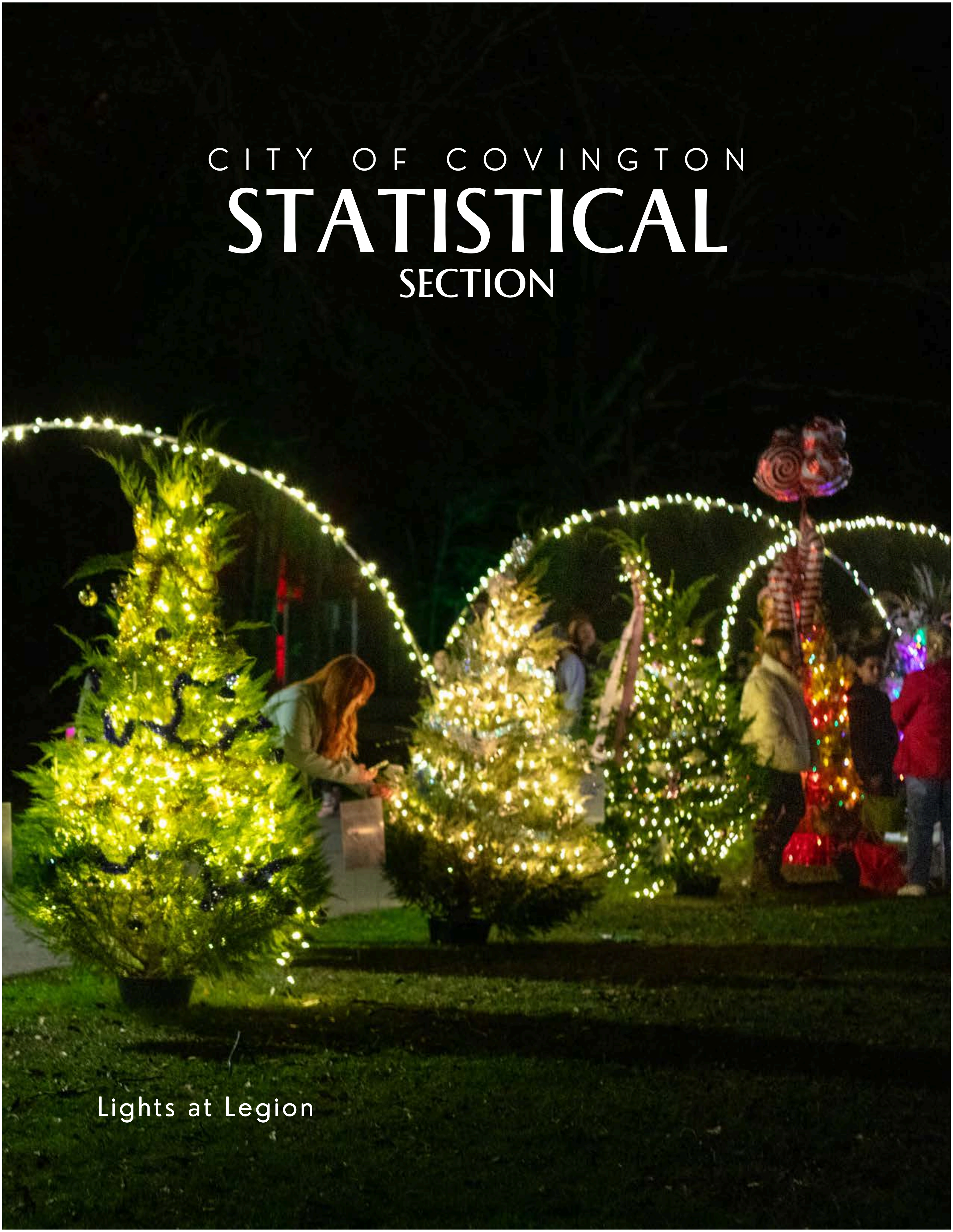
CITY OF COVINGTON, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Stormwater Utility Fund	Sanitation Fund	Telecommunications Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 1,543,338	$ 2,369,117	$ 4,985	$ 3,917,440
Payments to suppliers	(1,111,679)	(1,954,985)	(6,454)	(3,073,118)
Payments to employees	(14,649)	(188,760)	(6,109)	(209,518)
Net cash provided by (used in) operating activities	417,010	225,372	(7,578)	634,804
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	512,738	-	2,578	515,316
Net cash provided by non-capital financing activities	512,738	-	2,578	515,316
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the sale of capital assets	-	27,770	-	27,770
Principal paid on lease	-	(34,121)	-	(34,121)
Acquisition and construction of capital assets	(1,002,246)	-	-	(1,002,246)
Interest paid	-	(770)	-	(770)
Net cash used in capital and related financing activities	(1,002,246)	(7,121)	-	(1,009,367)
Change in cash and cash equivalents	(72,498)	218,251	(5,000)	140,753
Cash and cash equivalents:				
Beginning of year	1,338,653	164,105	5,000	1,507,758
End of year	$ 1,266,155	$ 382,356	$ -	$ 1,648,511
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	$ (121,826)	$ (81,384)	$ -	$ (203,210)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	374,592	18,670	-	393,262
(Increase) decrease in accounts receivable	(256,930)	321,161	19,666	83,897
Decrease in prepaids and other assets	(7)	(47)	-	(54)
Increase (decrease) in accounts payable	25,565	(40,229)	(6,454)	(21,118)
Increase (decrease) in accrued liabilities	171	7,201	(6,109)	1,263
Increase (decrease) in unearned revenue	395,445	-	(14,681)	380,764
Net cash provided by (used in) operating activities	$ 417,010	$ 225,372	$ (7,578)	$ 634,804

CITY OF COVINGTON

STATISTICAL SECTION



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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.

CITY OF COVINGTON, GEORGIA

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Net Investment in capital assets	$32,492	$32,207	$34,018	$34,196	$39,003	$40,251	$49,121	$52,614	$54,903	$ 59,348
Restricted	7,909	9,061	8,406	10,058	8,811	9,499	7,979	9,468	12,345	14,262
Unrestricted	16,816	16,359	10,916	7,364	6,656	5,610	6,463	6,614	7,862	5,696
Total governmental activities net position	57,217	57,627	53,340	51,618	54,470	55,360	63,563	68,696	75,110	79,306
Business-type activities:										
Net Investment in capital assets	68,338	73,961	80,037	88,401	94,304	100,802	103,593	114,820	145,446	183,320
Restricted	925	2,693	2,715	2,716	217	2,718	2,720	2,721	2,722	222
Unrestricted	57,934	60,225	65,019	72,718	82,835	83,650	84,967	89,639	90,957	85,820
Total business-type activities net position	127,197	136,879	147,771	163,835	177,356	187,170	191,280	207,180	239,125	269,362
Primary government:										
Net Investment in capital assets	100,830	106,168	114,055	122,597	133,307	141,053	152,714	167,434	200,349	242,668
Restricted	8,834	11,724	11,121	12,774	9,028	12,217	10,699	12,189	15,067	14,484
Unrestricted	74,750	76,614	75,935	80,082	89,491	89,260	91,430	96,253	98,819	91,516
Total primary government net position	$ 184,414	$ 194,506	$ 201,111	$ 215,453	$ 231,826	$ 242,530	$ 254,843	$ 275,876	$ 314,235	$ 348,668

CITY OF COVINGTON, GEORGIA

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	$ 3,585	$ 3,737	$ 4,349	$ 4,466	$ 4,558	$ 4,839	$ 4,484	$ 4,657	$ 5,442	$ 6,651
Judicial	707	739	722	592	684	512	624	824	990	1,065
Public safety	16,161	16,503	18,182	19,910	19,683	18,164	18,466	20,013	23,924	26,602
Public works	4,286	3,763	4,288	4,106	5,027	6,736	989	3,107	1,644	2,713
Parks and recreation	285	457	377	389	403	483	521	804	642	766
Housing and development	1,783	1,431	1,691	1,683	1,726	1,535	1,981	2,215	2,685	3,012
Interest on long-term debt	26	20	20	15	6	1	48	65	256	251
Total governmental activities expenses	26,833	26,650	29,629	31,161	32,087	32,270	27,113	31,685	35,583	41,060
Business-type activities:										
Water and sewer	9,502	10,220	10,140	10,250	10,421	10,513	10,801	11,472	12,580	14,708
Gas	8,005	9,396	10,034	10,805	8,421	9,206	14,557	16,205	12,179	13,106
Electric	32,642	32,847	33,704	34,693	34,656	38,488	47,865	53,213	52,424	53,554
Stormwater	743	508	551	571	709	744	655	906	889	1,527
Sanitation	2,892	3,010	3,088	3,251	3,372	3,006	3,094	3,436	3,536	2,130
Telecommunications	-	-	-	-	-	-	-	474	573	-
Airport	994	997	1,287	1,300	1,316	1,437	1,649	1,757	2,139	2,072
Total business-type activities expenses	54,778	56,978	58,804	60,870	58,895	63,394	78,621	87,463	84,320	87,097
Total primary government expenses	81,611	83,628	88,433	92,031	90,982	95,664	105,734	119,148	119,903	128,157
Program Revenues										
Governmental activities:										
Charges for services:										
General government	668	774	919	1,754	1,596	1,535	1,529	2,115	3,435	4,383
Public safety	3,453	3,418	3,444	3,596	3,679	3,511	4,215	4,570	4,749	4,899
Parks and recreation	-	-	-	-	64	10	13	22	33	16
Housing and development	-	-	-	-	16	16	16	16	44	14
Operating grants and contributions	779	899	945	800	728	1,065	587	533	582	500
Capital grants and contributions	2,601	2,066	1,891	2,205	4,186	2,809	3,551	11,495	24,751	25,534
Total governmental activities program revenues	7,501	7,157	7,199	8,355	10,269	8,946	9,911	18,751	33,594	35,346
Business-type activities:										
Charges for services:										
Water and sewer	11,114	12,190	11,999	13,423	13,746	12,969	13,484	14,998	15,580	16,264
Gas	12,883	13,025	14,821	15,534	14,053	14,662	19,953	20,977	17,282	18,515
Electric	45,059	45,112	45,789	47,168	46,267	47,249	53,058	56,438	59,415	61,539

(Continued)

CITY OF COVINGTON, GEORGIA

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business-type activities (Continued):										
Charges for services (Continued):										
Stormwater	839	801	995	849	1,027	913	936	920	927	1,405
Sanitation	2,743	2,769	2,834	2,919	3,489	3,080	3,142	3,389	3,670	2,048
Telecommunications	-	-	-	-	-	-	-	2,015	70	-
Airport	403	476	576	634	591	710	994	1,177	1,283	1,142
Operating grants and contributions	-	-	-	662	242	1,391	-	-	-	-
Capital grants and contributions	512	1,890	1,865	2,369	1,880	2,037	316	3,082	4,530	4,751
Total business-type activities program revenues	73,553	76,263	78,879	83,558	81,295	83,011	91,883	102,996	102,757	105,664
Total primary government program revenues	81,054	83,420	86,078	91,913	91,564	91,957	101,794	121,747	136,351	141,010
Net (expense)/revenue										
Governmental activities	(19,332)	(19,493)	(22,430)	(22,806)	(21,818)	(23,324)	(17,202)	(12,934)	(1,989)	(5,714)
Business-type activities	18,775	19,285	20,075	22,688	22,400	19,617	13,262	15,533	18,437	18,567
Total primary government net expense	$ (557)	$ (208)	$ (2,355)	$ (118)	$ 582	$ (3,707)	$ (3,940)	$ 2,599	$ 16,448	$ 12,853
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	$ 4,646	$ 4,885	$ 5,088	$ 5,656	$ 6,421	$ 6,972	$ 7,633	$ 7,785	$ 8,155	$ 9,057
Sales taxes	1,981	2,032	2,176	2,477	2,910	3,082	3,647	4,052	4,203	4,242
Franchise fees	756	764	872	820	892	776	809	962	857	1,040
Insurance premium taxes	745	819	2,016	956	1,007	1,054	1,089	1,179	1,260	1,355
Other taxes	1,786	1,746	720	2,025	1,992	2,199	2,842	3,039	3,255	3,262
Unrestricted investment earnings	28	42	57	128	157	48	51	423	1,543	1,388
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Lease income	-	-	-	-	-	-	94	-	-	-
Transfers	7,149	9,617	9,946	9,022	11,292	10,081	9,240	221	(10,464)	(9,085)
Total governmental activities	17,091	19,905	20,875	21,084	24,671	24,212	25,405	25,405	8,809	11,259
Business-type activities:										
Unrestricted investment earnings (losses)	1,427	327	726	2,382	1,835	125	20	561	3,027	3,310
Gain on sale of capital assets (1)	-	-	38	15	577	135	67	28	17	20
Transfers	(7,149)	(9,928)	(9,946)	(9,022)	(11,291)	(10,081)	(9,240)	(221)	10,464	9,085
Total business-type activities	(5,722)	(9,601)	(9,182)	(6,625)	(8,879)	(9,821)	(9,153)	368	13,508	12,415
Total primary government	$ 10,812	$ 10,096	$ 9,338	$ 14,341	$ 16,374	$ 10,684	$ 12,312	$ 28,372	$ 38,765	$ 36,527
Change in Net Position:										
Governmental activities	$ 412	$ (1,555)	$ (1,722)	$ 2,853	$ 888	$ 8,203	$ 12,471	$ 6,820	$ 6,820	$ 5,545
Business-type activities	9,684	10,893	16,063	13,521	9,796	4,109	15,901	31,945	31,945	30,982
Total primary government	$ 10,096	$ 9,338	$ 14,341	$ 16,374	$ 10,684	$ 12,312	$ 28,372	$ 38,765	$ 38,765	$ 36,527

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
2016	4,646	1,981	685	606	745	495	9,158
2017	4,885	2,032	700	572	819	474	9,482
2018	5,110	2,175	862	638	872	516	10,173
2019	5,656	2,477	891	622	956	512	11,114
2020	6,421	2,910	891	622	1,007	479	12,330
2021	6,972	3,082	969	716	1,054	514	13,307
2022	7,633	3,647	1,432	793	1,089	617	15,211
2023	7,785	4,052	1,626	796	1,179	617	16,055
2024	8,155	4,203	1,830	796	1,260	629	16,873
2025	9,057	4,242	1,882	765	1,355	615	17,916

CITY OF COVINGTON, GEORGIA

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General fund:										
Non-spendable	$ 3,242	$ 2,778	$ 582	$ 120	$ 79	$ 92	$ 188	$ 173	$ 154	$ 348
Restricted	-	-	-	-	-	-	-	56	56	157
Committed	258	-	-	-	-	-	-	-	-	-
Assigned	3,270	37	37	-	-	-	-	-	-	-
Unassigned	15,380	18,407	19,703	18,688	20,451	21,940	22,049	22,250	22,728	23,383
Total general fund	22,150	21,222	20,322	18,808	20,530	22,032	22,237	22,479	22,938	23,888
All other governmental funds:										
Non-spendable	50	31	46	19	9	23	32	85	69	46
Restricted for:										
Law enforcement	716	800	791	662	736	931	1,352	1,138	1,286	2,668
Cemetery maintenance	177	178	179	181	183	183	183	183	183	183
Public safety	-	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	38	38	331	331	331	792
Housing and development	25	40	187	278	121	84	95	416	1,151	1,298
Capital projects	6,991	8,013	7,249	8,143	7,733	8,300	6,018	7,400	9,394	11,405
Opioid Settlement	-	-	-	-	-	-	-	-	-	-
Assigned to:										
Capital projects	-	-	-	794	810	1,210	239	-	1,043	-
Assigned to:										
Tourism projects	-	-	-	-	-	-	-	129	129	-
Unassigned	(258)	-	-	-	-	-	-	-	-	-
Total all other governmental funds	7,701	9,062	8,452	10,077	9,630	10,769	8,250	9,682	13,586	16,392
Total all governmental funds	$ 29,851	$ 30,284	$ 28,774	$ 28,885	$ 30,160	$ 32,801	$ 30,487	$ 32,161	$ 36,524	$ 40,280

2017 - The increase in fund balance from FY16 to FY17 can be attributed to a significant decrease in transfers out of the general fund as well as lease proceeds received in the year.
2018 - The decrease in fund balance from FY17 to FY18 is the result of a budgeted use of fund balance for capital improvement projects.

CITY OF COVINGTON, GEORGIA

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	$ 9,217	$ 9,467	$ 10,173	$ 11,090	$ 12,030	$ 13,659	$ 15,127	$ 16,042	$ 16,896	$ 17,922
Licenses and permits	188	243	279	402	446	715	756	1,037	1,840	1,887
Intergovernmental	3,380	2,964	2,836	3,005	4,108	4,680	4,138	12,028	25,333	25,842
Charges for services	2,909	2,882	2,800	2,945	3,090	3,118	3,439	3,500	3,864	3,802
Franchise fees	745	764	720	820	892	777	809	962	857	1,041
Fines and forfeitures	743	542	644	651	658	420	805	1,108	961	1,127
Interest earned	28	42	57	128	157	48	51	423	1,543	1,580
Lease Income	-	-	-	-	-	-	94	93	50	83
Miscellaneous	481	530	640	1,352	1,160	820	773	984	1,546	2,413
Total revenues	17,691	17,434	18,149	20,393	22,541	24,237	25,992	36,177	52,890	55,697
Expenditures										
General government	3,945	3,742	3,732	4,088	3,946	4,420	5,221	4,714	5,414	5,879
Judicial	704	681	700	662	621	514	674	852	964	963
Public safety	16,124	16,661	16,281	17,964	16,608	16,710	18,669	19,761	25,398	24,222
Public works	3,452	3,876	3,078	2,780	2,815	3,246	3,335	3,224	4,209	4,390
Parks and recreation	332	483	362	370	370	469	521	559	647	722
Housing and development	1,758	1,451	1,586	1,634	1,905	1,785	1,958	2,143	2,614	3,044
Capital outlay	7	-	3,649	1,606	6,121	4,598	7,386	7,324	2,585	4,011
Debt service:										
Principal retirement	381	273	198	205	213	65	389	664	1,555	1,809
Interest charges	28	20	21	15	7	1	49	66	256	252
Total expenditures	26,731	27,187	29,607	29,324	32,606	31,808	38,202	39,307	43,642	45,292
Excess (deficiency) of revenues over expenditures	(9,040)	(9,753)	(11,458)	(8,931)	(10,065)	(7,571)	(12,210)	(3,130)	9,248	10,405
Other financing sources (uses)										
Transfers in	10,153	10,743	11,871	10,274	11,919	10,612	11,142	7,779	10,023	12,887
Transfers out	(3,004)	(824)	(1,925)	(1,252)	(628)	(531)	(1,967)	(7,558)	(21,439)	(21,972)
Leases	-	254	-	21	-	-	748	1,157	6,210	2,433
Proceeds from sale of capital assets	11	13	13	-	49	95	12	170	321	2
Total other financing sources (uses)	7,160	10,186	9,959	9,043	11,340	10,176	9,935	1,548	(4,885)	(6,650)
Net change in fund balances	$ (1,880)	$ 433	$ (1,499)	$ 112	$ 1,275	$ 2,605	$ (2,275)	$ (1,582)	$ 4,363	$ 3,755

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
2016	2015	369,539	285,215	16,077	169	95,080	575,920	7.654	1,677,500	40.00%
2017	2016	385,802	315,046	12,507	126	109,438	604,043	7.654	1,783,703	40.00%
2018	2017	401,935	347,539	9,742	352	131,704	627,864	7.654	1,898,920	40.00%
2019	2018	443,379	362,968	7,611	147	135,653	678,452	7.654	2,035,263	40.00%
2020	2019	472,002	384,809	6,560	287	148,029	715,629	7.654	2,159,145	40.00%
2021	2020	469,362	383,743	3,829	224	138,406	718,752	7.186	2,142,895	40.00%
2022	2021	564,610	401,632	2,894	357	124,639	844,854	6.884	2,423,733	40.00%
2023	2022	655,140	449,255	2,616	352	134,740	972,623	6.256	2,768,408	40.00%
2024	2023	802,396	534,858	3,089	135	240,499	1,099,979	5.756	3,351,195	40.00%
2025	2024	901,912	532,072	2,708	80	215,949	1,220,823	5.756	3,591,930	40.00%

Source: Newton County Tax Commissioner.

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

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

CITY OF COVINGTON, GEORGIA

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

Fiscal Year	Tax Year	City of Covington	Community Improvement District	Newton County	Newton Board of Education	Newton Ambulance Service	Newton Medical Center	State of Georgia	Total Direct & Overlapping Rates
2016	2015	7.654	N/A	12.990	20.000	0.451	N/A	0.100	41.195
2017	2016	7.654	N/A	12.990	20.000	0.451	N/A	N/A	41.095
2018	2017	7.654	5.000	13.441	20.000	N/A	N/A	N/A	46.095
2019	2018	7.654	5.000	13.441	20.000	N/A	N/A	N/A	46.095
2020	2019	7.654	5.000	13.441	20.000	N/A	N/A	N/A	46.095
2021	2020	7.186	5.000	12.916	19.788	N/A	N/A	N/A	44.890
2022	2021	6.884	5.000	11.145	18.288	N/A	N/A	N/A	41.317
2023	2022	6.256	5.000	9.454	16.788	N/A	N/A	N/A	37.498
2024	2023	5.756	5.000	8.439	16.000	N/A	N/A	N/A	35.195
2025	2024	5.756	5.000	8.242	15.750	N/A	N/A	N/A	34.748

Source: Georgia Department of Revenue.

CITY OF COVINGTON, GEORGIA

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

	Fiscal Year 2025				Fiscal Year 2016			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxes Levied	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxes Levied
General Mills	$ 67,631	1	5.54%	$ 371	$ 38,203	1	6.64%	$ 274
SKC, Inc.	56,096	2	4.59%	245	46,031	2	7.99%	272
Bard, C.R. Inc	102,827	3	8.42%	222	42,991	5	7.47%	124
Indorama (fka Fibervisions)	39,427	4	3.23%	176	24,607	4	4.27%	147
Nisshinbo Automotive MFG Inc.	29,516	5	2.42%	128	19,936	6	3.46%	120
Newton County Industrial Development Authority	20,654	6	1.69%	119				
Pactiv LLC	24,750	7	2.03%	111				
Fieldcrest Walk Apartments LLC	10,777	8	0.88%	62				
Engineered Polymer Solutions Inc	12,491	9	1.02%	58				
Verescence North America Inc	16,601	10	1.36%	57				
Tenneco Plastics					33,810	3	5.87%	173
Bellsouth/ AT&T					21,395	7	3.72%	96
Eric Zorn/ Walmart					17,727	8	3.08%	76
Michelin North America					10,035	9	1.74%	74
Saint - Gobain Desjonqueres					14,799	10	2.57%	74
	$ 380,770		31.18%	$ 1,549	$ 269,534		46.81%	$ 1,430

Source: Newton County Tax Commissioner.

CITY OF COVINGTON, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
(amounts expressed in thousands)

			Collected prior to or within the Fiscal Year of the Levy		Delinquent	Total Collections to Date	
Fiscal Year	Tax Year	Total Tax Levy (1)	Amount	Percentage of Levy (2)	Tax Collections	Amount	Percentage of Levy
2016	2015	4,284	4,237	98.90%	29	4,266	99.58%
2017	2016	4,531	4,471	98.68%	35	4,506	99.45%
2018	2017	4,729	4,670	98.75%	35	4,705	99.49%
2019	2018	5,134	5,059	98.54%	85	5,144	100.19%
2020	2019	5,255	5,182	98.61%	114	5,296	100.78%
2021	2020	5,339	5,328	99.79%	43	5,371	100.60%
2022	2021	5,681	5,680	99.98%	82	5,762	101.43%
2023	2022	5,791	5,653	97.62%	228	5,881	101.55%
2024	2023	6,314	6,082	96.33%	220	6,302	99.81%
2025	2024	7,027	6,939	98.75%	55	6,994	99.53%

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

CITY OF COVINGTON, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS
(amounts expressed in thousands, except per capita amount)

	Governmental Activities	Business-Type Activities					
Fiscal Year	Leases	Revenue Bonds	Notes Payable	Intergovernmental Agreement	Leases	Total Primary Government	Per Capita (1)
2016	700	10,130	3,000	-	868	14,698	1,056
2017	682	8,485	4,500	-	547	14,214	1,017
2018	483	6,810	4,357	-	220	11,870	845
2019	277	5,095	4,142	-	-	9,514	679
2020	65	3,670	3,925	-	-	7,660	539
2021	-	2,215	3,708	-	-	5,923	417
2022	1,446	730	3,490	-	379	6,045	426
2023	1,939	370	3,270	-	319	5,898	410
2024	6,594	160	3,050	-	1,384	11,188	762
2025	7,173	-	2,828	-	2,009	12,010	802

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

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

CITY OF COVINGTON, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2024
(amounts expressed in thousands)

	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Covington (1)	Amount Applicable to City of Covington
Direct Debt:			
City of Covington	$ 7,173	100.00%	$ 7,173
Total direct debt	7,173		7,173
Overlapping Debt:			
Newton County Board of Education	93,002	22.19%	20,637
Newton County Board of Commissioners	-		-
Total overlapping debt	93,002		20,637
Total direct and overlapping debt	$ 100,175		$ 27,810

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)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	$ 67,100	$ 71,348	$ 75,957	$ 78,260	$ 83,077	$ 85,716	$ 96,949	$ 106,302	$ 134,048	$ 143,673
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 67,100	$ 71,348	$ 75,957	$ 78,260	$ 83,077	$ 85,716	$ 96,949	$ 106,302	$ 134,048	$ 143,673
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 2025

Assessed value	$ 1,220,782
Plus exempt property	215,943
Total assessed value	1,436,725
Debt limit (10% of total assessed value)	143,673
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin (in thousands)	$ 143,673

CITY OF COVINGTON, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS (1)
LAST TEN YEARS

Fiscal Year	Population (1)	Median Household Income (1)	Per Capita Personal Income (3)	Median Age (1)	Percentage of Population Age 25 and Older with Greater than 12 Years of Formal Schooling (1)	School Enrollment (2)	Unemployment Rate (3)
2016	13,916	$ 32,171	$ 28,920	37.4	71.6%	19,709	6.2%
2017	13,977	$ 36,678	$ 30,144	40.0	77.8%	19,664	5.7%
2018	14,044	$ 32,793	$ 31,347	35.2	79.8%	19,684	4.1%
2019	14,015	$ 39,959	$ 32,548	34.7	83.0%	19,742	3.9%
2020	14,206	$ 37,270	$ 22,275	34.7	85.3%	19,408	3.5%
2021	14,192	$ 39,845	$ 22,867	37.4	85.3%	18,710	4.5%
2022	14,192	$ 39,814	$ 23,331	33.6	88.5%	18,727	3.0%
2023	14,381	$ 43,881	$ 26,268	36.5	86.3%	18,640	4.5%
2024	14,677	$ 47,278	$ 27,797	34.8	86.4%	18,898	6.1%
2025	14,967	$ 47,797	$ 29,413	36.6	85.1%	18,931	3.7%

(1) Source: U.S. Census Bureau - Quick Facts
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 June 2025, not seasonally adjusted
Data for 2015-2018 is from Federal Reserve Economic Data for Newton County (per capita income as of November 30, 2017 and unemployment as of June 27, 2018).

CITY OF COVINGTON, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

	2025 Fiscal Year			2016 Fiscal Year		
Employer	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Newton County Board of Education (County-wide)	2,575	1	12.53%	2,601	1	N/A
Newton County Board of Commissioners	721	2	3.51%	610	2	N/A
CR Bard	856	3	4.16%	555	3	N/A
Piedmont Healthcare	740	4	3.60%	403	4	N/A
General Mills	481	5	2.34%	369	5	N/A
Pactiv	420	6	2.04%	338	6	N/A
City of Covington	344	7	1.67%	323	7	N/A
Nisshinbo	339	8	1.65%	296	8	N/A
Walmart #459	323	9	1.57%	276	9	N/A
Global Distribution Center	284	10	1.38%	251	10	N/A
	7,083		34.46%	6,022		N/A

Note: The total employment used to calculate the percentage of total city employment does not include bank employment within the city, as this infomration 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government	36	36	36	36	36	36	39	38	40	40
Judicial	2	2	2	2	2	2	3	3	3	3
Public Safety:										
Police:										
Officers	57	57	61	61	61	61	62	61	61	65
Civilians	10	10	10	11	11	12	12	10	11	11
Fire:										
Firefighters/EMTs	54	54	54	54	54	54	54	54	54	59
Civilians	1	1	1	1	1	1	1	1	1	-
E-911 Communications	32	33	33	33	33	33	33	33	33	33
Public Works	126	126	126	123	122	99	104	104	107	109
Culture & Recreation	3	3	3	3	3	3	5	5	4	4
Housing and development	12	12	13	11	11	19	23	21	20	20
Total Budgeted Positions	333	334	339	335	334	320	336	330	334	344

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

Source: City of Covington Human Resources Department

CITY OF COVINGTON, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function										
General Administration:										
Court cases closed (1,5)	4,766	4,293	5,153	3,781	4,384	256	1,677	5,912	4,463	5,416
Purchase orders processed	3,403	3,728	3,705	3,609	3,625	3,409	3,549	3,377	3,554	3,950
Accounts payable checks processed	5,620	5,371	5,363	5,483	5,915	4,764	6,653	6,633	6,328	6,449
Servers/PCs/laptops/etc. maintained (3)	231	289	984	998	1,118	1,257	1,279	1,311	1,311	1,553
Total business licenses issued	1,932	1,173	2,280	2,168	2,064	2,153	2,301	2,545	1,853	2,773
New business licenses issued	216	203	378	198	212	240	284	405	309	309
Public Safety - Police:										
Total calls for service (1)	39,146	36,429	35,407	32,035	28,123	23,629	26,849	29,104	28,488	31,079
Total crimes (1)	2,584	2,755	2,699	2,198	2,003	1,799	1,959	2,437	2,526	2,432
Traffic citations issued (1)	4,015	4,096	4,685	4,418	2,932	2,780	4,345	5,191	4,386	4,451
Traffic accidents investigated (1)	1,215	1,244	1,244	1,317	1,538	1,246	1,379	1,332	1,351	1,265
Servers/PCs/laptops/etc. maintained	178	188	224	310	353	521	545	515	501	588
Public Safety - Fire:										
Number of calls answered	3,239	2,895	3,111	2,961	2,822	2,296	2,868	3,131	3,699	3,860
Highways and streets:										
Vehicles and equipment maintained (2)	569	304	312	325	313	315	245	250	250	275
Miles of new street construction	0.00	0.00	0.00	0.00	0.00	1.91	0.00	4.20	5.00	6.00
Miles of streets resurfaced	3.75	1.50	1.90	4.43	2.94	3.12	0.00	2.56	1.20	1.59
Wastewater:										
Sewer average daily flows in million gallons (1)	2.22	2.04	2.11	2.40	2.80	2.40	2.39	2.65	2.72	3.00
Number of sewer customers	6,734	6,834	6,986	7,295	7,393	7,454	7,584	7,763	7,901	8,274
Water:										
Water average daily consumption in million gallons (1)	3.05	3.36	3.03	2.86	3.23	3.07	3.08	3.08	3.32	3.39
Number of water customers	8,210	8,303	8,436	8,917	9,028	9,087	9,230	9,449	9,606	9,960
Electric:										
Electricity sold in thousand killowat hours	439,621	415,719	424,747	434,836	432,043	436,658	409,308	412,348	414,124	424,247
Number of electric customers	11,707	11,783	11,915	12,186	12,324	12,620	13,264	14,005	14,322	15,538
Gas:										
Gas sold in thousand cubic feet	1,996,645	1,959,768	2,205,817	2,284,146	2,286,341	2,090,113	2,105,500	2,267,759	2,316,032	2,274,709
Number of gas customers	8,389	8,431	8,526	8,629	8,701	8,893	9,190	9,179	9,179	9,311
Sanitation:										
Tons of waste landfilled (6)	18,380	18,758	17,414	17,095	6,882	N/A	N/A	N/A	N/A	N/A
Pounds per capita	2,642	2,684	2,480	2,440	982	N/A	N/A	N/A	N/A	N/A
Number of residential solid waste customers	5,905	5,934	6,014	6,149	6,231	6,288	5,508	7,722	7,621	7,020

(Continued)

CITY OF COVINGTON, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function (Continued)										
Stormwater:										
Number of stormwater customers	4,825	4,832	4,858	4,904	4,408	5,041	5,098	5,248	5,263	5,456
Parks and recreation:										
Parks maintained (acres) (4)	15.75	15.75	15.75	15.75	115.75	175.75	175.75	175.75	175.75	175.75
Walking trail maintained (miles)	2.50	2.50	2.50	2.50	6.00	6.00	7.54	7.54	7.54	7.54
Number of visitors to the welcome center (7)	-	-	-	-	-	47,897	92,566	108,369	126,626	134,381
Housing and development:										
Building permits	345	443	292	236	178	357	288	903	1,448	1,989

N/A: Information is not available.

Source: Various City Departments

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

CITY OF COVINGTON, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety - Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	75	80	83	86	72	60	87	86	83	81
Public Safety - Fire:										
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire apparatus	6	6	6	6	6	6	7	9	9	9
Fire vehicles	12	11	12	11	11	11	9	13	7	13
Highways and streets:										
Miles of streets	96.16	97.39	98.92	98.92	98.92	100.83	100.83	105.03	110.03	116.03
Wastewater:										
Sewage treatment facilities	1	1	1	1	1	1	1	1	1	1
Miles of sanitary sewers	140	146	146	146	146	125	125	141	153	163
Miles of storm water pipe	91.67	91.50	92.42	92.68	91.03	148.36	148.36	131.50	140	144.09
Water:										
Water treatment facilities (1)	2	2	2	2	2	2	2	2	2	2
Miles of water mains	180	144	144	144	144	185	185	185	197	208
Electric:										
Miles of electric lines (3)	291	553	530	541	549	567	572	572	687	706.19
Gas:										
Miles of gas lines	322	296	311	328	334	336	338	338	341	343
Airport:										
Feet of runway	5,500	5,500	5,500	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Parks and recreation:										
Number of parks (2)	8	8	8	8	9	9	9	9	9	9
Parks acreage	436	436	436	436	596	596	596	596	596	596
Miles of walking trails	2.5	2.5	2.5	2.5	6	15	15	15	15	15
Cemeteries	2	2	2	2	2	2	2	2	2	2

Source: Various City Departments.

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

APPENDIX B

SUMMARIES OF THE PRINCIPAL DOCUMENTS

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SUMMARIES OF THE PRINCIPAL DOCUMENTS

The following is a summary of certain provisions of the Resolution and Contract. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Resolution and the Contract. Copies of the Resolution and the Contract are on file with the City.

DEFINITIONS OF CERTAIN TERMS

The following is a summary of the definitions of certain terms contained in the Resolution and Contract.

"Act" means an act of the General Assembly of the State of Georgia (Ga. Laws 2020, p. 3600), as amended by Senate Bill 237, Reg. Sess. (GA. 2025).

"Authority" means the Newton County Public Facilities Authority, and its successors or assigns.

"Authorized City Representative" means the person at the time designated to act on behalf of the City by written certificate furnished to the City and the Project Fund Custodian, containing the specimen signature of such person and signed on behalf of the City by its Mayor or Mayor Pro Tem. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

"Bond Registrar" means the commercial bank appointed by the Authority to serve as Bond Registrar pursuant to the Resolution.

"Bonds" means the Authority's Revenue Bonds (City of Covington Projects), Series 2026 authorized to be issued pursuant to the Resolution.

"Book-Entry Form" or **"Book-Entry System"** means, with respect to the Bonds, a form or system, as applicable, under which (a) the ownership of beneficial interests in the Bonds and bond service charges may be transferred only through book-entry and (b) physical Bonds in fully registered form are registered only in the name of a Securities Depository or a Securities Depository Nominee as holder, with physical Bonds in the custody of a Securities Depository or a Securities Depository Nominee.

"City" means the City of Covington, Georgia, and its successors or assigns.

"Completion Date" means the date that the Projects are completed.

"Contract" means the Intergovernmental Contract, dated as of September 1, 2026, between the Authority and the City, as amended from time to time.

"Contract Payments" means the amount sufficient to pay the principal of and interest on the Bonds coming due on the next succeeding Interest Payment Date; provided, however, the City will receive a credit against any Contract Payment to the extent moneys are on deposit in the Sinking Fund and not previously credited to the Contract Payments.

"Contract Term" shall have the meaning specified below under the heading "THE CONTRACT – Effective Date; Contract Term."

"Disclosure Certificate" means the written undertakings executed by the City in connection with the issuance of the Bonds as required by the Rule.

"Fiscal Agents" means the Paying Agent, the Bond Registrar, the Project Fund Custodian and the Sinking Fund Custodian.

"Funds" means the Project Fund and the Sinking Fund.

“Government Obligations” means (a) obligations of the United States and (b) obligations fully insured or guaranteed by the United States.

“Interest Payment Date” means each March 1 and September 1, commencing March 1, 2027.

“Paying Agent” means the commercial bank appointed by the Authority to serve as Paying Agent in accordance with the terms of the Resolution.

“Permitted Investments” means any investment authorized by the laws of the State for the investment of Bond proceeds.

“Project Fund” means the Newton County Public Facilities Authority Project Fund created in the Resolution.

“Project Fund Custodian” means the commercial bank appointed by the Authority to maintain the Project Fund in accordance with the terms of the Resolution.

“Projects” means the acquisition, construction, and equipping of all or a portion of (i) an E-911 project, and (ii) certain stormwater, water, sewer, and gas projects.

“Resolution” means, collectively, the resolution of the Authority adopted July 7, 2026, as supplemented on ________ ____, 2026 authorizing the issuance of the Bonds, as supplemented from time to time.

“Revenue Bond Law” means the Revenue Bond Law of the State (O.C.G.A. Section 36-82-60 *et seq.*, as amended).

“Rule” means Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended.

“Securities Depository” means any securities depository that is a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to provisions of Section 17A of the Securities Exchange Act of 1934, operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of beneficial interest in bonds and bond service charges, and to effect transfers of bonds in Book-Entry Form, and means, initially, The Depository Trust Company (a limited purpose trust company), New York, New York.

“Securities Depository Nominee” means any nominee of a Securities Depository and shall initially mean Cede and Co., New York, New York, as nominee of The Depository Trust Company.

“Security” means the Contract, the Contract Payments and the moneys and investments on deposit in the Funds.

“Sinking Fund” means the Newton County Public Facilities Authority Sinking Fund created in the Resolution.

“Sinking Fund Custodian” means the commercial bank appointed by the Authority to maintain the Sinking Fund in accordance with the terms of the Resolution.

“Sinking Fund Investments” means (a) Government Obligations and forward purchase agreements and repurchase agreements with respect thereto, (b) demand deposits or certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however that the portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation must be secured by direct obligations of the State of Georgia or the United States which are of a par value equal to that portion of such certificates of deposit which would be uninsured and (c) the local government investment pool created by O.C.G.A. Section 36--83--8.

“State” means the State of Georgia.

"**Unassigned Rights**" means the Authority's right to receive notices and to indemnification.

THE RESOLUTION

Funds

Generally. Under the terms of the Resolution, the Authority has established the following funds:

(a) Project Fund; and

(b) Sinking Fund.

Project Fund. Under the Resolution, a special trust fund is created and designated as the "Newton County Public Facilities Authority Project Fund." The Project Fund will be kept as a trust fund with the Project Fund Custodian separate from other deposits of the Authority.

All payments from the Project Fund will be made by wire transfer or checks signed by the Project Fund Custodian or an Authorized City Representative. Before any such payments shall be made, there shall be filed with the Project Fund Custodian:

(a) A requisition for such payment stating each amount to be paid, and the name of the person, firm or corporation to whom payment thereof is due; and

(b) A certificate signed by an Authorized City Representative, attached to the requisition and certifying that (i) an obligation in the stated amount has been incurred by the City, (ii) the same is a proper charge against the Project Fund and has not been paid or the subject of another requisition and (iii) the bill or statement of account for such obligation is attached to the certificate or on file with the City. All requisitions will be retained either by the Project Fund Custodian or by the City, subject at all times to inspection by any officer of the Authority or any owner of the Bonds.

After all costs of the Projects and the costs of issuing the Bonds have been paid the City will notify the Project Fund Custodian in writing and, upon such notice, all moneys in the Project Fund will be credited to the Sinking Fund and used to pay debt service on the Bonds.

Any moneys held in the Project Fund will be invested or reinvested at the direction of the City in Permitted Investments.

Sinking Fund. Under the Resolution, a special trust fund is created and designated as the "Newton County Public Facilities Authority Sinking Fund." The Sinking Fund will be kept as a trust fund with the Sinking Fund Custodian separate from other deposits of the Authority. All Contract Payments will be deposited into the Sinking Fund for the purpose of paying the principal of, redemption premium (if any) and interest on the Bonds as the same become due and payable. Moneys on deposit in the Sinking Fund will be invested or reinvested at the direction of the City only in Sinking Fund Investments.

Pledge of Security

Except for the Unassigned Rights, the Security is pledged to the payment of the principal of and the interest on the Bonds and all amounts owing under the Resolution. The Security shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act. The lien of the pledge will be valid and binding against the Authority and against all parties having claims of any kind against the Authority, whether such claims shall have arisen in contract, tort or otherwise and irrespective of whether or not such parties have notice thereof.

No Liens

No other obligations of any kind or nature will thereafter be issued which are payable from or enjoy a lien on the Security.

Defeasance

When the Sinking Fund Custodian, the Paying Agent or an escrow agent has sufficient moneys or Government Obligations, which, without any reinvestment thereof, will (based upon a verification report of an independent certified public accountant or firm thereof) provide for the payment of all or a portion of the Bonds and the interest due or to become due thereon, such Bonds shall be deemed to be paid. The owners of such Bonds shall no longer be entitled to the benefits of the security afforded by the Resolution, and such Bonds shall, except for the purposes of registration, exchange and transfer, no longer be deemed outstanding thereunder.

Events of Defaults

Each of the following events is an “event of default” under the Resolution: (a) payment of the principal of the Bonds shall not be made when the same shall become due and payable; or (b) payment of any installment of interest shall not be made when the same becomes due and payable; or (c) an “event of default” shall have occurred under the Contract; or (d) the Authority shall make a default in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the Bonds or in the Resolution on the part of the Authority to be performed, and such default shall continue for 30 days after written notice, specifying such default and requiring same to be remedied, shall have been given to the Authority by any bondholder; provided, however, if the default stated in the notice cannot be corrected within such 30-day period, it shall not be a default hereunder if the Authority shall institute corrective action and diligently pursue it until the default is cured.

Remedies

Upon the happening and continuance of any event of default, then and in every such case any bondholder may proceed, subject to the provisions described below, to protect and enforce the rights of the bondholders under the Resolution by a suit, action or special proceedings in equity, or at law, for the special performance of any covenant or agreement contained in the Resolution or in aid or execution of any power granted in the Resolution, or contained in the Contract or granted in the Contract, or for the enforcement of any proper legal or equitable remedy as such bondholder shall deem most effectual to protect and enforce the rights aforesaid, insofar as such may be authorized by law.

In case any proceeding taken by any bondholder on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to such bondholder, then and in every such case the Authority and the bondholders shall be restored to their former positions and rights under the Resolution, respectively, and all rights, remedies, powers and duties of the bondholders shall continue as though no such proceedings had been taken.

No one, or more, owners of the Bonds secured by the Resolution shall have any right in any manner whatever by his or their action to affect, disturb, or prejudice the security granted and provided for in the Resolution, or to enforce any right thereunder, except in the manner therein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of such outstanding Bonds.

No remedy conferred under the Resolution upon the bondholders is intended to be exclusive of any other remedy, or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity, or by statute. Notwithstanding the foregoing, the bondholders shall not have the right to accelerate the Bonds.

No delay or omission of any bondholder to exercise any right or power accruing upon any default occurring and continuing as aforesaid, shall impair any such default or be construed as an acquiescence therein and every power and remedy given by the Resolution to be owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Supplemental Proceedings

The Authority may, with the consent of the owners of the Bonds as described below, adopt such resolution or resolutions supplemental to the Resolution as shall be deemed necessary or desirable for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Resolution or in any supplemental resolution or in the Bonds; provided, however, that nothing contained in the Resolution shall permit, or be construed as permitting, without the consent of the owners of all the Bonds: (a) the extension of the maturity of any Bond issued under the Resolution; (b) the reduction in the principal amount of any Bond or the alteration of the rate or rates of interest thereon or any other modification of the terms of payment of such principal or interest; (c) the reduction of the percentage of the principal amount of Bonds required for consent to such supplemental resolution; or (d) the creation of any lien on the Security prior to or superior to the lien created as the security for the payment of the Bonds.

The Authority may, without the consent of the owners of the Bonds, adopt such resolution or resolutions supplemental to the Resolution as shall be necessary or desirable to (a) cure any ambiguity or formal defect or omission in the Resolution or in any supplemental proceedings; (b) grant any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the bondholders by the Authority; (c) further expand or clarify the amounts required to be paid into the Sinking Fund and the timing thereof; (d) modify, amend or supplement the Resolution or any proceedings supplemental thereto in such manner as to permit the qualification of the Resolution under the Trust Indenture Act of 1939 or any federal statute thereinafter in effect; (e) make any modification or amendment of the Resolution required in order to make the Bonds eligible for acceptance by the Securities Depository; (f) make any modification or amendment of the Resolution required in order to preserve the tax-exempt status of the Bonds; or (g) make any other changes that in the opinion of counsel are not materially adverse to the interests of the bondholders.

After any supplemental resolution requiring the consent of the bondholders shall have been adopted, the Authority shall cause a notice of the adoption of such resolution to be mailed, postage prepaid, to all registered owners of Bonds appearing on the bond registration book kept by the Bond Registrar.

No supplemental resolution requiring the consent of the bondholders shall become effective unless the owners of at least a majority of the principal amount of Bonds outstanding shall have filed with the Authority within three months after the date of adoption of such supplemental resolution properly executed instruments approving the adoption of such supplemental resolution, each such instrument to be accompanied by proof of ownership of the Bonds to which such instrument refers, which proof shall be such as is permitted by the Resolution.

THE CONTRACT

Agreement to Construct the Projects

The City will be solely responsible for the construction and equipping of the Projects. The City will prepare the Requisitions required by the Resolution.

The City has agreed to obtain all necessary approvals from any and all governmental agencies requisite to the construction and equipping of the Projects. The Projects will be constructed and equipped in compliance with all federal, state and local laws, ordinances and regulations applicable thereto. The City will take such action and institute such proceedings as it shall deem appropriate to assure that the construction and equipping of the Projects will proceed in an efficient and workmanlike manner.

The City will construct and equip the Projects with all reasonable dispatch and will use its best efforts to cause the construction and equipping of the Projects to be completed as soon as may be practical, delays incident to strikes, riots, acts of God or the public enemy beyond the reasonable control of the City excepted.

The Completion Date will be evidenced to the Project Fund Custodian and the City by a completion certificate signed by an Authorized City Representative

The Authority has not made any warranty, either express or implied, that the proceeds derived from the sale of the Bonds will be sufficient to pay all the costs of the Projects. In the event that the proceeds derived from the sale of the Bonds are insufficient to pay all the costs of Projects intended to be financed with Bond proceeds, the City will pay the remaining costs.

Effective Date; Contract Term

The Contract will become effective as of its date of execution and delivery, and the obligations created by the Contract shall then begin, and, subject to the other provisions of the Contract, the Contract will expire shall expire March 1, 2046, or if at said time and on said date all of the Bonds have not been paid in full then on such date as such payment shall have been made, but in no event in excess of 50 years (the "Contract Term").

Contract Payments

The City has agreed to pay the Contract Payments at least one business day before the applicable Interest Payment Date on the Bonds. The Authority has assigned the Contract Payments to the owners of the Bonds, and the City has consented to such assignment. Pursuant to the Contract, the Authority has directed the City to make the Contract Payments directly to the Sinking Fund Custodian. In the event the City should fail to make any of the Contract Payments, the item or installment so in default will continue as an obligation of the City until the amount in default shall have been fully paid, and the City has agreed to pay the same with interest thereon at the rate borne by the Bonds, to the extent permitted by law, from the date thereof.

Prepayment of Contract Payments

The City may prepay the Contract Payments in whole or in part at any time and may elect to apply such prepayments to redeem Bonds in accordance with the provisions of the Resolution.

Obligations of City Absolute and Unconditional

The obligations of the City to make the Contract Payments and to perform and observe the other agreements on its part contained in the Contract shall be absolute and unconditional. Until such time as the principal of and interest on the Bonds outstanding under the Resolution shall have been paid in full or provision for the payment thereof shall have been made in accordance with the Resolution, the City (a) will not suspend or discontinue any Contract Payments except to the extent the same can be and have been prepaid, (b) will perform and observe all of its other agreements contained in the Contract and (c) will not terminate the Contract Term for any cause, including, without limiting the generality of the foregoing, failure of the City to complete the Projects, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Projects, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Contract or the Resolution. However, nothing contained in the Contract will be construed to release the Authority from the performance of any of the agreements on its part contained in the Contract; and if the Authority should fail to perform any such agreement, the City may institute such action against the Authority as the City may deem necessary to compel performance as long as such action shall not do violence to or adversely affect the agreements on the part of the City to make the Contract Payments.

Tax Levy to Pay Contract Payments

The City agreed to (a) exercise its power of ad valorem taxation to the extent necessary to make the Contract Payments and (b) make available and use for such Contract Payments all taxes levied and collected for that purpose. The City has also agreed that it will, in its general revenue, appropriation, and budgetary measures whereby its tax funds or revenues and the allocation thereof are controlled or provided for, include sums sufficient to timely make the Contract Payments.

Operation of the Projects

The City will operate the Projects or shall cause the Projects to be operated and will pay all costs of operating the Projects or shall cause all costs of operating the Projects to be paid, including, without limitation, salaries, wages, employee benefits, the payment of any contractual obligations incurred pertaining to the operation of the Projects, cost of materials and supplies, rentals of leased property, real or personal, insurance premiums, audit fees, any incidental expenses and such other charges as may properly be made for the purpose of operating the Projects in accordance with sound business practice.

Insurance

The City will insure the Projects or shall cause the Projects to be insured in accordance with the customary insurance practices of agencies and governmental authorities operating similar Projects.

Payment of Fees of Paying Agent, Bond Registrar and Custodians

The City will pay the Fiscal Agents for their services under the Resolution.

Compliance with Resolution

The Authority has agreed to comply with all of its obligations under the Resolution.

Indemnification

To the extent permitted by law, the City has agreed to release the Authority from and to indemnify the Authority for any and all liabilities and claims against the Authority arising from the City's construction, equipping, ownership and operation of the Projects, including without limitation, (a) any condition of the Projects, (b) any breach or default on the part of the City in the performance of any of its obligations under the Contract, (c) any act or negligence of the City or of any of its agents, contractors, servants, employees or licensees, (d) any act or negligence of any assignee or lessee of the City, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of the City, or (e) any material misstatement or omission in connection with the sale of the Bonds. Notwithstanding the foregoing, the City will not be required to indemnify the Authority for its gross negligence or willful misconduct.

If any such claim is asserted, the Authority or any individual indemnified in the Contract, as the case may be, will give prompt written notice to the City, and the City will promptly assume the defense thereof, including the employment of counsel and payment of all expenses of such defense, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Authority shall have the right to approve in writing all counsel engaged by the City to conduct such defense, which approval shall not be unreasonably withheld.

The Authority shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the City shall not be required to pay the fees and expenses of such separate counsel unless the separate counsel is employed with the approval of the City, or the Authority determines that it has defenses that are different from the City. The City shall not unreasonably withhold its approval of such separate counsel.

Notwithstanding anything in the Contract to the contrary, the indemnification provisions of the Contract will survive the termination of the Contract.

Disclosure Certificate

The City has agreed to comply with its obligations under the Disclosure Certificate; provided, however, a failure of the City to comply with its obligations under the Disclosure Certificate will not constitute a default or an event of default and the only action that may be taken under the Contract is an action for specific performance.

Tax Covenants

The Authority and the City have agreed to do all things necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds and not to do anything that would adversely affect such exclusion.

Events of Default

The following are "events of default" under the Contract:

(a) Failure by the City to make the Contract Payments when due; or

(b) Failure by the City or the Authority to observe and perform any covenant, condition or agreement of the Contract on its part to be observed or performed, other than as referred to in subsection (a) above, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the City or the Authority, as appropriate, by the non-defaulting party, the bondholders or any other assignee of the Authority, unless the non-defaulting party and the bondholders shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the 30-day period, the non-defaulting party and the bondholders may not unreasonably withhold their consent to an extension of such time if it is possible to correct such failure and corrective action is instituted within the applicable period and diligently pursued until the default is corrected; or

(c) Any representation in the Contract shall be untrue; or

(d) An "Event of Default" shall have occurred under the Resolution.

Remedies

Whenever any event of default referred to above shall have happened and be existing, the non-defaulting party or the owner of any of the Bonds may take any action and pursue any remedy available under the Resolution and the laws of the State, including, without limitation, bringing an action for specific performance.

No remedy conferred in the Contract is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Contract or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon the occurrence of any event of default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to exercise any remedy reserved in the Contract, it shall not be necessary to give any notice, other than such notice or notices as may be expressly required by the Contract. Such rights and remedies as are given to the Authority under the Contract shall also extend to the bondholders, and the bondholders shall be deemed third party beneficiaries of all covenants and agreements contained in the Contract.

If an event of default shall occur under the Contract and the non-defaulting party should employ attorneys or consultants or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the City or the Authority contained in the Contract, the defaulting party has agreed that it will on demand therefor pay to the non-defaulting party or the bondholders the reasonable fee of such attorneys and consultants and such other reasonable expenses so incurred by the non-defaulting party and the bondholders.

If any agreement contained in the Contract should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach thereunder.

Third Party Beneficiaries

The owners of the Bonds secured by the Contract are third-party beneficiaries thereof.

Amendments, Changes and Modifications

The Contract may be amended, changed and modified without the consent of the owners of the Bonds to (a) cure any ambiguity or formal defect or omission in the Contract; (b) grant any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon bondholders by the City; (c) further expand or clarify the amounts required to be paid into the Sinking Fund and the timing thereof; (d) conform to supplements to the Resolution; or (e) make any other amendments, changes and modifications that in the opinion of counsel are not materially adverse to the interest of the bondholders. Any other amendments, changes and modification in the Contract will become effective only with the consent of the owners of a majority in aggregate principal amount of the Bonds secured by the Contract. In no event, however, may any such amendments, changes and modifications permit (a) the reduction of Contract Payments required to be made to ensure the payment of the Bonds and the other obligations secured by the Resolution; or (b) the reduction of the percentage of the principal amount of the Bonds required for consent to any such amendment, change or modification.

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL

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MURRAY BARNES FINISTER LLP

3525 PIEDMONT ROAD • 5 PIEDMONT CENTER • SUITE 515 • ATLANTA, GEORGIA 30305

________ ___, 2026

Newton County Public Facilities Authority
Covington, Georgia

City of Covington, Georgia
Covington, Georgia

Raymond James & Associates, Inc.
Atlanta, Georgia

U.S. Bank Trust Company, National
Association, as Paying Agent
Atlanta, Georgia

Re: $_____________ Newton County Public Facilities Authority Revenue Bonds (City of Covington Projects), Series 2026

To the Addressees:

We have acted as Bond Counsel and Disclosure Counsel to the City of Covington, Georgia (the "City") in connection with the issuance by the Newton County Public Facilities Authority (the "Authority") of $_____________ in aggregate principal amount of its Revenue Bonds (City of Covington Projects), Series 2026 (the "Bonds") for the benefit of the City. In such capacity, we have examined (a) the Constitution and laws of the State of Georgia, including specifically an act of the General Assembly of the State of Georgia (Ga. Laws 2020, p. 3600) as amended by Senate Bill 237, Reg. Sess. (GA. 2025); (b) the bond resolution of the Authority adopted on July 7, 2026, as supplemented on ________ ___, 2026 (collectively, the "Resolution"); (c) a certified copy of the transcript of the validation proceeding concluded in the Superior Court of Newton County, Georgia related to the Bonds; and (d) such other documents, records, agreements, certificates and opinions as we have considered necessary or appropriate to enable us to render the opinions expressed herein. In all such examinations, we have assumed the genuineness of signatures on original documents and the conformity to original documents of all copies submitted to us as certified, conformed, or photographic copies, and as to certificates of public officials, we have assumed the same to have been properly given and to be accurate. All capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Resolution.

The Bonds are being issued for the purpose of (a) financing the construction and equipping of a fire station and the acquisition of a fire truck (collectively, the "Projects"), (b) funding capitalized interest (if any), and (c) paying the costs of issuing the Bonds.

The Authority and the City have entered into an Intergovernmental Contract, dated as of September 1, 2026 (the "Contract"), pursuant to which the Authority has agreed to issue the Bonds, and the City has agreed to, among other things, (a) acquire, construct, equip and operate the Projects, (b) pay the Authority amounts sufficient to enable the Authority to pay the principal of, redemption premium (if any) and interest on the Series 2026 Bonds as the same become due (the "Contract Payments") and (c) levy an annual ad valorem property tax, unlimited as to rate or amount, on all property in the City subject to such tax in order to make such Contract Payments.

The Bonds are secured by a lien on the Contract (except for the Unassigned Rights), the Contract Payments and moneys and investments on deposit in the funds created in the Resolution (the "Security").

In rendering our opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, we have (a) relied as to questions of fact material to our opinion upon certificates and certified proceedings of public officials, including officials of the City and the Authority, and representations of the City and the Authority (including representations as to the use and investment of the proceeds of the Bonds), without undertaking to verify the same by independent investigation and (b) assumed continued compliance by the City and the Authority with their covenants relating to the use of the proceeds of the Bonds and compliance with other requirements of the Internal Revenue Code of 1986, as amended (the "Code"), including the arbitrage requirements contained in Section 148 of the Code. The inaccuracy of any such certificates or representations or the failure of the City or the Authority to comply with any of such covenants may cause interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance of the Bonds.

We express no opinion (a) with respect to the accuracy, completeness or sufficiency of the Official Statement or (b) as to compliance by the Authority, the City or the initial purchasers of the Bonds with any federal or state statute, regulation or ruling with respect to the sale or distribution of the Bonds.

Based on the examinations, certificates and provisions referred to above, we are of the opinion, as of the date hereof and under existing law, as follows:

(1) The Authority is a duly created and validly existing public body corporate and politic of the State of Georgia with the corporate power to (a) adopt the Resolution and perform its obligations thereunder; (b) issue, execute, deliver and perform its obligations under the Bonds; and (c) execute, deliver and perform its obligations under the Contract.

(2) The Resolution has been duly adopted by the Authority and constitutes a legal, valid, binding and enforceable obligation of the Authority. The Resolution creates a valid lien on the Security as security for the Bonds.

(3) The Bonds have been duly authorized, executed and delivered by the Authority and constitute the legal, valid, binding and enforceable limited obligations of the Authority, payable solely from the Security. The Bonds have been validated by the Superior Court of Newton County as required by law.

(4) The Contract has been duly authorized, executed and delivered by the Authority and the City and constitutes a legal, valid, binding and enforceable obligation of

the Authority and the City; provided, however, no opinion is given with respect to the enforceability of the indemnification provisions contained therein.

(5) Interest on the Bonds (including any original issue discount properly allocable to the holders thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. We express no opinion regarding any other federal tax consequences caused by the receipt or accrual of interest on the Bonds.

(6) The interest on the Bonds is exempt from all present State of Georgia income taxes.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Resolution and the Contract may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and to the exercise of judicial discretion in appropriate cases.

We are members of the State Bar of Georgia. Our opinions herein are limited to the laws of the State of Georgia and any applicable federal laws of the United States. This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters so stated. This opinion is intended solely for the use of the addressees and their permitted successors and/or assigns and may not be relied upon by any other person for any purpose without our prior written consent in each instance. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law that may affect any of the opinions expressed herein.

Very truly yours,

MURRAY BARNES FINISTER LLP

By:____
A Partner

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the City of Covington, Georgia (the "City") in connection with the issuance by the Newton County Public Facilities Authority (the "Authority") of its Revenue Bonds (City of Covington Projects), Series 2026 in an aggregate principal amount of $__________ (the "Bonds"). The City hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Beneficial Owners (as herein defined) and in order to assist the Underwriter (as herein defined) in complying with the Rule (as herein defined).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution (as herein defined), which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the City pursuant to the Rule and this Disclosure Certificate.

"Beneficial Owner" means any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Bonds (including persons holding the Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any of the Bonds for federal income tax purposes.

"Dissemination Agent" shall mean any person(s) appointed from time to time by the City to assist in carrying out its obligations under this Disclosure Certificate.

"EMMA" means the MSRB's Electronic Municipal Market Access System, which receives electronic submissions of the Annual Report on the EMMA website at http://www.emma.msrb.org.

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) of this definition. The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means any period of twelve consecutive months adopted by the City, as the case may be, as its fiscal year for financial reporting purposes, and shall initially mean the period beginning on July 1 of each calendar year and ending on June 30 of the following calendar year.

"Listed Events" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor thereto.

"Official Statement" means the Official Statement of the City relating to the Bonds.

"Resolution" means, collectively, the bond resolution adopted by the Authority on July 7, 2026, as supplemented on August ___, 2026.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" means the State of Georgia.

"Underwriter" means Raymond James & Associates, Inc.

SECTION 3. Provision of Annual Reports.

(a) *Annual Report*.

Not later than 270 days after the end of each Fiscal Year (the "Reporting Date"), commencing with the Fiscal Year ending June 30, 2026, the City shall file, or shall cause the Dissemination Agent to file, an Annual Report on EMMA. Not later than 15 business days prior to the Reporting Date, the City shall provide the Annual Report to the Dissemination Agent (if any). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate. The audited financial statements of the City may be submitted separately from the balance of the Annual Report in the event that the audited financial statements have not been completed by the Reporting Date. In the event that the audited financial statements have not been completed by the Reporting Date, the City shall include its unaudited financial statements (excluding notes) in the Annual Report and shall indicate in the Annual Report the date on which the audited financial statements are expected to be filed on EMMA. The City shall file the audited financial statements on EMMA when they are available.

(b) The City or the Dissemination Agent (if any) shall also:

(i) determine each year prior to the Reporting Date the manner of filing with EMMA; and

(ii) if the Annual Report is not filed by the date required in subsection (a), file a notice on EMMA in substantially the form attached as Exhibit A in a timely manner.

(c) If the City retains a Dissemination Agent, the Dissemination Agent shall file a report with the City certifying that the Annual Report has been filed pursuant to this Disclosure Certificate and the date filed.

SECTION 4. Content of Annual Reports. The City's Annual Report for each Fiscal Year shall contain or incorporate by reference the following:

(a) The City's basic financial statements for the preceding Fiscal Year, which are to be prepared in accordance with generally accepted accounting principles, as in effect from time to time and which shall be accompanied by an opinion letter, if available at the time of the submission of the Annual Report to the MSRB pursuant to Section 3(a) hereof, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards.

(b) If generally accepted accounting principles changed from the previous Fiscal Year and if such changes are material to the City, a narrative description (as required by Section 8 of this Disclosure Certificate) of the impact of the changes on the City.

(c) To the extent not included in items provided pursuant to subsection (a) above, information for the preceding Fiscal Year regarding the following categories of financial information and operating data contained in the Official Statement in the tables under the headings "Property Tax Millage Rates," "Ad Valorem Property Tax Digest," "Tax Collections" and "Ten Largest Taxpayers".

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from EMMA. The City shall clearly identify each such other document so incorporated by reference. The Annual Report shall be in the appropriate electronic format and form prescribed by the MSRB.

SECTION 5. Reporting of Significant Events.

(a) Within ten (10) business days of the occurrence of one of the following Listed Events with respect to the Bonds, the City shall file, or shall cause the Dissemination Agent to file, a notice of such occurrence on EMMA:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults, if material.

(iii) Unscheduled draw on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5071-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

(vii) Modifications to rights of the Beneficial Owners, if material.

(viii) Bond calls, if material, and tender offers.

(ix) Defeasances.

(x) Release, substitution or sale of property securing repayment of the Bonds, if material.

(xi) Appointment of an additional or a successor trustee, or the change in name of a trustee, if material.

(xii) Rating changes.

(xiii) Bankruptcy, insolvency, receivership or other similar event of the City including any of the following: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(xiv) The consummation of a merger, consolidation or acquisition involving the City, or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(xv) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the City, any of which affect Beneficial Owners, if material.

(xvi) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(xvii) Appointment of an additional or a successor trustee, or the change in name of a trustee, if material.

(b) The Listed Event shall be in the appropriate electronic format and form prescribed by the MSRB.

(c) The content of any notice of the occurrence of a Listed Event shall be determined by the City and shall be in substantially the form attached as Exhibit B.

SECTION 6. Termination of Reporting Obligations. The City's obligations under this Disclosure Certificate shall terminate upon the defeasance (within the meaning of the Rule), prior redemption or payment in full of all of the Bonds. The City shall notify EMMA that the City's obligations under this Disclosure Certificate have terminated. If the City's obligations are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the City.

SECTION 7. Dissemination Agent. The City may, from time to time, appoint a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and the City may, from time to time, discharge the Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not a designated Dissemination Agent, the City shall be the Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the City has received an opinion of counsel knowledgeable in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

In the event that this Disclosure Certificate is amended or any provision of the Disclosure Certificate is waived, the notice of a Listed Event pursuant to Section 5(a)(vii) or the first Annual Report after such amendment hereof shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided in the applicable Annual Report. If an amendment or waiver is made in this Disclosure Certificate which allows for a change in the accounting principles to be used in preparing financial statements, the applicable Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and impact of the change in the accounting principles on the presentation of the financial information. The City shall file a notice of the change of accounting principles in the same manner as for a Listed Event under Section 5 hereof on or before the effective date of any such amendment or waiver.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Underwriter or any Beneficial Owner may take such action as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed a "default" or an "event of default" under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure to any party to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the City has provided such information to the Dissemination Agent as required by this Disclosure Certificate. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the City and shall not be deemed to be acting in any fiduciary capacity for the City, the Beneficial Owners of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the City's failure to report to the Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the City has complied with this Disclosure Certificate. The Dissemination Agent may conclusively rely upon Certifications of the City at all times.

The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the City.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Certificate shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 14. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State.

SECTION 15. Severability. In case any one or more of the provisions of this Disclosure Certificate shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Certificate, but this Disclosure Certificate shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

[Signature Page to Follow]

Date: __________ ___, 2026.

CITY OF COVINGTON, GEORGIA

By:____
Fleeta S. Baggett, Mayor

Attest: ______________________________________
Audra M. Gutierrez, City Clerk

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Newton County Public Facilities Authority
Obligated Person:	City of Covington, Georgia
Name of Bond Issue:	Newton County Public Facilities Authority Revenue Bonds (City of Covington Projects), Series 2026
CUSIP Number:	_______________
Date of Issuance:	_________ ___, 2026

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report due with respect to the Bonds as required by its Disclosure Certificate, dated _______ ___, 2026. The City anticipates that the Annual Report will be filed by _______________.

This notice is based on the best information available at the time of dissemination. Any questions regarding this notice should be directed to __________________.

Dated: ______________________________

CITY OF COVINGTON, GEORGIA

By:____
Name:
Title:

EXHIBIT B

NOTICE TO REPOSITORIES OF THE OCCURRENCE OF
[INSERT THE LISTED EVENT]

Relating to

Newton County Public Facilities Authority Revenue Bonds (City of Covington Projects), Series 2026

CUSIP NUMBER ____________________

Notice is hereby given that [insert the Listed Event] has occurred. [Describe circumstances leading up to the event, action being taken and anticipated impact.]

This notice is based on the best information available at the time of dissemination and is not guaranteed as to accuracy or completeness. Any questions regarding this notice should be directed to [insert instructions for presenting securities, if applicable].

[Notice of the Listed Events described in Section 4(a)(ix) shall include the following:

The City hereby expressly reserves the right to redeem such refunded or defeased bonds prior to their stated maturity date in accordance with the optional/extraordinary redemption provisions of said defeased bonds.

OR

The City hereby covenants not to exercise any optional or extraordinary redemption provisions under the Resolution; however, the sinking fund provision will survive the defeasance.

AND

The Bonds have been defeased to [maturity/the first call date, which is _____________]. This notice does not constitute a notice of redemption and no bonds should be delivered to the City as a result of this mailing. A Notice of Redemption instructing you where to submit your bonds for payment will be mailed _____ to _____ days prior to the redemption date.]

Dated: ____________________________

CITY OF COVINGTON, GEORGIA

By:____
Name:
Title:

NEWTON COUNTY PUBLIC FACILITIES AUTHORITY • REVENUE BONDS (CITY OF COVINGTON PROJECTS), SERIES 2026

Mixed Sources
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