



City of Bainbridge, Georgia

Financial Report

For the Fiscal Year Ended

September 30, 2017

City of Bainbridge, Georgia

Financial Report

For the Fiscal Year Ended September 30, 2017

Prepared by:

**The Department of Finance
A Department of the Division of General Administration**

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**CITY OF BAINBRIDGE, GEORGIA
 FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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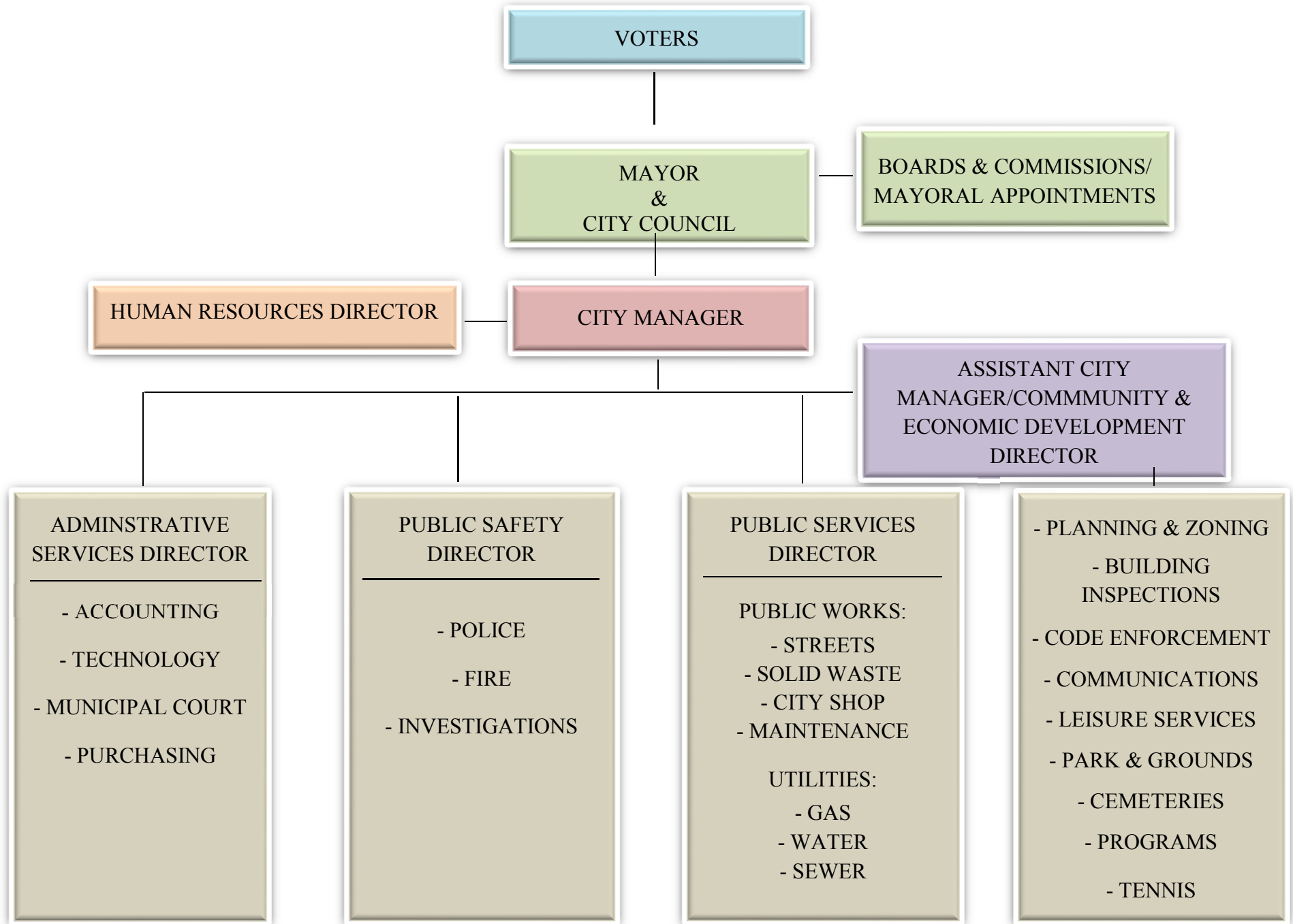
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INTRODUCTORY SECTION

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CITY OF BAINBRIDGE ORGANIZATION CHART



City of Bainbridge, Georgia
List of Elected and Appointed Officials
September 30, 2017

Elected Officials

Edward Reynolds, Mayor

Board of Aldermen

Roslyn Palmer
Joe Sweet
Phil Long

Glennie Bench
Kregg Close
Don Whaley

Appointed Officials

City Manager
Attorney
Director of Administrative Services
Director of Economic and Comm. Dev.
Director of Public Safety
Director of Public Services

Chris M. Hobby
Tom Conger
Lisa H. Taylor
Roy Oliver
Jerry Carter
Steve Winburn



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

The Honorable Edward Reynolds, Mayor
Members of the City of Bainbridge Board of Aldermen
Bainbridge, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bainbridge, Georgia, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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 of Bainbridge, Georgia, as of September 30, 2017 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of changes in the City's net pension liability and related ratios, schedule of contributions, schedule of funding progress and budgetary comparison information on pages 4-12 and 50-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bainbridge, Georgia's basic financial statements. The introductory section, other supplemental section, and compliance section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred, and the 1 Percent Sales Tax Schedule of Projects Constructed with Special Option Sales Tax Proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia 48-13-51, and 48-8-121, respectively, and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, supplementary information, and the compliance section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting

and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, and the compliance section are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2018, on our consideration of the City of Bainbridge, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bainbridge, Georgia's internal control over financial reporting and compliance.

Richels, Cauley + Associates, LLC

Kennesaw, Georgia

March 5, 2018

Management's Discussion and Analysis

As management of the City of Bainbridge, Georgia (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 fiscal year ended September 30, 2017.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$37,686,835 (net position). Of this amount, \$1,978,500 may be used to meet the government's ongoing obligation to citizens and to creditors.
- The government's total net position increased by \$285,837. This increase is mostly attributable to an increase in fees.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$1,938,465 representing an increase of \$455,614.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$476,132 or 4.35% of total general fund expenditures.
- The City's total debt (net of premium) increased by \$443,729 during the current fiscal year. For additional information refer to Note 8 of this report.
- As of September 30, 2017, the City owes \$15,949,803 of debt government wide net of premium.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

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 *statement of net position* presents information on all the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as *net position*. Over time, the 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 government'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 and earned and unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental 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, community development, and leisure services. The business-type activities of the City include water and sewer, sewage treatment, sanitation, natural gas, telecommunications, and marina operations.

The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements.

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 the state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: 1) governmental funds, 2) proprietary funds, and 3) 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 balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of 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 the 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 six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund which is considered to be a major fund. Data from the other 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 basic governmental fund financial statements can be found on pages 15-17 of this report.

Proprietary funds. The City maintains two types of proprietary funds. *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 Fund, Natural Gas Fund, Sanitation Fund, Telecommunications Fund, and Marina Fund. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions.

Proprietary funds 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 five individual enterprise funds, four of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 18-21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-49 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City's progress in funding its obligation to provide pension benefits to its employees and certain other supplementary information.

Required supplemental information can be found on pages 50-54 of this report.

Other supplemental information can be found on pages 55-62 of this report.

Capital Assets Used in the Operation of Governmental Funds. Information pertaining to governmental funds capital assets can be found in Note 7 of this report

Financial Analysis of the City as a Whole

City of Bainbridge -- Net Position

	2017			2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current assets	\$ 3,480,351	\$ 3,038,072	\$ 6,518,423	\$ 3,044,029	\$ 2,445,119	\$ 5,489,148
Non-current assets	34,083	149,512	183,595	239,555	149,512	389,067
Capital assets	20,257,730	31,068,019	51,325,749	19,792,812	31,663,073	51,455,885
Total assets	23,772,164	34,255,603	58,027,767	23,076,396	34,257,704	57,334,100
Deferred outflows of resources	687,228	225,056	912,284	941,599	284,524	1,226,123
Liabilities:						
Current liabilities	719,148	608,049	1,327,197	664,423	497,465	1,161,888
Non-current liabilities	18,127,934	1,377,022	19,504,956	18,760,752	1,056,242	19,816,994
Total liabilities	18,847,082	1,985,071	20,832,153	19,425,175	1,553,707	20,978,882
Deferred inflows of resources	321,269	99,794	421,063	139,647	40,696	180,343
Net position:						
Net investment in capital assets	4,922,997	30,452,949	35,375,946	4,465,867	31,483,944	35,949,811
Restricted	320,558	-	320,558	287,702	-	287,702
Unrestricted	47,486	1,942,845	1,990,331	(300,396)	1,463,881	1,163,485
Total net position	\$ 5,291,041	\$32,395,794	\$37,686,835	\$ 4,453,173	\$32,947,825	\$37,400,998

The City's assets exceed liabilities by \$37,686,835 at the close of the most recent fiscal year. Of this amount \$5,291,041 came from governmental activities, and \$32,395,794 came from business-type activities.

By far the largest portion of the City's net position was comprised of Net Investment In Capital Assets with a balance of \$35,375,946 or 94% of total net position. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City's investment 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. Additional information about the City's capital assets and long term debt can be found in Note 7 and Note 8 of this report.

Restricted net position totaled \$320,558 or .9% of total net position. The vast majority of this amount represents resources that are designated for construction projects.

The remaining balance of \$1,990,331 or 5.3% of total net position represents unassigned net position. This may be used to meet the City's obligations to citizen's and creditors in accordance with the finance-related legal requirements. At the end of the current fiscal year, the City reports positive balances in all three categories of net position, the government as a whole and business-type activities.

City of Bainbridge - Statement of Activities

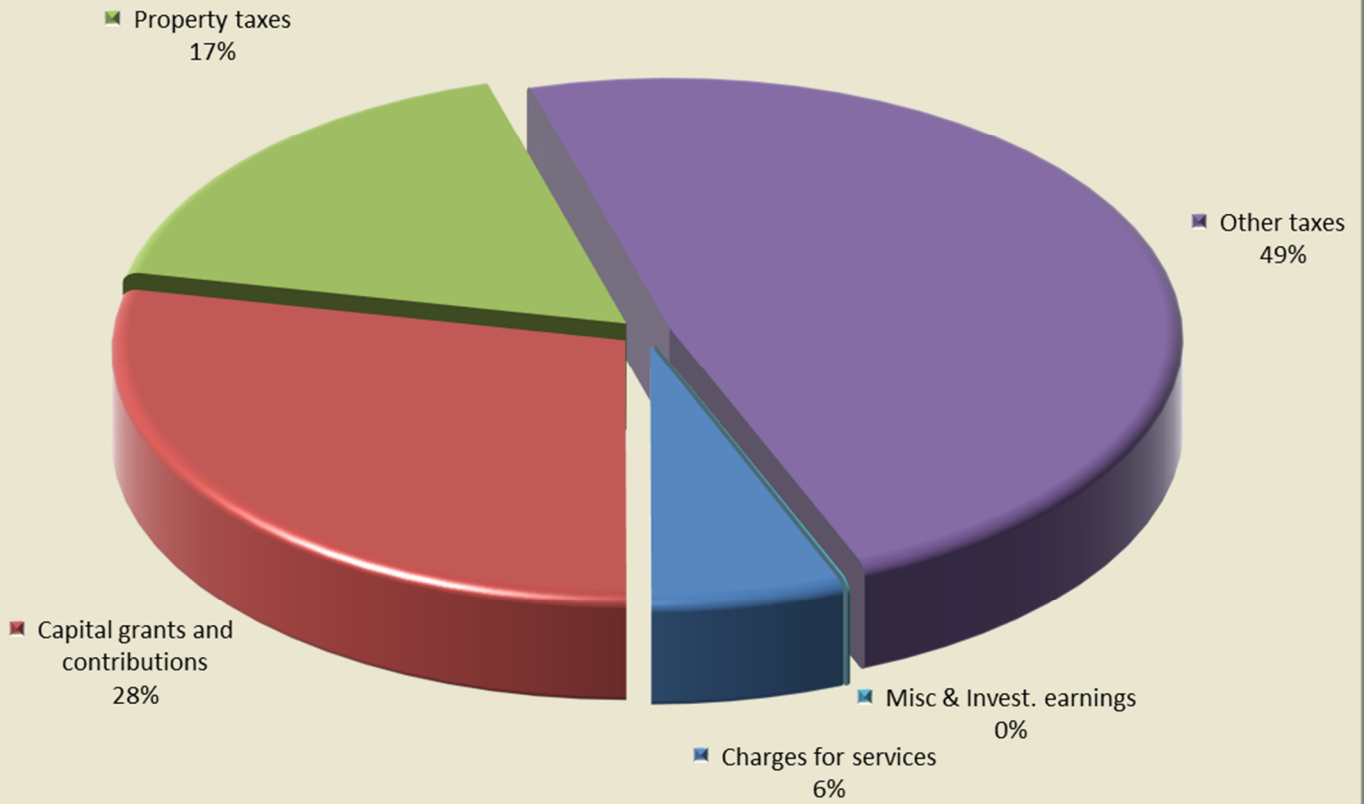
	2017			2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 546,426	\$ 9,103,636	\$ 9,650,062	\$ 625,273	\$ 8,378,056	\$ 9,003,329
Capital grants and contributions	2,543,717	-	2,543,717	1,975,018	-	1,975,018
General revenues:						
Property taxes	1,553,165	-	1,553,165	2,071,993	-	2,071,993
Other taxes	4,342,636	-	4,342,636	4,249,186	-	4,249,186
Other	6,767	851	7,618	2,459	670	3,129
Total revenues	8,992,711	9,104,487	18,097,198	8,923,929	8,378,726	17,302,655
Expense:						
General government	1,910,002	-	1,910,002	2,087,485	-	2,087,485
Public safety	3,604,205	-	3,604,205	3,826,400	-	3,826,400
Public works	1,714,265	-	1,714,265	1,797,738	-	1,797,738
Judicial	263,283	-	263,283	270,946	-	270,946
Community development	2,457,273	-	2,457,273	971,875	-	971,875
Leisure services	310,650	-	310,650	1,611,504	-	1,611,504
Water & sewer	-	2,902,396	2,902,396	-	3,111,525	3,111,525
Natural gas	-	1,401,019	1,401,019	-	1,292,783	1,292,783
Sanitation	-	1,882,192	1,882,192	-	1,560,565	1,560,565
Marina	-	140,671	140,671	-	140,671	140,671
Telecommunications	-	508,668	508,668	-	551,565	551,565
Interest and fiscal charges on long-term debt	421,771	-	421,771	437,779	-	437,779
Total expenses	10,681,449	6,834,946	17,516,395	11,003,727	6,657,109	17,660,836
Increase (Decrease) in net position before transfers	(1,688,738)	2,269,541	580,803	(2,079,798)	1,721,617	(358,181)
Transfers	2,821,572	(2,821,572)	-	1,742,994	(1,742,994)	-
Gain (loss) on sale of capital assets	(294,966)	-	-	6,857	10	-
Change in net position	837,868	(552,031)	285,837	(329,947)	(21,367)	(351,314)
Net position, beginning of year	4,453,173	32,947,825	37,400,998	4,783,120	32,969,192	37,752,312
Net position, end of year	5,291,041	32,395,794	37,686,835	4,453,173	32,947,825	37,400,998

Governmental activities.

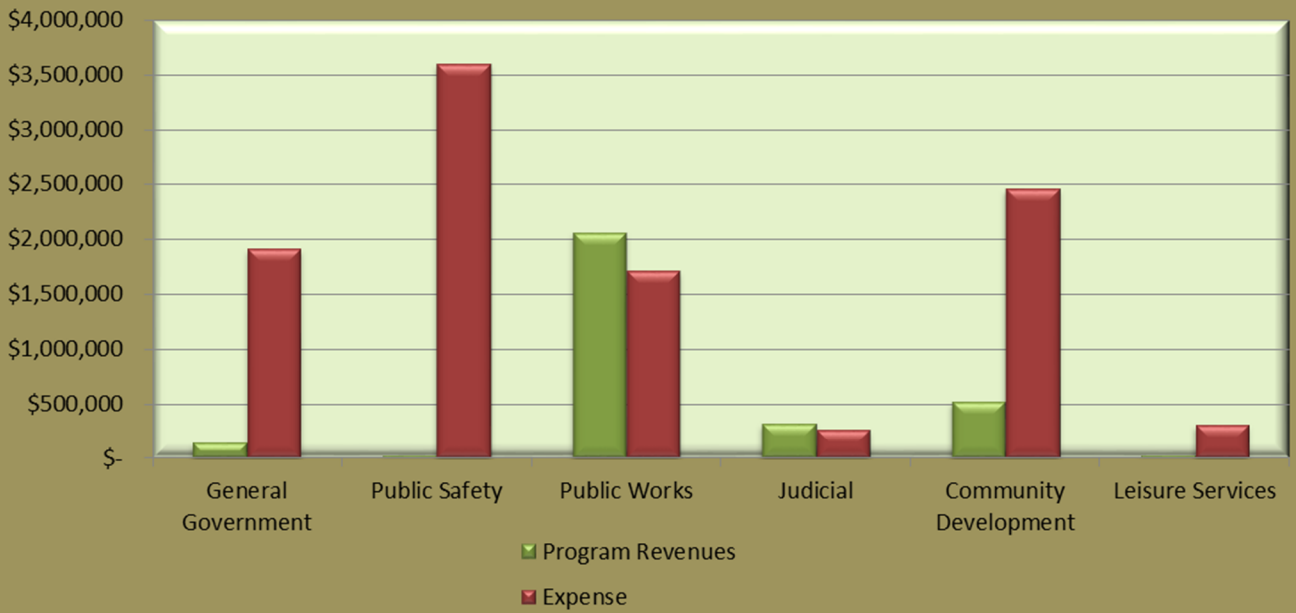
The above statement shows the revenues and expenses by activities. Total revenue from governmental activities was \$8,992,711 while expenses were \$10,681,449.

	2017	2016
Program Revenues:		
General Government	\$ 148,385	\$ 138,324
Public Safety	19,059	24,980
Public Works	2,057,675	1,942,926
Judicial	321,780	232,397
Community Development	526,276	149,986
Leisure Services	16,968	111,678
Total	\$3,090,143	\$2,600,291

Revenue by Source - Governmental Activities

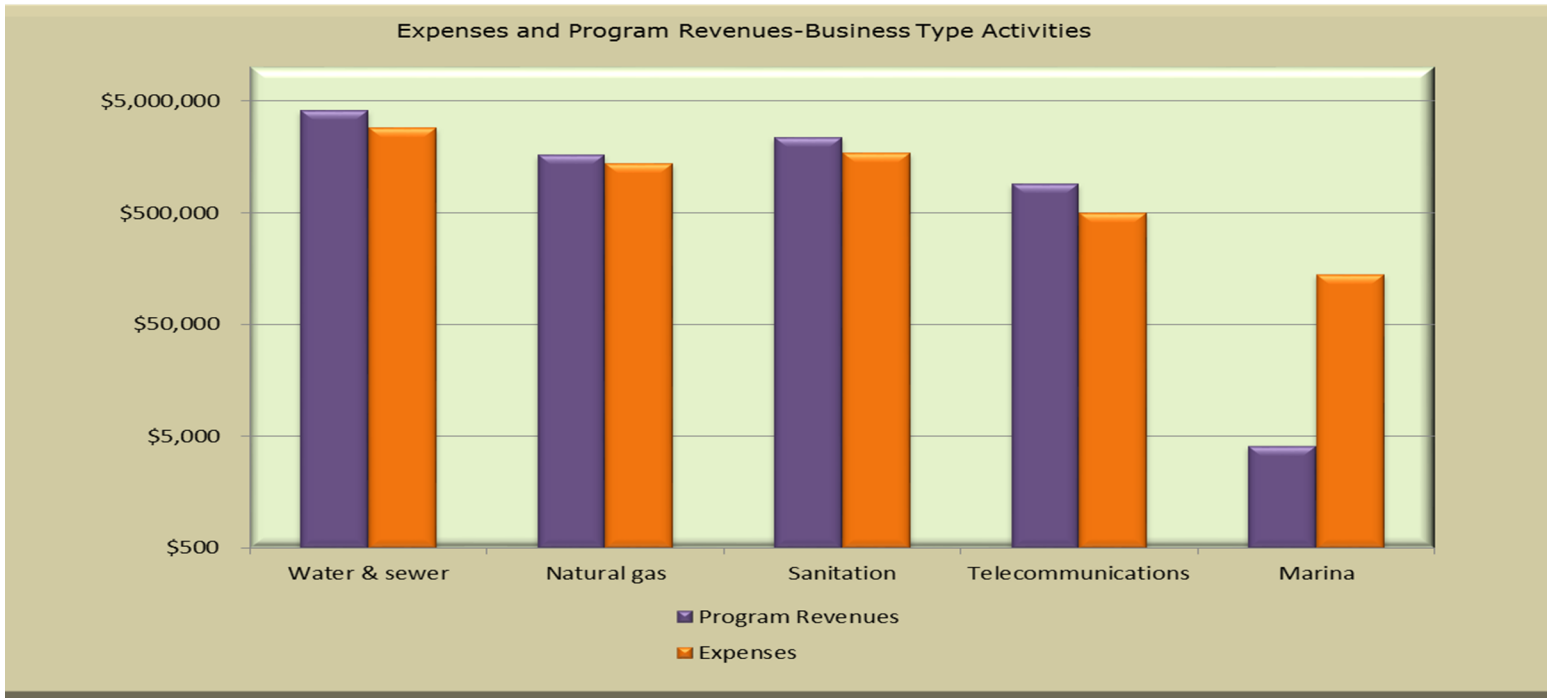


Expenses and Program Revenues-Governmental Activities



Business-type activities

Revenues from business-type activities totaled \$9,103,636 and expenses totaled \$6,834,946. The following graph displays the expenses and program revenues for business-type activities:



Financial Analysis of the Government'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 financial 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.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,938,465 an increase of \$455,614. Approximately 25%, or \$475,676, of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either non-spendable or restricted to indicate that it is not available for new spending because it has already been restricted for other purposes or is not in a spendable form.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$476,132 while the total fund balance reached \$1,491,727. The fund balance in the City's general fund increased by \$427,391 during the current fiscal year.

Proprietary Funds.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at the end of the year amounted to:

- \$2,125,389 for the Water & Sewer fund.
- \$285,478 for the Natural Gas fund.
- \$227,132 for the Solid Waste (Sanitation) fund.
- \$(684,289) for the Telecommunications fund.
- \$5,916 for the Marina fund.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

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 Bainbridge. The City adopts the fiscal budget during September of the preceding fiscal year. A detailed budgetary comparison schedule for the fiscal year ended September 30, 2017 can be found in the Required Supplementary Information.

During September 2016, the City adopted a General Fund budget of \$10,728,362 for FY2017. At the end of the fiscal year, the final actual expenditures were \$10,741,789 which was an increase of \$13,427 from the original adopted budget. The final amended budget expenditures were \$10,741,793.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2017 amounts to \$51,325,749 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, and streets. The total decrease in the City's investment in capital assets for the current fiscal year was 2% (2% decrease for business-type activities).

Major (over \$50,000) capital asset events during the current fiscal year included the following:

- \$58,025 current year addition 2017 Triple Tote FF Trailer w/Foam Attack.
- \$242,091 current year addition 2017 MACK Garbage Truck/w Front Loader.
- \$242,091 current year addition 2017 MACK Garbage Truck/w Front Loader.
- \$60,554 current year addition Transfer Station Avenue C.

Government Wide Capital Assets

	Governmental Activities	Business-type Activities	Total
Land	\$ 2,232,103	\$ 218,303	\$ 2,450,406
Building and improvements	14,866,630	42,167,336	57,033,966
Machinery and equipment	8,339,101	5,746,605	14,085,706
Infrastructure	5,881,046	2,650,067	8,531,113
Construction in progress	924,377	-	924,377
Accumulated depreciation	(11,985,527)	(19,714,292)	(31,699,819)
Total	\$ 20,257,730	\$ 31,068,019	\$ 51,325,749

Long-term debt

At the end of the current fiscal year, the City had the following outstanding debt:

The City's total debt government wide is \$15,949,803 which increased by \$443,729 during the current fiscal year.

Additional information on the City's long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City is currently 5.1%, which decreased from a rate of 6.4% a year ago. This is above the state's average unemployment rate of 4.5% and the national average unemployment rate of 4.2%.
- The occupancy rate of the City's central business district is 81%, this 12% lower than prior year.

All of these factors were considered in preparing the City's budget for the 2016-2017 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Division of Administrative Services, P.O. Box 158, Bainbridge, GA 39818.



BASIC FINANCIAL STATEMENTS

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CITY OF BAINBRIDGE, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Convention and Visitor's Bureau	Total
Assets:						
Cash and cash equivalents	\$ 291,382	\$ 113,388	\$ 404,770	\$ -	\$ -	\$ -
Investments	1,294,496	-	1,294,496	-	-	-
Receivables, net	2,697,934	1,062,625	3,760,559	-	-	-
Due from other governments	310,968	17,953	328,921	-	-	-
Due from primary government	-	-	-	181,006	56,283	237,289
Due from component unit	-	50	50	-	-	-
Internal balances	(1,485,696)	1,485,696	-	-	-	-
Inventories	133,310	148,006	281,316	-	-	-
Prepaid items	110,888	169,217	280,105	-	98	98
Restricted assets	161,152	190,649	351,801	-	-	-
Capital assets, non depreciated	3,156,480	218,303	3,374,783	105,315	-	105,315
Capital assets, depreciated, net	17,101,250	30,849,716	47,950,966	-	-	-
Total assets	23,772,164	34,255,603	58,027,767	286,321	56,381	342,702
Deferred outflows of resources -						
Deferred outflows related to pension	687,228	225,056	912,284	-	1,640	1,640
Liabilities:						
Accounts payable and other current liabilities	481,859	274,750	756,609	-	11,963	11,963
Due to other government	-	20,871	20,871	-	-	-
Due to primary government	-	-	-	-	50	50
Due to component unit	237,289	-	237,289	-	-	-
Customer deposits	-	303,085	303,085	-	-	-
Unearned revenue	-	9,343	9,343	-	-	-
Noncurrent liabilities:						
Due within one year	2,185,628	469,090	2,654,718	-	-	-
Due in more than one year	15,942,306	907,932	16,850,238	-	5,368	5,368
Total liabilities	18,847,082	1,985,071	20,832,153	-	17,381	17,381
Deferred inflows of resources -						
Deferred inflows related to pension	321,269	99,794	421,063	-	767	767
Net position:						
Net investment in capital assets	4,922,997	30,452,949	35,375,946	-	-	-
Projects	-	-	-	-	-	-
Public safety	24,021	-	24,021	-	-	-
Capital projects	296,537	-	296,537	-	-	-
Unrestricted	47,486	1,942,845	1,990,331	286,321	39,873	326,194
Total net position	\$ 5,291,041	\$ 32,395,794	\$ 37,686,835	\$ 286,321	\$ 39,873	\$ 326,194

See accompanying notes to financial statements.

**CITY OF BAINBRIDGE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

Functions/Programs	Program Revenue					Net (Expense) Revenue and Change in Net Position								
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Activities		Component Units						
						Governmental Activities	Business-type Activities	DDA	CVB	Total				
Primary Government														
Governmental activities:														
General government	\$ 1,910,002	\$ 80,591	\$ -	\$ 67,794	\$ (1,761,617)	\$ -	\$ (1,761,617)	\$ -	\$ (1,761,617)					
Judicial	263,283	321,780	-	-	58,497	-	58,497	-	58,497					
Public works	1,714,265	-	-	2,057,675	343,410	-	343,410	-	343,410					
Leisure services	310,650	16,968	-	-	(293,682)	-	(293,682)	-	(293,682)					
Public safety	3,604,205	9,187	-	9,872	(3,585,146)	-	(3,585,146)	-	(3,585,146)					
Community development	2,457,273	117,900	-	408,376	(1,930,997)	-	(1,930,997)	-	(1,930,997)					
Interest & fiscal charges	421,771	-	-	-	(421,771)	-	(421,771)	-	(421,771)					
on long-term debt	10,681,449	546,426	-	2,543,717	(7,591,306)	-	(7,591,306)	-	(7,591,306)					
Total governmental activities														
Business-type activities:														
Water and sewer	2,902,396	4,128,686	-	-	-	1,226,290	1,226,290	-	1,226,290					
Natural gas	1,401,019	1,659,229	-	-	-	258,210	258,210	-	258,210					
Sanitation	1,882,192	2,383,215	-	-	-	501,023	501,023	-	501,023					
Telecommunications	508,668	928,360	-	-	-	419,692	419,692	-	419,692					
Marina	140,671	4,146	-	-	-	(136,525)	(136,525)	-	(136,525)					
Total business-type activities	6,834,946	9,103,636	-	-	-	2,268,690	2,268,690	-	2,268,690					
Total Primary Government	\$ 17,516,395	\$ 9,650,062	\$ -	\$ 2,543,717	(7,591,306)	2,268,690	(5,322,616)	-	(5,322,616)					
Component Units:														
Downtown Development Authority	\$ 51,517	\$ -	\$ 4,397	\$ -	-	-	-	-	-	\$ (47,120)	\$ -	\$ -	\$ (47,120)	
Convention and Visitor's Bureau	77,153	-	87,998	-	-	-	-	-	-	-	10,845	-	10,845	
Component units	\$ 128,670	\$ -	\$ 92,395	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(47,120)	10,845	\$ -	(47,120)	10,845
General Revenues:														
Property taxes														
Sales tax														
Insurance premium tax														
Alcohol taxes														
Hotel/motel tax														
Franchise taxes														
Business taxes														
Unrestricted investment earnings														
Loss on sale of capital assets														
Transfers														
Total general revenues and transfers														
Change in net position														
Net position - beginning														
Net position - ending														
Net position - ending	\$ 5,291,041	\$ 32,947,825	\$ 32,395,794	\$ 37,400,998	\$ 32,395,794	\$ 37,686,835	\$ 37,686,835	\$ 286,321	\$ 39,873	\$ 286,321	\$ 39,873	\$ 326,194	\$ 326,194	\$ 326,194

**CITY OF BAINBRIDGE, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2017**

	General Fund	SPLOST 6	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 349,573	\$ 41,206	\$ 50,635	\$ 441,414
Investments	1,294,496	-	-	1,294,496
Receivables, net	2,678,552	-	16,784	2,695,336
Prepaid items	90,798	-	127,069	217,867
Due from other funds	1,640,311	-	-	1,640,311
Advances to other funds	860,160	-	-	860,160
Inventories	64,637	-	-	64,637
Due from other governments	56,070	254,898	-	310,968
Total assets	\$ 7,034,597	\$ 296,104	\$ 194,488	\$ 7,525,189
Liabilities				
Accounts payable	\$ 182,091	\$ -	\$ 9,562	\$ 191,653
Retainage payable	48,266	-	-	48,266
Accrued liabilities	142	-	-	142
Due to other funds	3,836,642	-	26,246	3,862,888
Due to component unit	229,243	-	8,046	237,289
Total liabilities	4,296,384	-	43,854	4,340,238
Deferred inflows of resources				
Unavailable revenue - property taxes	965,023	-	-	965,023
Unavailable revenue - probation	281,463	-	-	281,463
Total deferred inflows of resources	1,246,486	-	-	1,246,486
Fund Balances				
Non-Spendable for:				
Prepays	90,798	-	127,069	217,867
Inventories	64,637	-	-	64,637
Advances	860,160	-	-	860,160
Restricted for:				
Debt service	-	-	-	-
Capital projects	-	296,104	-	296,104
Public safety	-	-	24,021	24,021
Unassigned	476,132	-	(456)	475,676
Total fund balances	1,491,727	296,104	150,634	1,938,465
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,034,597	\$ 296,104	\$ 194,488	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	20,257,730
Revenue earned but unavailable is not reported in the funds.	1,246,486
Deferred outflows of resources are not an available resource and, therefore, are not reported in the funds.	687,228
Internal Service Funds are used by management to charge the cost of employee health care self-insurance and the city shop to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(262,596)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds: Unamortized bond premium	(123,743)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: Unmatured notes, bonds and leases	(15,210,990)
Prepaid interest payable	(127,069)
Accrued interest payable	(42,206)
Accrued compensated absences	(266,795)
Net pension liability	(2,246,892)
Deferred inflows related to pension	(321,269)
Landfill post-closure care obligation	(237,308)
Net position of governmental activities	\$ 5,291,041

CITY OF BAINBRIDGE, GEORGIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	General Fund	SPLOST 6	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 5,857,327	\$ -	\$ 243,498	\$ 6,100,825
Licenses and permits	89,279	-	-	89,279
Intergovernmental	993,481	1,533,063	9,836	2,536,380
Charges for services	45,429	-	-	45,429
Fines and forfeitures	298,392	-	-	298,392
Investment earnings	5,628	231	60	5,919
Other	77,965	-	-	77,965
Total revenues	<u>7,367,501</u>	<u>1,533,294</u>	<u>253,394</u>	<u>9,154,189</u>
Expenditures:				
Current:				
General government	1,827,643	-	-	1,827,643
Public safety	3,752,315	-	7,432	3,759,747
Public works	3,058,375	-	-	3,058,375
Community development	1,931,030	-	-	1,931,030
Judicial	263,283	-	-	263,283
Leisure services	37,887	-	97,399	135,286
Capital projects	-	78,348	-	78,348
Debt service	72,285	370,291	1,058,872	1,501,448
Total expenditures	<u>10,942,818</u>	<u>448,639</u>	<u>1,163,703</u>	<u>12,555,160</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,575,317)</u>	<u>1,084,655</u>	<u>(910,309)</u>	<u>(3,400,971)</u>
Other financing sources (uses):				
Transfers in	2,967,695	-	1,054,672	4,022,367
Transfers out	-	(1,054,672)	(146,123)	(1,200,795)
Capital lease issued	1,012,031	-	-	1,012,031
Sale of capital assets	22,982	-	-	22,982
Total other financing sources (uses)	<u>4,002,708</u>	<u>(1,054,672)</u>	<u>908,549</u>	<u>3,856,585</u>
Net change in fund balance	427,391	29,983	(1,760)	455,614
Fund balance at beginning of year	<u>1,064,336</u>	<u>266,121</u>	<u>152,394</u>	<u>1,482,851</u>
Fund balance at end of year	<u>\$ 1,491,727</u>	<u>\$ 296,104</u>	<u>\$ 150,634</u>	<u>\$ 1,938,465</u>

See accompanying notes to financial statements.

**CITY OF BAINBRIDGE, 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 SEPTEMBER 30, 2017**

Net change in fund balances - total governmental funds \$ 455,614

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

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. When assets are sold or retired, the difference between the sales proceeds, if any, and the net book value of the assets is reported in the statement of activities as a gain or loss.

Depreciation expense	(1,086,879)	
Capital outlays	1,810,933	
Loss on disposal of assets	<u>(317,948)</u>	406,106

The issuance of long-term debt provides current financial resources and the repayment of principal on long-term debt consumes current financial resources in the governmental funds.

Proceeds from capital leases and notes payable	(1,070,842)	
Matured principal on notes payable	114,684	
Matured principal on revenue bonds	718,304	
Matured principal on capital leases	<u>221,532</u>	(16,322)

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Premium on bonds issued		8,534
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The net effect of revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(191,566)

Internal Service Funds are used by management to charge the costs of employee health care self-insurance and the city shop to individual funds.

97,958

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.

Prepaid interest expense	(127,069)	
Accrued interest expense	129,517	
Accrued compensated absences	(61,849)	
Net pension liability	572,938	
Deferred outflows of resources related to pensions	(254,371)	
Deferred inflows of resources related to pensions	<u>(181,622)</u>	<u>77,544</u>

Change in net position of governmental activities

\$ 837,868

**CITY OF BAINBRIDGE, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2017**

	Enterprise Funds							Internal Service Funds
	Major			Nonmajor				
	Water and Sewer	Natural Gas	Sanitation	Telecommunications	Marina	Totals		
ASSETS								
Current assets:								
Cash	\$ 10,822	\$ -	\$ -	\$ 102,416	\$ 150	\$ 113,388	\$ 11,120	
Investments	-	-	-	-	-	-	-	
Restricted assets -								
Investments	160,750	29,899	-	-	-	190,649	-	
Receivables, net	405,786	135,311	201,872	-	-	742,969	-	
Utility accounts	10,769	-	-	308,887	-	319,656	2,598	
Other	2,371,581	566,831	1,116,584	378,049	5,766	4,438,811	969,554	
Due from other funds	-	17,953	-	-	-	17,953	-	
Due from other governments	50	-	-	-	-	50	-	
Due from component unit	91,074	22,539	14,811	19,582	-	148,006	68,673	
Inventory	136,992	18,617	12,105	1,503	-	169,217	20,090	
Prepaid expenses	3,187,824	791,150	1,345,372	810,437	5,916	6,140,699	1,072,035	
Total current assets	24,327,800	2,529,844	1,941,548	720,379	1,548,448	31,068,019	83,894	
Noncurrent assets -								
Property, plant and equipment, net	27,515,624	3,320,994	3,286,920	1,530,816	1,554,364	37,208,718	1,155,929	
Total assets	117,818	26,069	76,611	4,558	-	225,056	41,458	
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows related to pension								
LIABILITIES								
Current liabilities:								
Accounts and claims payable	104,609	99,061	49,440	5,374	-	258,484	-	
Customer deposits	265,625	37,460	-	-	-	303,085	-	
Accrued liabilities	4,874	-	11,392	-	-	16,266	-	
Accrued compensated absences	30,111	12,865	21,034	-	-	64,010	17,014	
Unearned revenue	361,196	260,403	857,400	597,175	-	2,076,174	1,109,614	
Due to other funds	1,809	19,062	-	-	-	20,871	-	
Due to other governments	33,280	4,821	366,979	-	-	405,080	11,440	
Capital leases - current	810,847	433,672	1,306,245	602,549	-	3,153,313	1,138,068	
Total current liabilities	352,311	90,019	223,612	32,000	-	697,942	135,369	
Long-term liabilities (net of current portion):								
Net pension liability	-	-	-	860,160	-	860,160	-	
Advances from other funds	193,013	16,977	-	-	-	209,990	40,233	
Capital lease obligations	545,324	106,996	223,612	892,160	-	1,768,092	175,602	
Total long-term liabilities	1,356,171	540,668	1,529,857	1,494,709	-	4,921,405	1,313,670	
Total liabilities	50,375	12,871	31,973	4,575	-	99,794	19,356	
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows related to pension								
NET POSITION								
Net investment in capital assets	24,101,507	2,508,046	1,574,569	720,379	1,548,448	30,452,949	32,221	
Unrestricted	2,125,389	285,478	227,132	(684,289)	5,916	1,959,626	(409,658)	
Total net position	\$26,226,896	\$2,793,524	\$ 1,801,701	\$ 36,090	\$ 1,554,364	\$ 32,412,575	\$ (377,437)	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds						(16,781)		
Net position of business-type activities						\$ 32,395,794		

See accompanying notes to financial statements.

**CITY OF BAINBRIDGE, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Enterprise Funds						Internal Service Funds
	Major			Nonmajor			
	Water and Sewer	Natural Gas	Sanitation	Telecommunications	Marina	Totals	
Operating revenues:							
Charges for services	\$ 4,128,686	\$ 1,582,091	\$ 2,383,206	\$ 280,911	\$ -	\$ 8,374,894	\$ 729,771
Contributions	-	-	-	647,438	4,146	-	2,828,433
Lease income	-	-	-	11	-	651,584	-
Other	-	77,138	9	-	-	77,158	12,342
Total operating revenues	4,128,686	1,659,229	2,383,215	928,360	4,146	9,103,636	3,570,546
Operating expenses:							
Personal services	905,983	227,941	620,083	3,172	-	1,757,179	357,182
Operating	1,200,125	1,087,273	944,521	474,362	-	3,706,281	369,558
Depreciation	713,731	85,632	166,374	31,134	140,671	1,137,542	8,367
Benefits and claims	-	-	-	-	-	-	2,810,950
Other	83,010	-	-	-	-	83,010	-
Total operating expenses	2,902,849	1,400,846	1,730,978	508,668	140,671	6,684,012	3,546,057
Operating income (loss)	1,225,837	258,383	652,237	419,692	(136,525)	2,419,624	24,489
Nonoperating revenues (expenses):							
Gain (loss) on sale of capital assets	-	-	(137,995)	-	-	(137,995)	-
Interest income	699	-	-	152	-	851	1,115
Interest expense	(5,068)	(173)	(13,219)	-	-	(18,460)	(391)
Total nonoperating revenues (expenses)	(4,369)	(173)	(151,214)	152	-	(155,604)	724
Income (loss) before contributions and transfers	1,221,468	258,210	501,023	419,844	(136,525)	2,264,020	25,213
Transfers in	50,031	-	-	-	-	50,031	-
Transfers out	(1,565,272)	(286,262)	(620,069)	(400,000)	-	(2,871,603)	-
Increase (decrease) in net position	(293,773)	(28,052)	(119,046)	19,844	(136,525)	(557,552)	25,213
Net position, beginning of year	26,520,669	2,821,576	1,920,747	16,246	1,690,889	(402,650)	(402,650)
Net position at end of year	\$ 26,226,896	\$ 2,793,524	\$ 1,801,701	\$ 36,090	\$ 1,554,364	\$ (377,437)	\$ (377,437)

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

5,521

Change in net position of business-type activities

\$ (552,031)

See accompanying notes to financial statements.

**CITY OF BAINBRIDGE, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Enterprise Funds							Internal Service Funds
	Major						Nonmajor	
	Water and Sewer	Natural Gas	Sanitation	Telecommunications	Marina	Totals		
Cash flows from (to) operating activities:								
Cash received from customers	\$ 3,681,919	\$ 1,567,879	\$ 1,995,573	\$ 655,420	\$ 4,238	\$ 7,905,029	\$ 3,261,702	
Cash payments for goods and services	(1,119,001)	(1,027,070)	(647,302)	(166,017)	(4,238)	(2,963,628)	(41,997)	
Cash payments for claims and benefits	-	-	-	-	-	-	(2,836,583)	
Cash payments for employee services and fringe benefits	(915,013)	(230,031)	(611,772)	-	-	(1,756,816)	(354,484)	
Net cash from (to) operating activities	1,647,905	310,778	736,499	489,403	-	3,184,585	28,638	
Cash flows from (to) noncapital financing activities:								
Transfers in	50,031	-	-	-	-	50,031	-	
Transfers out	(1,565,272)	(286,262)	(620,069)	(400,000)	-	(2,871,603)	-	
Net cash from (to) noncapital financing activities	(1,515,241)	(286,262)	(620,069)	(400,000)	-	(2,821,572)	-	
Cash flows from (to) capital and related financing activities:								
Interest paid	(5,068)	(173)	(13,219)	-	-	(18,460)	(391)	
Payments for capital acquisitions	(136,545)	(46,479)	(332,195)	(27,270)	-	(542,489)	-	
Principal payments on long-term obligations	47,164	21,798	366,979	-	-	435,941	(7,139)	
Proceeds from sale of assets	-	-	(137,995)	-	-	(137,995)	-	
Net cash from (to) capital and related financing activities	(94,449)	(24,854)	(116,430)	(27,270)	-	(263,003)	(7,530)	
Cash flows from (to) investing activities:								
Investment purchases	(38,908)	338	-	-	-	(38,570)	-	
Interest received from investments	699	-	-	152	-	851	1,115	
Net cash from (to) investing activities	(38,209)	338	-	152	-	(37,719)	1,115	
Net increase (decrease) in cash	6	-	-	62,285	-	62,291	22,223	
Cash (bank overdraft) at beginning of year	10,816	-	-	40,131	150	51,097	(11,103)	
Cash at end of year	\$ 10,822	\$ -	\$ -	\$ 102,416	\$ 150	\$ 113,388	\$ 11,120	

See accompanying notes to financial statements.
 Continued on next page.

**CITY OF BAINBRIDGE, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (CONT'D)
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Enterprise Funds						Internal Service Funds
	Major			Nonmajor			
	Water and Sewer	Natural Gas	Sanitation	Telecommunications	Marina	Totals	
	\$1,225,837	\$258,383	\$ 652,237	\$ 419,692	\$(136,525)	\$2,419,624	\$ 24,489
	713,731	85,632	166,374	31,134	140,671	1,137,542	8,367
	137,165	1,139	9,108	(147,851)	92	(347)	(549)
	1,377	-	-	-	-	1,377	-
	(80,660)	(15,594)	(2,925)	206	-	(98,973)	(17,711)
	(2,197)	3,366	(5,879)	(7,382)	-	(12,092)	3,019
	(548,788)	(79,396)	(396,750)	(125,089)	(4,238)	(1,154,261)	(290,835)
	-	(16,683)	-	-	-	(16,683)	-
	28,186	9,519	15,002	6,761	-	59,468	11,454
	51,345	(22,986)	8,869	947	-	38,175	(38,183)
	5,506	(92)	3,245	-	-	8,659	-
	(5,775)	-	11,392	-	-	5,617	1,486
	108,083	77,843	293,909	314,574	-	794,409	337,343
	(953)	17,666	-	-	-	16,713	-
	(61,331)	(19,077)	(37,143)	(6,269)	-	(123,820)	(21,814)
	46,489	3,590	-	-	-	50,079	-
	29,890	7,468	19,060	2,680	-	59,098	11,572
Net cash from (to) operating activities	<u>\$1,647,905</u>	<u>\$310,778</u>	<u>\$ 736,499</u>	<u>\$ 489,403</u>	<u>\$ -</u>	<u>\$3,184,585</u>	<u>\$ 28,638</u>
Supplemental disclosure of cash flow information:							
Cash paid during the year for interest	\$ 5,068	\$ 173	\$ 13,219	\$ -	\$ -	\$ 18,460	\$ 391
Supplemental disclosure of noncash investing and financing activities:							
Capital asset totals acquired by entering into a capital lease agreement	\$ 74,434	\$ 24,811	\$ 484,182	\$ -	\$ -	\$ 583,427	\$ 58,812

Reconciliation of operating income (loss) to net cash from operating activities:
 Operating income (loss)
 Adjustments to reconcile operating income to net cash from operating activities -
 Depreciation
 Change in assets and liabilities:
 (Increase) decrease in accounts receivable
 (Increase) decrease in due from component unit
 (Increase) decrease in prepaid expenses
 (Increase) decrease in inventory
 (Increase) decrease in due from other funds
 (Increase) decrease in due from other governments
 (Increase) decrease in deferred outflows related to pension
 Increase (decrease) in accounts payable
 Increase (decrease) in accrued interest payable
 Increase (decrease) in accrued liabilities
 Increase (decrease) in due to other funds
 Increase (decrease) in due to other governments
 Increase (decrease) in net pension liability
 Increase (decrease) in customer deposits
 Increase (decrease) in deferred inflows related to pension

Net cash from (to) operating activities
Supplemental disclosure of cash flow information:
 Cash paid during the year for interest
Supplemental disclosure of noncash investing and financing activities:
 Capital asset totals acquired by entering into a capital lease agreement

See accompanying notes to financial statements.
 Continued from previous page.

**CITY OF BAINBRIDGE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

The accounting methods and procedures adopted by the City of Bainbridge, Georgia, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the City's Annual Financial Report.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City was created in 1824 and operates under an elected Mayor/Council (Board of Aldermen) form of government. The City's major operations include public safety, community development, highways and streets, water, sewage, natural gas, telecommunications, sanitation, marina, public improvements, and general administrative services.

The financial statements of the reporting entity include those of the City of Bainbridge (the primary government) and in accordance with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 61 "The Financial Reporting Entity: Omnibus an amendment of Governmental Accounting Standards Board (GASB) Statements No. 14 and No. 34", the financial statements of its component units. The component units discussed below are included in the reporting entity because of the financial relationship with the City.

The fiscal year end of the component units are September 30. The component units discussed below do not issue separate financial statements. A brief description of the component units is as follows:

Downtown Development Authority: The Downtown Development Authority was created by the City of Bainbridge, pursuant to the resolution of the Georgia General Assembly on January 15, 1981. The purpose of the Authority is the redevelopment of the downtown Bainbridge district. The City's Board of Aldermen appoints all members of the Authority and is able to impose its will on the Authority. The Authority did not issue separate Component Unit Financial Statements. Financial information for the Authority is included in the City of Bainbridge's Annual Financial Report. The Authority is presented as a discretely presented component unit.

Bainbridge Convention and Visitors Bureau: The Bainbridge Convention and Visitors Bureau was created by the City of Bainbridge, pursuant to the resolution of the Georgia General Assembly. The purpose of the Bureau is to promote tourism, conventions, and trade shows within the area.

The City's Board of Aldermen approves the annual budget of the Bureau and provided the majority of the Bureau's resources for current year expenses. The Bureau did not issue separate Component Unit Financial Statements. Financial information for the Bureau is included in the City of Bainbridge's Annual Financial Report. The Bureau is presented as a discretely presented component unit.

Downtown Bainbridge Development Authority: The Downtown Bainbridge Development Authority was created by the City of Bainbridge, pursuant to the resolution of the Georgia General Assembly in October 1988. The purpose of the Authority is the redevelopment and improvement of the Downtown Bainbridge Central Business District. The Authority provides funding through intergovernmental agreements for the construction of governmental facilities. The

**CITY OF BAINBRIDGE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Authority is composed of eight members. One member of the Authority is the Mayor of the City of Bainbridge. Two members are appointed by the Mayor, and the other five members are appointed by the City's Board of Alderman. The Authority is presented as a blended component unit and presented as a Capital Projects Fund.

City of Bainbridge Public Facilities Authority: The City of Bainbridge Public Facilities Authority was created by the City of Bainbridge, pursuant to the resolution of the Georgia General Assembly in 2013. The purpose of the Authority is to assist the City of Bainbridge in providing facilities, equipment and services. The Authority provides funding through intergovernmental agreements for the construction of governmental facilities. The Authority is composed of six to nine members. Six of the members are the City Alderman and Mayor of the City of Bainbridge. The City Alderman and Mayor may nominate and appoint up to three additional members. The Authority is presented as a blended component unit and presented as a Capital Projects Fund.

Related Organizations: The Bainbridge Housing Authority is a related organization which has not been included in the reporting entity. The Authority is a legally separate entity having a board composed of some members appointed by the City. The City does not have the ability to impose its will or have a financial benefit or burden relationship with the Authority. A copy of the Authority's annual financial report is available at 108 South Sims Street, Bainbridge, Georgia 39817.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *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. Likewise, the *primary government* is reported separately from the legally separate *component units* for which the primary government is financially accountable. The City's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

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*.

**CITY OF BAINBRIDGE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement 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 financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period and all intergovernmental revenues to be available if they are collected within 6 months of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when a payment is due.

Property taxes, franchise taxes, licenses, and interest 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 government.

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

SPLOST 6 Fund - The SPLOST 6 fund is used to account for the proceeds of a 1 percent local option sales tax approved for various projects throughout the City as well as loan proceeds used for these same projects.

The City reports the following major proprietary funds:

Water and Sewer Fund - The Water and Sewer fund accounts for the activities of the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution system.

Natural Gas Fund - The Natural Gas Fund accounts for the activities of the City's natural gas distribution system.

Sanitation Fund - The Sanitation Fund accounts for the activities of refuse

**CITY OF BAINBRIDGE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

collection and delivery to the Decatur County landfill, including tipping fees.

Telecommunications Fund – The Telecommunications Fund accounts for the leasing of the telecommunications infrastructure.

Additionally, the City reports the following fund types:

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

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition, renovation, and construction of major capital assets (other than those financed by proprietary funds).

Internal Service Funds - The Internal Service Funds account for services performed by a central service department for other departments of the governmental unit.

As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are charges between the government's funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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. Operating expenses for enterprise funds and internal service 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 nonoperating revenues and expenses.

D. Budgets and Budgetary Accounting

An operating budget is legally adopted each fiscal year for the General Fund and Special Revenue Funds with the exception of the Confiscated Assets Fund. Capital Projects Funds adopt project length budgets.

The City generally follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed operating budget including proposed expenditures and the means of financing them is submitted to the Board of Aldermen and the citizens by the City Manager.
2. A public hearing on the budget is held, giving notice thereof at least ten days in advance.

**CITY OF BAINBRIDGE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

3. The budget is then revised and adopted by the Board of Aldermen before September 30 of each year.
4. The level of control (the level at which expenditures may not legally exceed appropriations) for each of the above adopted budgets is at the department level. The City's Manager may make transfers of appropriations within a department. Transfers of appropriations between functions require the approval of the Mayor and the Board of Aldermen.

Budgeted amounts reflected in the accompanying budget and actual comparisons are as originally adopted, or as amended, by the Board of Aldermen. Individual amendments were not material in relation to the original appropriations which were amended.

Unencumbered appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments in excess of \$1,000 for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects Funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. There were no open purchase orders in excess of \$1,000 as of September 30, 2017.

E. Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, cash and cash equivalents include short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investors Services, Inc., non-negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, repurchase agreements when collateralized by U.S. Government or agency obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

All of the City's investments are held with banks in money market accounts. Investments for the City are reported at fair value.

CITY OF BAINBRIDGE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

F. Short-Term/Long-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."

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Noncurrent portions of long-term interfund loan receivables are reported as advances.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

G. Inventories

Inventories are valued at the lower of average cost or market. Inventories of the government, for both governmental fund types and proprietary fund types, are recorded as expenditures when consumed rather than when purchased.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current fiscal period are recorded as prepaid items. The consumption method is used to account for prepaid items within the City's funds.

I. 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 columns in the government-wide financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The capitalization threshold for capital assets is \$5,000.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on an estimated useful life as follows:

CITY OF BAINBRIDGE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Buildings	25-50 years
Improvements	25 years
System Improvements	30 years
Vehicles and equipment	5-15 years
Infrastructure	15-50 years

J. Compensated Absences

Accumulated unpaid vacation pay amounts are accrued when incurred by the City in the government-wide and proprietary financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. A liability in the governmental funds is reported only if the benefit has matured.

Accumulated sick pay benefits for City employees have not been recorded as a liability because the payment of the benefits is contingent upon the future illness of an employee. It is not expected that any unrecorded sick pay benefits will exceed a normal year's accumulation.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary funds 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 statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds 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. Premiums received on debt issuances are 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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category, the deferred outflows related to pensions reported in the government wide statement of net position.

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 position 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 two items that qualify as deferred inflows of resources. The first item, which only arises under the modified

CITY OF BAINBRIDGE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

accrual basis of accounting, is the unavailable tax and probation revenue reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Secondly, the City has deferred inflows related to pensions reported in the government wide statement of net position.

M. Nature and Purpose of Classifications of Fund Equity

In the fund financial statements, governmental funds report fund 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. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. The committed fund balance classification includes amounts that can only be used for specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Alderman is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of a fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (adoption of another resolution) to remove or revise the limitation. Amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by City management based on Alderman direction. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The City uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City does not have a formal minimum fund balance policy.

N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

**CITY OF BAINBRIDGE, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

(2) DEPOSITS AND INVESTMENTS

Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The City reduces its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law. As of September 30, 2017, the City was not exposed to custodial credit risk.

Credit and interest rate risk - investments

The City invests surplus funds in certificates of deposits and other government-backed or collateralized instruments provided for by State law. The City does not have a formal investment policy that limits investment maturities as a means to manage its exposure to losses arising from interest rates.

At September 30, 2017, the City had the following investments:

<u>Primary Government</u>	<u>Total Fair Value</u>	<u>Weighted Average Maturity (years)</u>
Money Market Accounts	\$ 1,485,145	N/A

\$190,649 of the investments of the primary government are grouped in restricted assets.

In fiscal year 2016, the City adopted GASB Statement No. 72 (GASB 72), Fair Value Measurement and Application. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the exchange price that would be received for an asset (exit price) in the principal or most advantageous market for an asset in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets that the City has the ability to access.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset in active markets, as well as inputs that are observable for the asset (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the asset which are typically based on the City’s own assumptions, as there is little, if any, related market activity.

Money market accounts are classified in Level 1 of the fair value hierarchy and valued using prices quoted in active markets for those securities.

See also Note 1 for disclosure of the types of investments authorized by legal provisions.

**CITY OF BAINBRIDGE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Concentration of credit risk

The City does not have a formal policy addressing concentration of credit risk.

(3) RECEIVABLES

Receivables at September 30, 2017 consist of the following:

	<u>Taxes and Fines</u>	<u>Utility Accounts</u>	<u>Other</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
General Fund	\$ 2,732,878	\$ -	\$ -	\$ (54,326)	\$ 2,678,552
Water and Sewer Fund	-	530,786	10,769	(125,000)	416,555
Natural Gas Fund	-	144,311	-	(9,000)	135,311
Sanitation Fund	-	251,872	-	(50,000)	201,872
Telecommunications Fund	-	-	308,887	-	308,887
Nonmajor Funds	<u>16,784</u>	<u>-</u>	<u>2,598</u>	<u>-</u>	<u>19,382</u>
Total	<u>\$ 2,749,662</u>	<u>\$ 926,969</u>	<u>\$ 322,254</u>	<u>\$ (238,326)</u>	<u>\$ 3,760,559</u>

(4) DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at September 30, 2017 consist of the following:

	<u>Decatur County, GA</u>
Governmental Funds:	
General Fund	\$ 56,070
SPLOST 6 Fund	<u>254,898</u>
Total Governmental Funds	<u>\$ 310,968</u>
Proprietary Funds:	
Natural Gas Fund	<u>\$ 17,953</u>

**CITY OF BAINBRIDGE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

(5) INTERFUND RECEIVABLES, ADVANCES, AND TRANSFERS

Interfund receivable and payable balances for the fiscal year ended September 30, 2017 are summarized as follows:

PAYABLE FROM	RECEIVABLE TO						Total
	General Fund	Water and Sewer Fund	Natural Gas Fund	Sanitation Fund	Telecommunication Fund	Nonmajor Funds	
General Fund	\$ -	\$ 2,241,950	\$ 476,831	\$ 1,114,772	\$ -	3,089	\$ 3,836,642
Water and Sewer Fund	-	-	-	-	171,342	189,854	361,196
Natural Gas Fund	-	129,631	-	1,812	98,766	30,194	260,403
Sanitation Fund	-	-	-	-	107,941	749,459	857,400
Telecommunication Fund	597,128	-	-	-	-	47	597,175
Nonmajor Funds	1,043,183	-	90,000	-	-	2,677	1,135,860
Total	<u>\$ 1,640,311</u>	<u>\$ 2,371,581</u>	<u>\$ 566,831</u>	<u>\$ 1,116,584</u>	<u>\$ 378,049</u>	<u>\$ 975,320</u>	<u>\$ 7,048,676</u>

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds. These balances are expected to be repaid within one year.

Advances from/to other funds for the current year were as follows:

ADVANCES FROM	ADVANCES TO Telecom Fund
General Fund	<u>\$ 860,160</u>

None of the balance is specifically scheduled to be repaid in the subsequent year.

Interfund transfers for the current year were as follows:

TRANSFER IN TO	TRANSFER OUT FROM							Total
	General Fund	SPLOST 6 Fund	Water and Sewer Fund	Natural Gas Fund	Sanitation Fund	Telecom Fund	Nonmajor Funds	
General Fund	\$ -	\$ -	\$ 1,565,272	\$ 236,231	\$ 620,069	\$ 400,000	\$ 146,123	\$ 2,967,695
Water and Sewer Fund	-	-	-	50,031	-	-	-	50,031
Nonmajor Funds	-	1,054,672	-	-	-	-	-	1,054,672
Total	<u>\$ -</u>	<u>\$ 1,054,672</u>	<u>\$ 1,565,272</u>	<u>\$ 286,262</u>	<u>\$ 620,069</u>	<u>\$ 400,000</u>	<u>\$ 146,123</u>	<u>\$ 4,072,398</u>

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, maintaining debt service on a routine basis, or in accordance with budgetary authorizations.

Transfers between the SPLOST 6 Fund and other Funds are for the receipt of grant proceeds and for the disbursement of funds for payment of debt service.

**CITY OF BAINBRIDGE, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

(6) RESTRICTED ASSETS

The City's restricted assets at September 30, 2017 consist of the following:

	<u>Total</u>
Governmental Activities:	
General Fund:	
Appearance bond deposits	\$ 15,991
CDBG cash	53,320
Capital Projects Funds:	
SPLOST 6 cash	41,206
Nonmajor governmental funds:	
Hotel/Motel tax	26,614
Confiscated assets	24,021
Total governmental activities	<u>\$ 161,152</u>
Proprietary Funds / Business Type Activities:	
Water and Sewer Fund:	
Customer deposits	\$ 160,750
Natural Gas Fund:	
Customer deposits	29,899
Total proprietary funds / business type activities	<u>\$ 190,649</u>

**CITY OF BAINBRIDGE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

(7) CAPITAL ASSETS

Capital asset activity for the period ended September 30, 2017 was as follows:

	Beginning Balance	Additions/ Transfers	Reductions/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,232,103	\$ -	\$ -	\$ 2,232,103
Construction in progress	320,696	1,805,619	(1,201,938)	924,377
Total capital assets not being depreciated	<u>2,552,799</u>	<u>1,805,619</u>	<u>(1,201,938)</u>	<u>3,156,480</u>
Capital assets, being depreciated:				
Buildings and improvements	15,541,524	-	(674,894)	14,866,630
Machinery and equipment	7,563,001	1,266,064	(489,964)	8,339,101
Infrastructure	5,881,046	-	-	5,881,046
Total capital assets being depreciated	<u>28,985,571</u>	<u>1,266,064</u>	<u>(1,164,858)</u>	<u>29,086,777</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,183,229)	(453,423)	421,723	(4,214,929)
Machinery and equipment	(5,695,711)	(385,431)	425,187	(5,655,955)
Infrastructure	(1,866,618)	(248,025)	-	(2,114,643)
Total accumulated depreciation	<u>(11,745,558)</u>	<u>(1,086,879)</u>	<u>846,910</u>	<u>(11,985,527)</u>
Total capital assets being depreciated, net	<u>17,240,013</u>	<u>179,185</u>	<u>(317,948)</u>	<u>17,101,250</u>
Governmental activities capital assets, net	<u>\$ 19,792,812</u>	<u>\$ 1,984,804</u>	<u>\$ (1,519,886)</u>	<u>\$ 20,257,730</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 218,303	\$ -	\$ -	\$ 218,303
Total capital assets not being depreciated	<u>218,303</u>	<u>-</u>	<u>-</u>	<u>218,303</u>
Capital assets, being depreciated:				
Buildings and plant in service	42,096,726	70,610	-	42,167,336
Machinery and equipment	5,946,932	801,446	(1,001,773)	5,746,605
Infrastructure	2,650,067	-	-	2,650,067
Total capital assets being depreciated	<u>50,693,725</u>	<u>872,056</u>	<u>(1,001,773)</u>	<u>50,564,008</u>
Less accumulated depreciation for:				
Buildings and plant in service	(14,001,187)	(747,692)	(43,348)	(14,792,227)
Machinery and equipment	(4,153,281)	(257,346)	715,553	(3,695,074)
Infrastructure	(1,094,487)	(132,504)	-	(1,226,991)
Total accumulated depreciation	<u>(19,248,955)</u>	<u>(1,137,542)</u>	<u>672,205</u>	<u>(19,714,292)</u>
Total capital assets being depreciated, net	<u>31,444,770</u>	<u>(265,486)</u>	<u>(329,568)</u>	<u>30,849,716</u>
Business-type activities capital assets, net	<u>\$ 31,663,073</u>	<u>\$ (265,486)</u>	<u>\$ (329,568)</u>	<u>\$ 31,068,019</u>

**CITY OF BAINBRIDGE, GEORGIA
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 335,163
Public works, including depreciation of general infrastructure	240,351
Leisure services	302,678
Public safety	200,320
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>8,367</u>
Total depreciation expense - governmental activities	<u>\$ 1,086,879</u>
Business-type activities:	
Water and sewer	\$ 713,731
Natural Gas	85,632
Sanitation	166,374
Telecommunications	31,134
Marina	<u>140,671</u>
Total depreciation expense - business-type activities	<u>\$ 1,137,542</u>

(8) LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities for the year ended September 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Note payable	2,639,516	\$ -	\$ (114,684)	\$ 2,524,832	\$ 118,538
Revenue bonds	11,826,492	-	(718,304)	11,108,188	735,145
Leases payable	728,660	1,012,031	(162,721)	1,577,970	1,010,091
Premium	132,277	-	(8,534)	123,743	-
Landfill post closure care	237,308	-	-	237,308	12,853
Accrued interest payable	171,723	445,046	(574,563)	42,206	42,206
Net pension liability	2,819,830	783,810	(1,356,748)	2,246,892	-
Compensated absences	204,946	307,784	(245,935)	266,795	266,795
Governmental activities long-term liabilities	<u>\$ 18,760,752</u>	<u>\$ 2,548,671</u>	<u>\$ (3,181,489)</u>	<u>\$ 18,127,934</u>	<u>\$ 2,185,628</u>
Business-type activities:					
Leases payable	\$ 179,129	\$ 583,427	\$ (147,486)	615,070	405,080
Net pension liability	821,762	297,621	(421,441)	697,942	-
Compensated absences	55,351	75,080	(66,421)	64,010	64,010
Business-type activities long-term liabilities	<u>\$ 1,056,242</u>	<u>\$ 956,128</u>	<u>\$ (635,348)</u>	<u>\$ 1,377,022</u>	<u>\$ 469,090</u>
Component Units:					
Net pension liability	\$ 6,311	2,298	\$ (3,241)	5,368	\$ -

For governmental activities, compensated absences and pension liabilities are typically liquidated in the General Fund.

**CITY OF BAINBRIDGE, GEORGIA
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Governmental activities:

Note Payable

During November 2011, the City entered into a loan agreement with the Georgia Environmental Facilities Authority (GEFA). The principal proceeds available from this loan (\$3,000,000) was to be used for the installation of automated meter reading for the gas and water meters, new water lines, and pump stations with appurtenances. In addition, the funds will be used for construction of sewer extension projects and capital improvements to the wastewater treatment plant. This loan was amended in August 2013. On January 1, 2014, GEFA loan 2008L15WJ2 was converted from construction status to a fixed amortization loan. Principal and interest on this note is payable in monthly installments of \$16,694 until maturity on 1/1/2034. The note bears interest at a rate of 3.31% annually.

Annual debt service requirements to maturity for the note payable are as follows:

Governmental - Note payable			
Year Ending September 30,	Principal	Interest	Total
2018	\$ 118,538	\$ 81,754	\$ 200,292
2019	122,522	77,800	200,322
2020	126,639	73,683	200,322
2021	130,895	69,427	200,322
2022	135,294	65,028	200,322
2023-2027	747,807	253,805	1,001,612
2028-2032	882,198	65,156	947,354
2033-2035	260,939	6,160	267,099
Total	<u>\$ 2,524,832</u>	<u>\$ 692,813</u>	<u>\$ 3,217,645</u>

Revenue Bonds

On July 30, 2013, the Downtown Bainbridge Development Authority issued Revenue Bonds in the amount of \$4,291,327 to provide financing to refund series 2011 Downtown Bainbridge Development Authority Bonds and to provide financing for the cost of construction, remodeling and altering a City administrative building. The bonds will be serviced through biannual payments from the City, commencing on June 1, 2014 of \$140,135 to \$186,046 through December 1, 2026 and one payment of \$78,000 on December 1, 2013; interest at 2.28% (\$3,198,188 outstanding). As a result of the refunding, the City increased its total debt service requirements by \$435,602 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$37,410.

On July 1, 2013, the City of Bainbridge Public Facilities Authority issued \$9,460,000 Series 2013 Revenue Bonds (City of Bainbridge Project) for the purpose of (i) refunding the outstanding portion of certain loans from the Georgia Environmental Finance Authority, (ii) financing or refinancing certain extensions, expansions and improvements to the City's existing water and sewerage system, and (iii) paying all or a portion of the costs of issuance of the bonds. The bonds were issued pursuant to an Intergovernmental Contract between the Authority and the City whereby the City has an absolute and unconditional obligation to make payments to the Authority sufficient to enable the

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Authority to pay the principal and interest on the bonds. The City has agreed to make payments directly to the Trustee. The bonds are due in annual installments commencing April 1, 2014 of \$310,000 to \$655,000 through April 1, 2032; interest rates at 2.0% to 4.0% (\$7,910,000 outstanding).

Annual debt service requirements to maturity for the revenue bonds are as follows:

Governmental - Revenue bonds

Year Ending September 30,	Principal	Interest	Total
2018	\$ 735,145	\$ 325,327	\$ 1,060,472
2019	747,142	309,730	1,056,872
2020	764,299	287,198	1,051,497
2021	786,620	273,201	1,059,821
2022	809,110	251,912	1,061,022
2023-2027	4,200,872	908,219	5,109,091
2028-2032	3,065,000	355,152	3,420,152
Total	<u>\$ 11,108,188</u>	<u>\$ 2,710,739</u>	<u>\$ 13,818,927</u>

Leases Payable

The City leases equipment and vehicles with original costs totaling \$2,601,719 through the Georgia Municipal Association Lease Pool and Enterprise Fleet Services. Interest rates, including imputed rates, on the leases range from 1.26% to 4.48%. Accumulated depreciation related to these assets at September 30, 2017 is \$1,210,574. This year \$276,397 was included in depreciation expense.

Debt service requirements to maturity for governmental activities are as follows:

Governmental - Leases payable

Year Ending September 30,	Principal	Interest	Total
2018	\$ 391,287	\$ 36,936	\$ 428,223
2019	400,964	27,259	428,223
2020	246,309	17,320	263,629
2021	251,597	12,033	263,630
2022	216,503	6,752	223,255
2023-2024	71,310	3,030	74,340
Total	<u>\$ 1,577,970</u>	<u>\$ 103,330</u>	<u>\$ 1,681,300</u>

**CITY OF BAINBRIDGE, GEORGIA
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 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

Business-type Activities:

Leases Payable

The City leased equipment and vehicles with original costs totaling \$785,973 through Gardener Associates, Inc., RDK Assets LLC, and Enterprise Fleet Management. Interest rates, included imputed rates, on the leases are 1.4% to 4.4%. Accumulated depreciation related to these assets at September 30, 2017 is \$240,408. This year \$213,401 was included in depreciation expense.

Debt service requirements to maturity for business-type activities are as follows:

Business-type - Leases payable			
Year Ending September 30,	Principal	Interest	Total
2018	\$ 405,082	\$ 22,030	\$ 427,112
2019	38,979	5,071	44,050
2020	39,881	4,170	44,051
2021	40,804	3,246	44,050
2022	29,499	2,339	31,838
2023-2025	60,825	2,698	63,523
Total	<u>\$ 615,070</u>	<u>\$ 39,554</u>	<u>\$ 654,624</u>

(9) LANDFILL POST CLOSURE CARE

State and federal laws and regulations require that the City of Bainbridge place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. A liability has been recognized based on the expected future post-closure care costs that will be incurred. The recognition of these landfill post-closure care costs has been accrued in full because the landfill is no longer accepting waste. The estimated liability for landfill post-closure care costs is \$237,308 as of September 30, 2017, which is based on 100% usage (filled) of the landfill. This landfill was operated and accounted for in the general fund prior to the City's creation of the sanitation enterprise fund.

The estimated total current cost of the landfill post-closure care of \$237,308 is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of September 30, 2017. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

(10) PROPERTY TAXES

Decatur County, Georgia bills and collects real and personal property taxes for the City. City property tax revenues are recognized when levied to the extent that they result in current receivables.

Property taxes are levied in August of each year on the assessed valuation of property as of the preceding January 1 and are due within 60 days.

Liens may attach to property for unpaid taxes at any time within three years after the due date.

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Assessed values are established by the Decatur County Tax Assessor’s office and are currently calculated at 40% of the market value. The assessed values of real and personal property (excluding motor vehicles and mobile home taxes) at January 1, 2016 were \$300,334,601.

Based on the 2016 millage levy of 5.575, a property tax owner would pay \$5.575 per \$1,000 of assessed valuation. Current tax collections of \$1,731,713 for the fiscal year ended September 30, 2017 were 99% of the levy.

(11) EMPLOYEE RETIREMENT SYSTEM

The City contributes to the Georgia Municipal Employees Benefit System (“GMEBS”), an agent multi-employer public employee retirement system that acts as a common investment and administrative agent for cities in the state of Georgia. The Plan also provides for death benefits for early retirees. The benefit provisions and all other requirements are established and amended by the System and the Adoption Agreement executed by the City.

All full-time employees become eligible for the plan after one year of service. Benefits vest after completing ten years of service and are payable beginning at age 55.

Employees covered by benefit terms. At September 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	67
Inactive employees entitled to but not yet receiving benefits	36
Active employees	<u>131</u>
Total	<u><u>234</u></u>

Contributions. Contributions are determined under the projected unit credit actuarial cost method. The GMEBS Board of Trustees has adopted an actuarial funding policy for determination of annual contributions. For the year ended September 30, 2017, the actuarially determined rate was 8.66% of annual pay. The City’s contributions to the Plan totaled \$493,675 for the year ended September 30, 2017.

Net Pension Liability

The City’s net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017.

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Actuarial assumptions. The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.25% plus age and service based merit increases
Investment rate of return	7.75%
Post-retirement benefit increases	Not applicable

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.

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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.75%
International equity	20%	7.45%
Real estate	10%	4.55%
Global fixed income	5%	3.30%
Domestic fixed income	20%	1.75%
Total	<u>100%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. 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 active and inactive employees. 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.

**CITY OF BAINBRIDGE, GEORGIA
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Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/2015*	\$12,530,149	\$ 8,882,246	\$ 3,647,903
Changes for the year:			
Service cost	126,686	-	126,686
Interest	939,969	-	939,969
Differences between expected and actual experience	(337,899)	-	(337,899)
Contributions - employer	-	424,435	(424,435)
Contributions - employee	-	-	-
Net investment income	-	973,314	(973,314)
Benefit payments, including refunds of employee contributions	(803,028)	(803,028)	-
Administrative expense	-	(17,074)	17,074
Other	(308,161)	(262,379)	(45,782)
Net changes	<u>(382,433)</u>	<u>315,268</u>	<u>(697,701)</u>
Balances at 9/30/2016**	<u>\$12,147,716</u>	<u>\$ 9,197,514</u>	<u>\$ 2,950,202</u>

* Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2016 are used to measure total pension liability (TPL) as of September 30, 2015. The balances as of September 30, 2015 constitute measurements of the NPL for the fiscal year ending September 30, 2016.

** Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2017 are used to measure TPL as of September 30, 2016. The balances as of September 30, 2016 constitute measurements of the NPL for the fiscal year ending September 30, 2017.

Changes in Assumptions

As a result of the new administration fee structure approved by the GMEBS Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

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 7.75%, 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 (6.75 %) or 1-percentage-point higher (8.75 %) than the current rate:

	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
Net pension liability	\$ 4,304,437	\$2,950,202	\$ 1,803,270

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS Retirement Trust financial report. The Georgia Municipal Employee Benefit System issues a publicly

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available financial report that includes financial statements and required supplementary information of GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling 404-688-0472. The plan's fiduciary net position has been determined on the same basis as that used by the plan.

The GMEBS's financial statements are prepared using the accrual basis of accounting. Contributions are recognized as revenues in the period in which the contributions are received. Investment income is recognized as earned by the GMEBS. The net appreciation (depreciation) in the fair value of investments held by the GMEBS is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the Statement of Net Position. Plan refunds, transfers and benefits to participants are recorded as they are received or paid. Other expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Investments are reported at fair value as of the Statement of Net Position date.

Investments of the System consist of common and preferred stocks, corporate fixed income securities, equity and fixed income mutual funds, governmental and governmental agency securities, and real estate. There are no investments in any one organization other than the securities guaranteed by the U.S. government that represent five percent or more of plan net position. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments in real estate funds are valued based on appraisals and valuations prepared by American Realty Advisors. Temporary cash and cash equivalent investments are reported at cost, which approximates fair value. Investments that do not have an established market are reported at estimated fair values.

CITY OF BAINBRIDGE, GEORGIA
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of resources Related to Pensions

For the year ended September 30, 2017, the City recognized pension expense of \$351,461. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 420,249	\$ (364,337)
Changes of assumptions	-	(41,475)
Net difference between projected and actual earnings on pension plan investments	-	(16,018)
Employer contributions to the pension plan subsequent to the measurement date of the net pension liability	<u>493,675</u>	<u>-</u>
Total	<u>\$ 913,924</u>	<u>\$ (421,830)</u>

\$493,675 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2018	\$ (13,443)
2019	(13,443)
2020	47,875
2021	<u>(22,570)</u>
	<u>\$ (1,581)</u>

(12) POST EMPLOYMENT HEALTHCARE PLAN

Plan Description - The City of Bainbridge OPEB Plan is a single-employer defined benefit healthcare plan administered by the City of Bainbridge. The City provides medical, prescription drug, dental, and vision benefits to retirees. Retirees' spouses are eligible for the same benefits as the retiree with the exception of life insurance. Substantially all of the City's employees may become eligible for those benefits if they retire on or after the age of 55, provided that the employee's age plus completed years of service with the City, at the time of the employee's retirement is equal to or greater than 90. As of January 1, 2016, the date of the latest actuarial valuation, there were 6 retirees and 5 spouses eligible for the benefits. Effective October 1, 2014, the Plan was closed to new retirees. The City has the authority to establish and amend benefit provisions.

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Funding Policy - The contribution requirements are established and may be amended by the City. The required contribution was determined by an actuarial valuation. The plan is financed on a pay-as-you-go basis. During the year ending September 30, 2017 the City contributed \$86,420 to the plan.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>OPEB Obligation (Asset)</u>	<u>Amount Contributed</u>
9/30/17	\$ 57,995	149%	\$ (399,101)	\$ 86,420
9/30/16	49,613	200%	(370,676)	99,395
9/30/15	32,919	414%	(320,894)	136,369

The following is the funding status of the Plan as of the most recent valuation date:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a) / c)</u>
01/01/16	\$ -	\$ 716,574	\$ 716,574	0.0%	N/A	N/A

The Schedule of Funding Progress presented as required supplemental information following the notes to the financial statements presents multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Annual OPEB Cost and Net OPEB Obligation - The City's other postemployment benefit (OPEB) cost (expense) is calculated based on the required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a twenty five year period.

The following table shows the components of the City's OPEB cost for the period, the amount actually contributed to the plan, and changes in the net OPEB obligation (asset):

Required contribution	\$ 44,599
Interest on net OPEB obligation	(14,827)
Adjustment to required contribution	<u>28,223</u>
OPEB cost	57,995
Contributions made	<u>86,420</u>
Increase (decrease) in net OPEB obligation (asset)	(28,425)
Net OPEB obligation (asset), beginning of period	<u>(370,676)</u>
Net OPEB obligation (asset), end of period	<u>\$ (399,101)</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The accompanying schedules of employer contributions present information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a twenty five year period. The schedule of funding progress, presented as required supplementary information following the notes to the

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financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Valuation date	1/1/2016
Actuarial cost method	Projected unit credit
Amortization method	25-year level dollar amortization open
Remaining amortization period	25 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment return	4%
Discount rate	4.0%
Inflation rate	N/A

The following assumptions were changed in the January 1, 2016 valuation:

- Per capita health costs were changes to reflect recent experience.
- Trend rates for medical were changed from 8.5% graded to 5.0% over 7 years to 8.5% graded to 4.5% over 8 years
- The administrative expense trend rate was changed from 2.0% to 3.0%.
- Demographic assumptions other than mortality became irrelevant when the Plan closed and only current retirees are eligible.

The plan does not issue separate financial statements.

(13) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City participates in a public entity risk pool managed by the Georgia Interlocal Risk Management Agency (GIRMA) whereby the risk is pooled with other entities. Participation in this pool allows the City to share liability, crime, motor vehicle and property damage risks.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. GIRMA is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities - GIRMA establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

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The City must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.
- To select a person to serve as a Member representative.
- To allow GIRMA and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.
- To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Fund or Funds established by GIRMA.
- To assist and cooperate in the defense and settlement of claims against the City.
- To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purpose of GIRMA.
- To follow all loss reduction and prevention procedures established by GIRMA.
- To furnish to GIRMA such budget, operating and underwriting information as may be requested.
- To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City is also exposed to risks of loss related to job-related illnesses or injuries to employees for which the City has transferred its risk through participation in a public entity risk pool managed by the Georgia Municipal Association Group Self Insurance Workers' Compensation Fund whereby the risk is pooled with other entities.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City became a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The liability of the fund to the employees of any employer is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's

**CITY OF BAINBRIDGE, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

The City believes that coverage provided by these various insurance policies is adequate to cover any outstanding claims as detailed by the carrier. A liability for unpaid deductibles on claims outstanding at year end has been recorded for workers' compensation.

(14)JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the fourteen county Southwest Georgia areas, is a member of the Southwest Georgia Regional Commission. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Regional Commission in Georgia. The Regional Commission Board membership includes the officials of political subdivisions and private citizens representing districts with the Southwest Georgia area. OCGA 50-8-39.1 provides that certain member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from 30 West Broad Street, Camilla, Georgia 31730.

(15)GROUP INSURANCE

The City maintains a partially self-funded group insurance plan for City employees with stop-loss coverage provided by QBE Insurance Group Limited. Health Smart handles the administration of the program and claims. Financing of the plan is provided by the City and employees participating in the plan. The transactions of the self-funded group insurance plan are accounted for by the Employee Benefits Fund.

Liabilities of the Employee Benefits Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonable estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claims settlement trends including frequency and amount of payouts and other economic and social factors.

	Year Ending September 30, 2017	Year Ending September 30, 2016
Claims payable, beginning of year	\$ 230,689	\$ 312,148
Incurred claims	2,125,264	2,326,744
Claims paid	(2,125,264)	(2,408,203)
Claims payable, end of year	<u>\$ 230,689</u>	<u>\$ 230,689</u>

**CITY OF BAINBRIDGE, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

(16) FUND BALANCE/NET POSITION DEFICIT

The following funds had deficits in fund balance/net position for the fiscal year ended September 30, 2017:

Hotel/Motel Fund	\$ (456)
Employee Benefits Fund	(294,296)
City Shop Fund	<u>(83,141)</u>
Total fund balance/net position deficit	<u>\$ (377,893)</u>

The City is planning to transfer funds to fund these deficits.

(17) GUARANTEES

The State's Industrial Financing Act permits local governments to extend nonexchange financial guarantees on certain debt issued by unrelated entities located within the government's physical boundaries. In accordance with the Act, the City has guaranteed certain debt of the Development Authority of Bainbridge & Decatur County, a legally separate entity that is located within the City boundaries but is not a component unit of the City or part of the City's financial reporting entity. The following are the nonexchange financial guarantees extended by the City on behalf of that entity:

On August 8, 2013, the City entered into an intergovernmental contract with the Development Authority of Bainbridge & Decatur County. The Authority issued \$1,200,000 Development Authority of Bainbridge and Decatur County Taxable Revenue Bonds (Industrial Building Project), Series 2013 for the purpose of financing the acquisition of property. Payment for the bonds is secured by a pledge of tax revenues by the County and the intergovernmental contract with the City beginning December 1, 2013 through December 1, 2028. At September 30, 2017, the outstanding principal amount of the guaranteed debt is \$978,343. In the event the Authority is unable to make a required payment on the bonds, the City would be required to make that payment. Under the intergovernmental agreement, if the City makes a payment, the Authority will reimburse the City as soon as such other moneys become available.

On May 13, 2016, the Development Authority of Bainbridge & Decatur County signed a promissory note with a local financial institution for the purpose of financing the acquisition of property. The original note amount was \$708,342 and will mature August 10, 2026. Payment for the note is secured by a guaranty agreement with the City. At September 30, 2017, the outstanding principal amount of the loan was \$75,859. In

**CITY OF BAINBRIDGE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

the event the Authority is unable to make a required payment on the loan, the City would be required to make that payment. The Authority is not required to repay the City for any payments the City makes pursuant to the guarantee.

On March 1, 2017, the City entered into intergovernmental contracts with the Hospital Authority of Bainbridge & Decatur County. The Authority issued \$9,330,000 Hospital Authority of the City of Bainbridge and Decatur County Revenue Anticipation Certificates, Series 2017A, and \$2,040,000 Hospital Authority of the City of Bainbridge and Decatur County Taxable Revenue Bonds, Series 2017B, for the purpose of financing the modification of property and acquisition of equipment. Payment for the bonds is secured by a pledge of tax revenues by the County and the intergovernmental contract with the City beginning September 1, 2018 through September 1, 2032. At September 30, 2017, the outstanding principal amount of the guaranteed debt is \$11,370,000. In the event the Indigent Care Reimbursements, SPLOST Payments, Net Revenues (as defined in the bond resolution) of the Authority and the additional payments to be made by the County are not sufficient to make required payments on the bonds, the City would be required to make the payment.

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REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF BAINBRIDGE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND
RELATED RATIOS**

	9/30/2015	9/30/2016	9/30/2017
Total pension liability			
Service cost	\$ 155,977	\$ 131,037	\$ 126,686
Interest	872,039	874,344	939,969
Differences between expected and actual experience	(188,034)	630,372	(337,899)
Changes of assumptions	(82,949)	-	-
Changes of benefit terms	-	-	(308,161)
Benefit payments, including refunds of employee contributions	(679,640)	(774,930)	(803,028)
Net change in total pension liability	<u>77,393</u>	<u>860,823</u>	<u>(382,433)</u>
Total pension liability - beginning	<u>11,591,933</u>	<u>11,669,326</u>	<u>12,530,149</u>
Total pension liability - ending (a)	<u>\$ 11,669,326</u>	<u>\$ 12,530,149</u>	<u>\$ 12,147,716</u>
Plan fiduciary net position			
Contributions - employer	\$ 508,312	\$ 513,517	\$ 424,435
Contributions - employee	-	-	-
Net investment income	942,322	112,520	973,314
Benefit payments including refunds of employee contributions	(679,640)	(774,930)	(803,028)
Administrative expense	(16,261)	(20,370)	(17,074)
Other	-	-	(262,379)
Net change in plan fiduciary net position	<u>754,733</u>	<u>(169,263)</u>	<u>315,268</u>
Plan fiduciary net position - beginning	<u>8,296,776</u>	<u>9,051,509</u>	<u>8,882,246</u>
Plan fiduciary net position - ending (b)	<u>\$ 9,051,509</u>	<u>\$ 8,882,246</u>	<u>\$ 9,197,514</u>
Association's net pension liability - ending (a) - (b)	<u>\$ 2,617,817</u>	<u>\$ 3,647,903</u>	<u>\$ 2,950,202</u>
Plan fiduciary net position as a percentage of the total pension liability	77.57%	70.89%	75.71%
Covered employee payroll	\$ 4,742,203	\$ 4,902,829	\$ 4,665,079
Association's net pension liability as a percentage of covered employee payroll	55.20%	74.40%	63.24%

Notes to Schedule:

Benefit changes: Effective January 1, 2016, 11 participants were transferred to the Bainbridge-Decatur County Recreation Authority Retirement Plan.

2015 was the first fiscal year that data has been measured in accordance with GASB Statement 68.

**CITY OF BAINBRIDGE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS**

	9/30/2015	9/30/2016	9/30/2017
Actuarially determined contribution	\$ 513,517	\$ 423,714	\$ 424,435
Contributions in relation to the actuarially determined contribution	513,517	423,714	424,435
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,742,203	\$ 4,902,829	\$ 4,665,079
Contributions as a percentage of covered-employee payroll	10.83%	8.64%	9.10%

Notes to Schedule:

Valuation Date:

The actuarially determined contribution rate was determined as of January 1, 2017, with an interest adjustment to the fiscal year.

Methods and assumptions to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Varies for the bases, with a net effective amortization period of 10 years.
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Inflation	3.25%
Salary increases	3.25% plus age and service based merit increases
Investment rate of return	7.75%
Retirement age	65
Mortality	RP-2000 Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

Benefit changes: Effective January 1, 2016, 11 participants were transferred to the Bainbridge-Decatur County Recreation Authority Retirement Plan.

2015 was the first fiscal year that data has been measured in accordance with GASB Statement 68.

**CITY OF BAINBRIDGE, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS**

Post Employment Healthcare Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
01/01/16	\$ -	\$ 716,574	\$ 716,574	0.0%	N/A	N/A
01/01/13	-	483,658	483,658	0.0%	4,941,982	9.8%
01/01/10	-	252,540	252,540	0.0%	5,522,378	4.6%

Note: Effective October 1, 2014, the Plan was closed to new retirees

**CITY OF BAINBRIDGE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	\$ 6,007,963	\$ 6,152,949	\$ 5,857,327	\$ (295,622)
Licenses and Permits	153,300	89,280	89,279	(1)
Intergovernmental	996,683	993,482	993,481	(1)
Charges for Services	56,570	45,431	45,429	(2)
Fines and Forfeitures	515,000	359,713	298,392	(61,321)
Investment Earnings	2,000	5,628	5,628	-
Other	103,020	82,284	77,965	(4,319)
Total Revenues	7,834,536	7,728,767	7,367,501	(361,266)
Expenditures:				
General Government:				
Mayor and council	340,381	386,306	386,306	-
City manager	241,066	251,833	251,833	-
Human resources	180,713	134,969	134,969	-
Finance, budget and accounting	935,859	903,678	903,678	-
Purchasing	148,832	142,314	142,314	-
City attorney	15,000	8,543	8,543	-
Total general government	1,861,851	1,827,643	1,827,643	-
Judicial:				
City court	292,126	263,286	263,283	3
Total judicial	292,126	263,286	263,283	3
Community Development:				
Mainstreet tourism	356,414	427,524	427,524	-
Building code enforcement	10,100	34,246	34,246	-
Communications	94,856	125,805	125,805	-
Code enforcement	503,875	537,336	537,336	-
Parks	778,232	806,119	806,119	-
Total community development	1,743,477	1,931,030	1,931,030	-
Public Works:				
Maintenance	106,692	104,880	104,880	-
Streets	2,096,547	2,101,088	2,101,088	-
Total public works	2,203,239	2,205,968	2,205,968	-
Public Safety:				
Services	4,313,509	4,403,693	4,403,693	-
Total public safety	4,313,509	4,403,693	4,403,693	-
Leisure services:				
Parks and cemeteries	220,000	37,887	37,887	-
Total leisure services	220,000	37,887	37,887	-
Debt Service	94,160	72,286	72,285	1
Total Expenditures	10,728,362	10,741,793	10,741,789	4
Excess (deficiency) of Revenues over Expenditures	(2,893,826)	(3,013,026)	(3,374,288)	(361,262)

**CITY OF BAINBRIDGE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Other Financing Sources (Uses):				
Transfers in	3,025,920	3,031,733	3,046,040	14,307
Sale of capital assets	15,000	22,982	22,982	-
Capital lease proceeds	600,000	732,657	732,657	-
Total Other Financing Sources (Uses)	<u>3,640,920</u>	<u>3,787,372</u>	<u>3,801,679</u>	<u>14,307</u>
Net Change in Fund Balance	<u>\$ 747,094</u>	<u>\$ 774,346</u>	427,391	<u>\$ (346,955)</u>
Reconciliation to GAAP Basis:				
Unbudgeted capital lease proceeds			279,374	
Unbudgeted capital outlay			<u>(279,374)</u>	
Fund Balance at Beginning of Year			<u>1,064,336</u>	
Fund Balance at End of Year			<u>\$ 1,491,727</u>	

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OTHER SUPPLEMENTAL INFORMATION

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**CITY OF BAINBRIDGE, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2017**

	Special Revenue Funds		Capital Project Funds		
	Hotel/Motel Tax	Confiscated Assets	Downtown Bainbridge Development Authority	Bainbridge Public Facilities Authority	Total Nonmajor
ASSETS					
Cash	\$ 26,614	\$ 24,021	\$ -	\$ -	\$ 50,635
Receivables	16,784	-	-	-	16,784
Prepaid items	-	-	-	127,069	127,069
Total assets	\$ 43,398	\$ 24,021	\$ -	\$ 127,069	\$ 194,488
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 9,562	\$ -	\$ -	\$ -	\$ 9,562
Due to other funds	26,246	-	-	-	26,246
Due to component unit	8,046	-	-	-	8,046
Total liabilities	43,854	-	-	-	43,854
Fund balances:					
Nonspendable	-	-	-	127,069	127,069
Restricted for:					
Public safety	-	24,021	-	-	24,021
Unassigned	(456)	-	-	-	(456)
Total fund balances	(456)	24,021	-	127,069	150,634
Total liabilities and fund balances	\$ 43,398	\$ 24,021	\$ -	\$ 127,069	\$ 194,488

**CITY OF BAINBRIDGE, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Special Revenue Funds			Capital Project Funds		
	Hotel/Motel Tax	Confiscated Assets	Downtown Bainbridge Development Authority	Bainbridge Public Facilities Authority	Total Nonmajor	
Revenues:						
Taxes	\$ 243,498	\$ -	\$ -	\$ -	\$ 243,498	
Intergovernmental	-	9,836	-	-	9,836	
Investment earnings	24	36	-	-	60	
Total revenues	<u>243,522</u>	<u>9,872</u>	<u>-</u>	<u>-</u>	<u>253,394</u>	
Expenditures:						
Current:						
Public safety	-	7,432	-	-	7,432	
Leisure services	97,399	-	-	-	97,399	
Debt service	-	-	376,334	682,538	1,058,872	
Total expenditures	<u>97,399</u>	<u>7,432</u>	<u>376,334</u>	<u>682,538</u>	<u>1,163,703</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>146,123</u>	<u>2,440</u>	<u>(376,334)</u>	<u>(682,538)</u>	<u>(910,309)</u>	
Other financing sources (uses):						
Transfers in	-	-	376,334	678,338	1,054,672	
Transfers out	(146,123)	-	-	-	(146,123)	
Total other financing sources (uses)	<u>(146,123)</u>	<u>-</u>	<u>376,334</u>	<u>678,338</u>	<u>908,549</u>	
Net change in fund balance	-	2,440	-	(4,200)	(1,760)	
Fund balance (deficit) at beginning of year	<u>(456)</u>	<u>21,581</u>	<u>-</u>	<u>131,269</u>	<u>152,394</u>	
Fund balance (deficit) at end of year	<u>\$ (456)</u>	<u>\$ 24,021</u>	<u>\$ -</u>	<u>\$ 127,069</u>	<u>\$ 150,634</u>	

**CITY OF BAINBRIDGE, GEORGIA
HOTEL/MOTEL TAX
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$243,498	\$243,498	\$ -
Investment earnings	24	24	-
Total revenues	<u>243,522</u>	<u>243,522</u>	<u>-</u>
Expenditures:			
Current:			
Leisure services	97,399	97,399	-
Excess of revenues over expenditures	<u>146,123</u>	<u>146,123</u>	<u>-</u>
Other financing sources (uses):			
Transfers out	<u>(146,123)</u>	<u>(146,123)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance at beginning of year		<u>(456)</u>	
Fund balance at end of year		<u>\$ (456)</u>	

CITY OF BAINBRIDGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Employee Benefits	City Shop	Total
<u>ASSETS</u>			
Current assets:			
Cash	\$ 11,120	\$ -	\$ 11,120
Accounts receivable	2,598	-	2,598
Due from other funds	-	969,554	969,554
Inventories	-	68,673	68,673
Prepaid items	17,460	2,630	20,090
Total current assets	<u>31,178</u>	<u>1,040,857</u>	<u>1,072,035</u>
Property, plant and equipment, net	<u>-</u>	<u>83,894</u>	<u>83,894</u>
Total assets	<u>31,178</u>	<u>1,124,751</u>	<u>1,155,929</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows related to pension	<u>-</u>	<u>41,458</u>	<u>41,458</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts and claims payable	232,797	9,001	241,798
Due to other funds	92,677	1,016,937	1,109,614
Capital leases	-	11,440	11,440
Accrued compensated absences	<u>-</u>	<u>17,014</u>	<u>17,014</u>
Total current liabilities	325,474	1,054,392	1,379,866
Long-term liabilities:			
Capital leases	-	40,233	40,233
Net pension liability	<u>-</u>	<u>135,369</u>	<u>135,369</u>
Total liabilities	<u>325,474</u>	<u>1,229,994</u>	<u>1,555,468</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows related to pension	<u>-</u>	<u>19,356</u>	<u>19,356</u>
<u>NET POSITION</u>			
Net investment in capital assets	-	32,221	32,221
Unrestricted	<u>(294,296)</u>	<u>(115,362)</u>	<u>(409,658)</u>
Total net position	<u>(294,296)</u>	<u>(83,141)</u>	<u>(377,437)</u>
Total liabilities and fund equity	<u>\$ 31,178</u>	<u>\$ 1,166,209</u>	<u>\$ 1,197,387</u>

**CITY OF BAINBRIDGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Employee Benefits	City Shop	Total
Operating revenues:			
Contributions	\$ 2,828,433	\$ -	\$ 2,828,433
Charges for services	-	729,772	729,772
Other	12,341	-	12,341
Total operating revenues	<u>2,840,774</u>	<u>729,772</u>	<u>3,570,546</u>
Operating expenses:			
Personal services	-	357,182	357,182
Operating	-	369,558	369,558
Depreciation	-	8,367	8,367
Benefits and claims	2,810,950	-	2,810,950
Total operating expenses	<u>2,810,950</u>	<u>735,107</u>	<u>3,546,057</u>
Operating income (loss)	<u>29,824</u>	<u>(5,335)</u>	<u>24,489</u>
Nonoperating revenues (expenses):			
Interest expense	-	(391)	(391)
Investment earnings	1,115	-	1,115
Income (loss)	<u>30,939</u>	<u>(5,726)</u>	<u>25,213</u>
Increase (decrease) in net position	30,939	(5,726)	25,213
Net position at beginning of year	<u>(325,235)</u>	<u>(77,415)</u>	<u>(402,650)</u>
Net position at end of year	<u>\$ (294,296)</u>	<u>\$ (83,141)</u>	<u>\$ (377,437)</u>

CITY OF BAINBRIDGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Employee Benefits	City Shop	Totals
Cash flows from (to) operating activities:			
Cash received from contributions and services provided	\$ 2,857,691	\$ 404,011	\$ 3,261,702
Cash payments for goods and services	-	(41,997)	(41,997)
Cash payments for claims and benefits	(2,836,583)	-	(2,836,583)
Cash payments for employee services and fringe benefits	-	(354,484)	(354,484)
Net cash from (to) operating activities	<u>21,108</u>	<u>7,530</u>	<u>28,638</u>
Cash flows from (to) capital and related financing activities:			
Interest paid	-	(391)	(391)
Principal payments on long-term debt	-	(7,139)	(7,139)
Net cash from (to) capital and related financing activities	<u>-</u>	<u>(7,530)</u>	<u>(7,530)</u>
Cash flows from (to) investing activities:			
Interest received	1,115	-	1,115
Net cash from (to) noncapital financing activities	<u>1,115</u>	<u>-</u>	<u>1,115</u>
Net increase (decrease) in cash	22,223	-	22,223
Cash at beginning of year	<u>(11,103)</u>	<u>-</u>	<u>(11,103)</u>
Cash (bank overdraft) at end of year	<u>\$ 11,120</u>	<u>\$ -</u>	<u>\$ 11,120</u>
Reconciliation of operating income (loss) to net cash from (to) operating activities:			
Operating income (loss)	\$ 29,824	\$ (5,335)	\$ 24,489
Adjustments to reconcile operating income (loss) to net cash from (to) operating activities:			
Depreciation	-	8,367	8,367
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(1,115)	566	(549)
(Increase) decrease in prepaid expenses	(17,460)	(251)	(17,711)
(Increase) decrease in due from other funds	35,492	(326,327)	(290,835)
(Increase) decrease in inventories	-	3,019	3,019
(Increase) decrease in deferred outflows related to pension	-	11,454	11,454
Increase (decrease) in accounts and claims payable	(28,310)	(9,873)	(38,183)
Increase (decrease) in accrued liabilities	-	1,486	1,486
Increase (decrease) in due to other funds	2,677	334,666	337,343
Increase (decrease) in net pension liability	-	(21,814)	(21,814)
Increase (decrease) in deferred inflows related to pension	-	11,572	11,572
Net cash from (to) operating activities	<u>\$ 21,108</u>	<u>\$ 7,530</u>	<u>\$ 28,638</u>
Supplemental disclosure of noncash investing and financing activities:			
Capital asset acquired by entering into a capital lease agreement	<u>\$ -</u>	<u>\$ 58,812</u>	<u>\$ 58,812</u>

CITY OF BAINBRIDGE, GEORGIA
NON-MAJOR DISCRETELY PRESENTED COMPONENT UNIT
BALANCE SHEET
SEPTEMBER 30, 2017

	Convention and Visitor's Bureau
<u>ASSETS</u>	
Due from primary government	\$ 56,283
Prepaid items	98
Total assets	\$ 56,381
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 11,963
Due to primary government	50
Total liabilities	12,013
<u>FUND BALANCE</u>	
Unassigned	44,368
Total fund balance	44,368
Total liabilities and fund balance	\$ 56,381
Total fund balance	\$ 44,368
Deferred outflows of resources are not an available resource and, therefore, are not reported in the fund.	1,640
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund:	
Net pension liability	(5,368)
Deferred inflows related to pension	(767)
Net position of component unit	\$ 39,873

**CITY OF BAINBRIDGE, GEORGIA
NON-MAJOR DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>Convention and Visitor's Bureau</u>
Revenues:	
Intergovernmental	\$ 87,853
Contributions	-
Investment earnings	<u>147</u>
Total revenues	<u>88,000</u>
Expenditures:	
Culture and recreation	<u>77,891</u>
Total expenditures	<u>77,891</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,109</u>
Net change in fund balance	10,109
Fund balance at beginning of year	<u>34,259</u>
Fund balance at end of year	<u><u>\$ 44,368</u></u>
Amounts reported for the component unit in the statement of activities are different because:	
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 fund.	
Net pension liability	\$ 943
Deferred outflows of resources related to pensions	249
Deferred inflows of resources related to pensions	<u>(456)</u>
	736
Net change in fund balance	<u>10,109</u>
Change in net position of component unit on the statement of activities	<u><u>\$ 10,845</u></u>



COMPLIANCE SECTION

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

The Honorable Edward Reynolds, Mayor
Members of the City of Bainbridge Board of Alderman
Bainbridge, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bainbridge, Georgia, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 5, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bainbridge, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we have reported to management of the City of Bainbridge, Georgia in a separate letter dated March 5, 2018.

Purpose of this Report

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

Richels, Cauley + Associates, LLC

Kennesaw, Georgia

March 5, 2018

CITY OF BAINBRIDGE, GEORGIA
HOTEL/MOTEL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

<u>Revenues</u>	<u>Expenditures *</u>	<u>Percentage Expended</u>
<u>\$ 243,522</u>	<u>\$ 243,522</u>	<u>100%</u>

* Expended in Hotel/Motel Special Revenue Fund and General Fund.

CITY OF BAINBRIDGE, GEORGIA
Schedule of Projects Constructed with Special Option Sales Tax #6 Proceeds
As of September 30, 2017

Project	Original Estimated Cost (1)	Prior Year	Current Year	Total
A. Water and Sewer bond service	\$ 6,500,000	\$ 5,863	\$ 2,688	\$ 8,551
B. General Fund bond service	3,000,000	5,376	2,688	8,064
C. Road Construction and Improvements	1,700,000	4,684	78,348	83,032
D. Recreation Improvements	1,000,000	35,875	-	35,875
G. Public Safety Equipment	<u>1,082,000</u>	<u>27,256</u>	<u>-</u>	<u>27,256</u>
Totals	<u>\$ 13,282,000</u>	79,054	83,724	162,778
Debt Service Expenditures		<u>2,009,592</u>	<u>1,419,587</u>	<u>3,429,179</u>
		<u>\$ 2,088,646</u>	<u>\$ 1,503,311</u>	<u>\$ 3,591,957</u>

Notes:

(1) Original Estimated Cost per Intergovernmental contract with Decatur County.