CITY OF BAINBRIDGE, GEORGIA

FINANCIAL REPORT

For the fiscal year ended
September 30, 2008

Prepared by:

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

CITY OF BAINBRDGE, GEORGIA
Financial Report for the fiscal year ended
September 30, 2008

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INTRODUCTORY SECTION

City of Bainbridge, Georgia
P.O. Box 158
Bainbridge, GA 39818

February 26, 2009

To the Honorable Mayor, Members of the Board of Aldermen, and Citizens
of the City of Bainbridge, Georgia:

State law requires that all general-purpose local governments publish with six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principals (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Basic Financial Statements of the City of Bainbridge, Georgia for the fiscal year ended September 30, 2008.

This report consists of management's representations concerning the finances of the City of Bainbridge, Georgia. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Bainbridge, Georgia has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Bainbridge, Georgia's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Bainbridge, Georgia's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Bainbridge, Georgia's financial statements have been audited by Lanigan & Associates, PC, a licensed certified public accounting firm. The goal of this independent audit was to provide reasonable assurance that the financial statements of the City of Bainbridge, Georgia for the fiscal year ended September 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting that amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Bainbridge, Georgia's financial statements for the fiscal year ended September 30, 2008, is fairly presented in conformity with GAAP.
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Bainbridge, Georgia's MD&A can be found immediately following the report of the independent auditor.

Single Audit section of this report.

The independent auditor's report is presented as the first component of the financial section of this report. The independent audit of the financial statements of the City of Bainbridge, Georgia was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

Profile of the Government

The City of Bainbridge, Georgia, incorporated in 1829, is located in the south-western corner of the state, which is considered to be in a moderate growth area of the state. The City of Bainbridge, Georgia, currently occupies a land area of six square miles and serves a population greater than 12,000. The City of Bainbridge, Georgia is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Bainbridge, Georgia has operated under the council-manager form of government since 1965. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the government's manager, attorney, and independent auditor. The government's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three council members elected every two years. The Mayor is elected to serve a four-year term. Five of the council members are elected by district. The mayor and the remaining council member are elected at large. The mayor pro term is appointed annually by a vote of the council.

The City of Bainbridge, Georgia provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; recreational activities, cultural events, and utility services. The utility services of the City of Bainbridge, Georgia include water, sewer, sewer treatment, garbage collection and disposal, and natural gas.

The annual budget serves as the foundation for the City of Bainbridge, Georgia's financial planning and control. All departments of the City of Bainbridge, Georgia are required to submit requests for appropriation to the government's manager on or before June 30 of each year. The government's manager uses these requests as the starting point for developing a proposed budget. The government's manager then presents this proposed budget to council for review prior to August 31. The council is required to hold public hearings on this proposed budget and to adopt a final budget no later than September 30, the close of the City of Bainbridge, Georgia's fiscal year. The appropriated budget is prepared by fund, function, and department. The government's manager can make transfers of appropriations within a department, but transfers of appropriations between departments, however, require the special approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Bainbridge, Georgia operates.

Local economy. The City of Bainbridge currently faces many challenges to the overall stability of the local economy. The regions manufacturing, industrial and agricultural sectors have all suffered destabilizing events that have contributed to the current negative trend of the city's unemployment rate. The short term expectation is that this instability will continue and may in fact intensify before any improvement is realized. In the long term; it is expected that the areas rich natural resources and the presence of major industries with headquarters or divisions located within the governments boundaries or in close proximity will result in the restoration of economic stability.

Long-term financial planning. The governing council built a beautiful marina on the bank of the Flint River. The City has completed a state of the art tennis complex in 2005. Eventually, more transportation enhancement grants will be secured to continue the beautification of downtown Bainbridge, and extend the project down to our greatest asset, the Flint River. The transportation enhancement projects will be funded from TEA Grants.

Several sanitary sewer projects are slated for the future in accordance with the City of Bainbridge, Georgia's Sanitary Sewer Master Plan. Many of these projects will be funded from a combination of sewer assessments, Special Purpose Local Option Sales Tax proceeds, and Community Development Block Grants. However, the City borrowed money from GEFA to expedite the projects.

Cash management policies and practices. Cash temporarily idle during the year was invested in certificates of deposits and money market accounts. The maturities of the investments range from 90 days to 13 months. With an average maturity of 12 months. The average yield on investments range from 3.57 to 5.42 percent.

Pension and other post employment benefits. The City of Bainbridge, Georgia sponsors a single-employer defined benefit plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of annual required contribution that the City of Bainbridge, Georgia makes to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City of Bainbridge, funds each year's annual required contribution to the pension plan as determined by the actuary. As a result of the City of Bainbridge, Georgia's conservative funding policy, the City of Bainbridge, Georgia has successfully succeeded as of September 30, 2008, in funding 100 percent of the present value of the projected benefits earned by employees. The City of Bainbridge, Georgia has no obligation in connection with employee benefits offered through this plan beyond its annual contractual payment to the defined benefit plan.

The City of Bainbridge also provides postretirement health care benefits for certain retirees and their dependents. As of the end of the fiscal year, there were two employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP does not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Acknowledgements

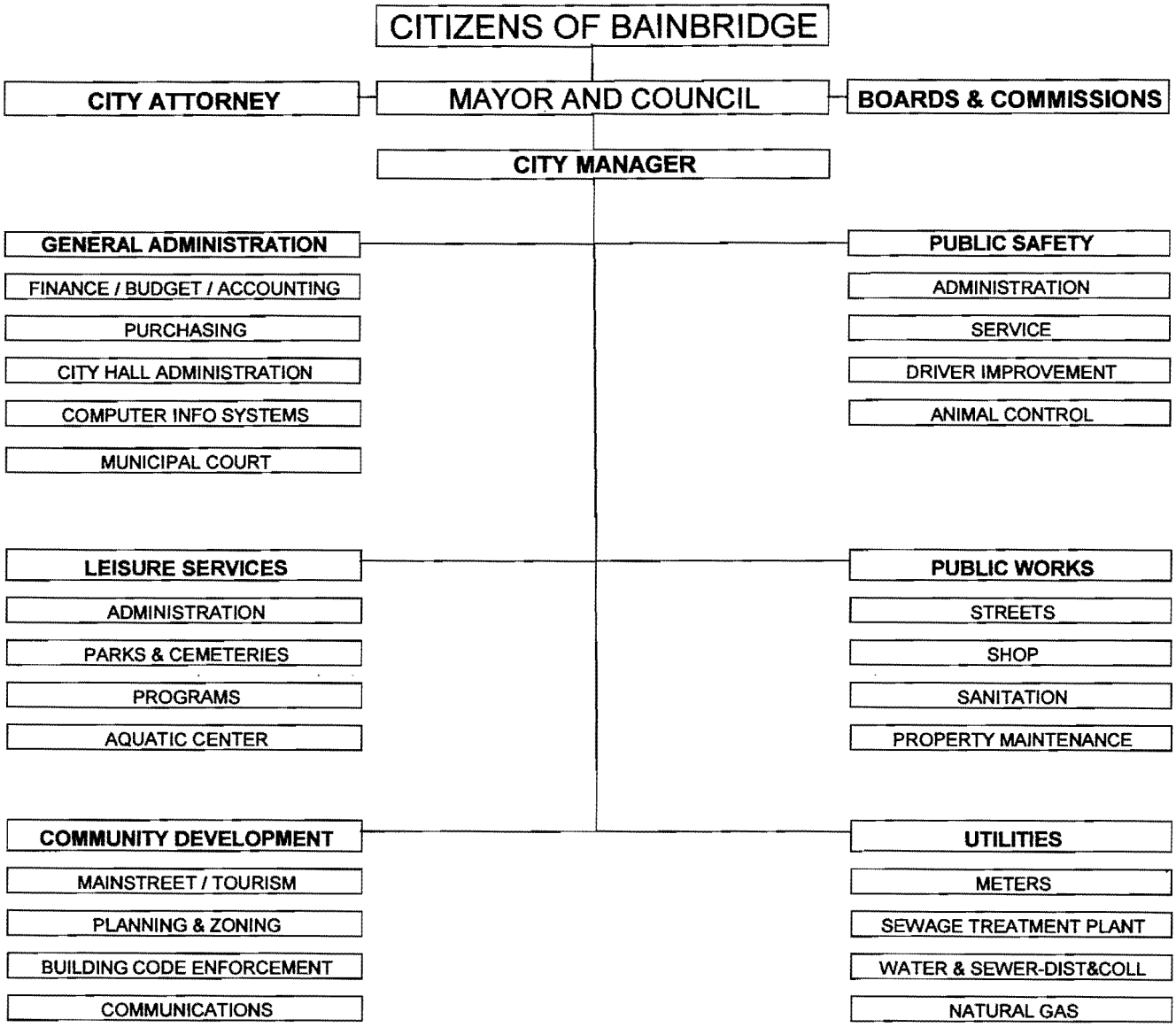
The preparation of this report would not have been possible without the efficient and dedicated staff of the Department of Finance. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also goes to the Mayor and Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Bainbridge, Georgia's finances.

Respectfully submitted,

Chris M. Hobby, City Manager

Lisa H. Taylor, Director of General Administration

CITY OF BAINBRIDGE, GEORGIA
ORGANIZATIONAL CHART



City of Bainbridge, Georgia
List of Elected and Appointed Officials
September 30, 2008

Elected Officials

Mark Harrell, Mayor

Board of Aldermen

Roslyn Palmer	Edward Reynolds
Joe Sweet	Luther Conyers, Jr.
Greg Waddell	Dean Burke

Appointed Officials

City Manager	Chris M. Hobby
Attorney	Tom Conger
City Auditor	Lanigan & Associates, P.C.
Director of General Administration	Lisa H. Taylor
Director of Leisure Services	Al Kelley
Director of Community Development	Amanda Glover
Director of Public Safety	Larry Funderburke
Director of Public Works	Tommy King
Director of Utilities	Ronnie Parish

FINANCIAL SECTION

LANIGAN & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

314 Gordon Avenue
Thomasville, GA 31792
(229) 226-8320
Facsimile: (229) 226-0038
E-Mail: lanigan@lanigancpa.com

2630 Centennial Place
Tallahassee, FL 32308
(850) 893-8418
Facsimile: (850) 893-9745
E-Mail: tallahassee@lanigancpa.com

3108 Piedmont Road, Suite 105
Atlanta, GA 30305
(404) 240-0348
E-Mail: lanigan@lanigancpa.com

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the Board of Aldermen
City of Bainbridge, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bainbridge, Georgia as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Bainbridge, Georgia's management. 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bainbridge, Georgia, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

MEMBERS OF: THE AMERICAN INSTITUTE OF CPA'S PRIVATE COMPANIES PRACTICE SECTION
THE GEORGIA SOCIETY OF CPA'S, THE FLORIDA INSTITUTE OF CPA'S, PKF NORTH AMERICAN NETWORK

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2009 on our consideration of the City of Bainbridge, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered is assessing the results of our audit.

The management's discussion and analysis (Pages 11-20), schedule of funding progress and other pension information (Page 59), governmental fund budgetary comparisons (Page 60-63), and non-major fund budgetary comparisons (Pages 70-75) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, combining and individual nonmajor fund financial statements, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Bainbridge, Georgia. The combining and individual nonmajor fund financial statements, other schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on it.

Lanigan & Associates, P.C.

Bainbridge, Georgia
February 24, 2009

MEMBERS OF: THE AMERICAN INSTITUTE OF CPA'S PRIVATE COMPANIES PRACTICE SECTION
THE GEORGIA SOCIETY OF CPA'S, THE FLORIDA INSTITUTE OF CPA'S, PKF NORTH AMERICAN NETWORK

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, 2008. 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 2-5 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $43,304,426 (net assets). Of this amount, $6,246,975 may be used to meet the government's ongoing obligation to citizens and to creditors.

- The government's total net assets increased by $451,311. This increase is mostly attributable to the investments in capital assets of the government activities.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $6,449,407 representing a decrease of $2,248,109 in comparison with prior years. Of this balance, $6,195,689 is available for spending at the government's discretion (unrestricted fund balance), subject to certain designations.

- At the end of the current fiscal year, unreserved fund balance for the general fund was $6,195,689, or 70% of total general fund expenditures.

- The City's total debt increased by $464,400 or 56% during the current fiscal year. This net increase was due to the fact that the aggregate amount of new borrowings exceeded the reductions of principal amounts outstanding, during the current fiscal year. Specifically, during the year the Company entered into a loan agreement with the Georgia Environmental Authority (GEFA). The proceeds from this loan will be used for certain utility infrastructure projects.

  As of September 30, 2008, the City owes $1,282,529 of debt government wide.

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 assets* presents information on all the City's assets and liabilities, with the difference between the two reported as *net assets.* Over time, the increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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, 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, revolving loan pool, and marina.

The government-wide financial statements can be found on pages 22-23 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 eight 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, Special Purpose Local Option Sales Tax #3, and Special Purpose Local Option Sales Tax #4, which are considered to be major funds. 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 24-27 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, Gas Fund, Sanitation Fund, Marina and its Revolving Loan Fund. *Internal Service funds* are an accounting devise 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 proprietary funds, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 28-32 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 33-57 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 59-63 of this report.

Other supplemental information can be found on pages 65-80 of this report.

Capital Assets Used in the Operation of Governmental Funds. Information pertaining to governmental funds capital assets can be found on pages 82-84 of this report.

Other reports. Other reports required by other governments can be found on pages 86-95 of this report.

Financial Analysis of the City as a Whole

City of Bainbridge – Net Assets

	2008			2007		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current assets	$ 7,870,224	$ 2,574,244	$ 10,444,468	$ 8,967,392	$ 2,318,683	$ 11,286,075
Non-current assets	357,209	138,767	495,976	367,613	266,294	633,907
Capital assets	18,463,200	18,340,533	36,803,733	15,770,754	17,905,266	33,676,020
Total assets	26,690,633	21,053,544	47,744,177	25,105,759	20,490,243	45,596,002
Current liabilities	1,911,291	466,214	2,377,505	786,342	392,271	1,178,613
Non-current liabilities	973,629	1,088,617	2,062,246	1,147,412	416,862	1,564,274
Total liabilities	2,884,920	1,554,831	4,439,751	1,933,754	809,133	2,742,887
Net assets:						
Invested in capital assets Net of related debt	18,198,517	17,322,687	35,521,204	15,314,960	17,542,932	32,857,892
Restricted	518,401	1,017,846	1,536,247	2,268,473	362,334	2,630,807
Unrestricted	5,088,795	1,158,180	6,246,975	5,588,572	1,775,844	7,364,416
Total net assets	$ 23,805,713	$ 19,498,713	$ 43,304,426	$ 23,172,005	$ 19,681,110	$ 42,853,115

The City's assets exceed liabilities by $43,304,426 at the close of the most recent fiscal year. Of this amount $23,805,713 came from governmental activities, and $19,498,713 came from business-type activities.

By far the largest portion of the City's net assets was comprised of Investment In Capital Assets, less any related debt used to acquire those assets with a balance of $35,521,204 or 82% of total net assets. 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.

Restricted net assets totaled $1,536,247 or 4%. The vast majority of this amount represents resources that are designated for construction projects.

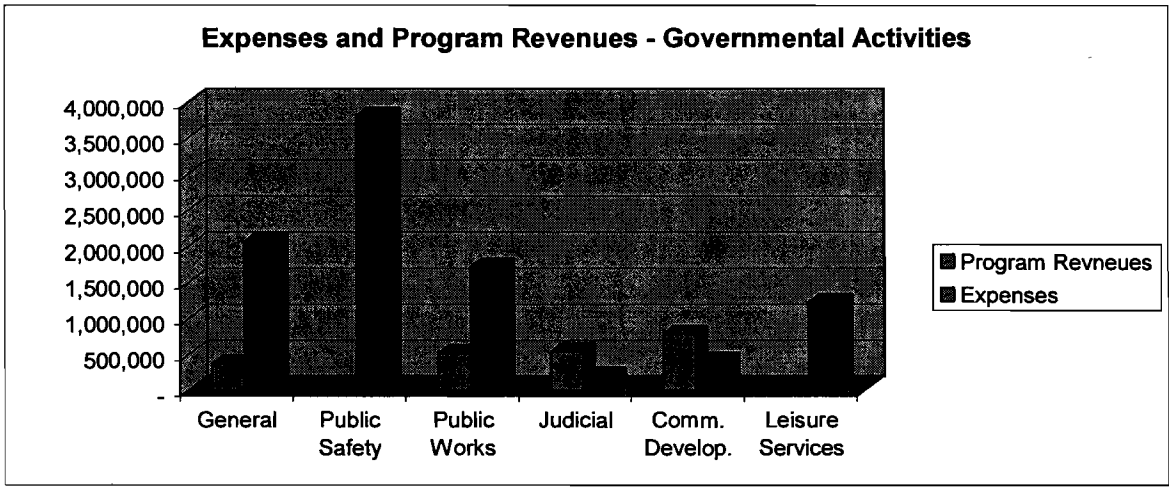
The remaining balance of $6,246,975 or 14% represents unrestricted net assets. This may be used to meet the City's obligations to citizens and creditors in accordance with the finance-related legal requirements. At the end of the current fiscal year, the City reports positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

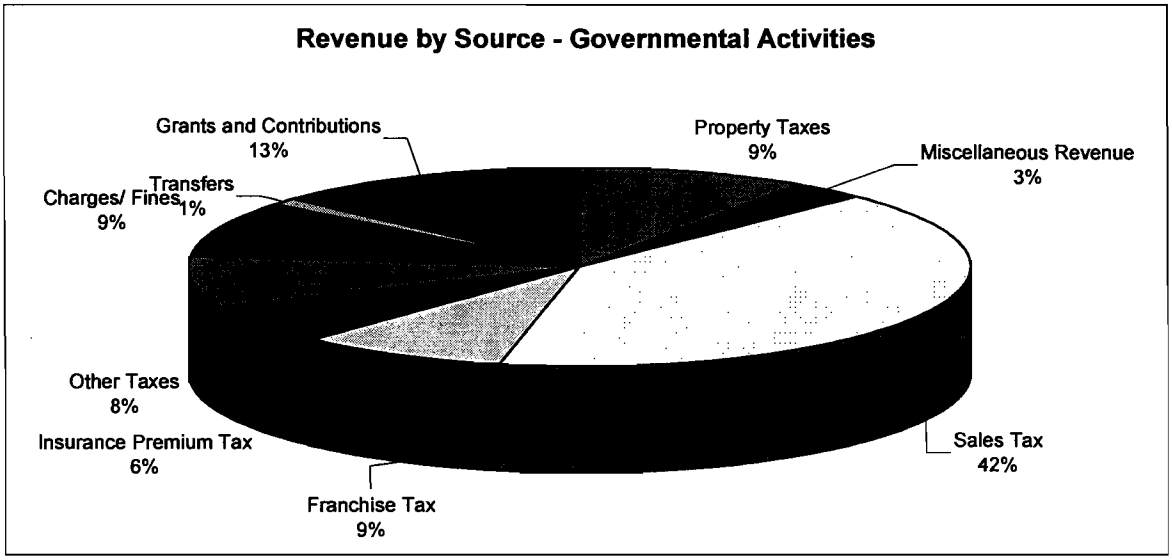
City of Bainbridge -- Statement of Activities

	2008			2007		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	$ 912,544	$ 7,378,191	$ 8,290,735	$ 857,125	$ 7,005,237	$ 7,862,362
Operating grants and contributions	383,516	-	383,516	98,325	-	98,325
Capital grants and contributions	924,886	-	924,886	704,509	-	704,509
General revenues:						
Property taxes	958,638	-	958,638	891,431	-	891,431
Other taxes	6,475,992	-	6,475,992	6,319,921	-	6,319,921
Other	315,681	-	315,681	528,343	36,884	565,227
Total revenues	9,971,257	7,378,191	17,349,448	9,399,654	7,042,121	16,441,775
Expenses:						
General government	2,080,251	-	2,080,251	1,862,960	-	1,862,960
Public safety	3,814,460	-	3,814,460	3,499,470	-	3,499,470
Public works	1,719,069	-	1,719,069	1,309,284	-	1,309,284
Judicial	204,184	-	204,184	202,788	-	202,788
Community development	413,679	-	413,679	411,574	-	411,574
Leisure services	1,229,107	-	1,229,107	1,146,585	-	1,146,585
Water & sewer	-	2,462,173	2,462,173	-	2,311,695	2,311,695
Natural gas	-	2,849,335	2,849,335	-	2,515,986	2,515,986
Sanitation	-	1,698,771	1,698,771	-	1,476,684	1,476,684
Marina	-	335,837	335,837	-	23,523	23,523
Revolving loan	-	91,271	91,271	-	-	-
D.D.A.	-	-	-	-	-	-
Total expenses	9,460,750	7,437,387	16,898,137	8,432,661	6,327,888	14,760,549
Increase in net assets before transfers	510,507	(59,196)	451,311	966,993	714,233	1,681,226
Ordinary transfers	123,201	(123,201)	-	790,152	(790,152)	-
Change in net assets	633,708	(182,397)	451,311	1,757,145	(75,919)	1,681,226
Nets assets, beginning of year	23,172,005	19,681,110	42,853,115	21,414,860	19,757,029	41,171,889
Ending net assets	$ 23,805,713	$ 19,498,713	$ 43,304,426	$ 23,172,005	$ 19,681,110	$ 42,853,115

The above statement shows the revenues and expenses by activities. Total revenue from governmental activities was $9,971,257 while expenses were $9,460,750. Net transfers from business-type activities amounted to $123,201 or 1% of total governmental funding.

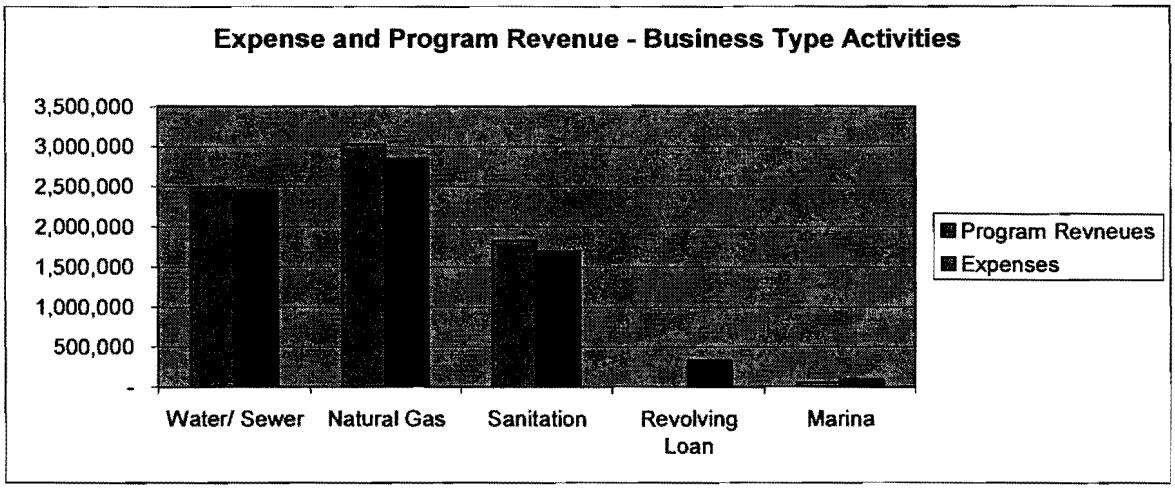
	2008	2007
Program Revenues:		
General Government	$ 371,305	$ 274,895
Public Safety	-	19,184
Public Works	521,506	192,509
Judicial	541,239	563,046
Community Development	786,896	110,325
Leisure Services	-	500,000
Total	$ 2,220,946	$ 1,659,959

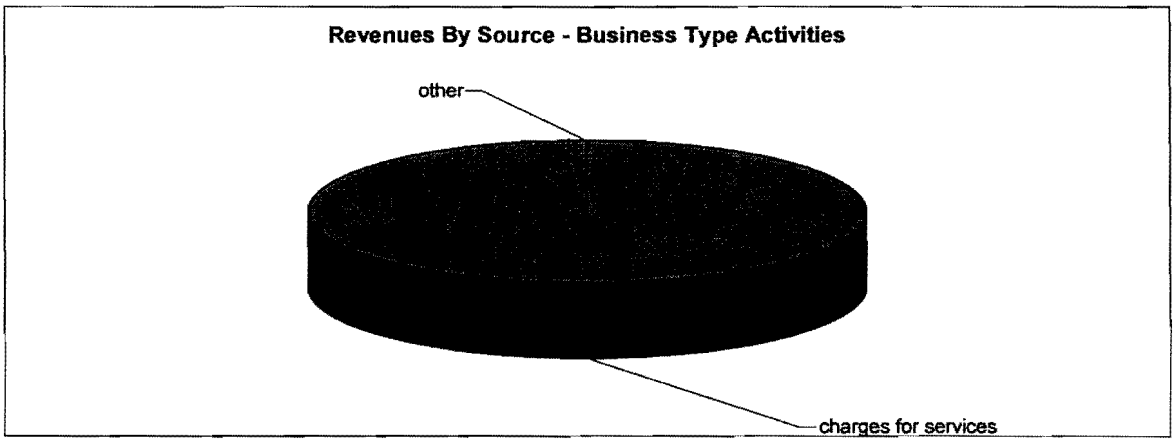




Business-type activities.

Revenues from business-type activities totaled $7,378,191 and expenses totaled $7,437,837. The following graphs display the expenses and program revenues for business-type activities and the revenues by sources 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, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $6,449,407, a decrease of $2,248,109. Approximately 96% (or $6,195,689) of this total amount constitutes unreserved fund balance, which is available for spending at the City's discretion subject to certain designations. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for post-closure care of the city landfill and voter designated projects.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was $6,195,689, while the total fund balance reached $6,505,516. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 70% of total general fund expenditures, while total fund balance represents 73% of that same amount. The fund balance of the City's general fund decreased by $705,359 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 assets at the end of the year amounted to:

- $374,516 for the Water & Sewer fund.
- $842,920 for the Natural Gas fund.
- ($223,622) for the Solid Waste (Sanitation) fund.
- $227,377 for the Revolving Loan fund.
- ($63,011) for the Marina.

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

Differences between the original budget and the final amended budget were relatively minor and can be briefly summarized as follows:

- Final annual matching of budget to actual.

These increases were funded by accumulated revenues in excess of expenditures in prior years.

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, 2008 amounts to $36,803,733 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, and streets. The total increase in the City's investment in capital assets for the current fiscal year was 9% (a 21% increase for governmental activities and a 2% increase for business-type activities).

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

- $595,796 current year addition for construction of the Marina.
- $396,548 current year addition for Street Paving Projects.
- $60,210 current year addition for Leisure Service Building Renovations.
- $135,542 current year addition for construction of Lift Station Upgrades.
- $906,687 current year addition for construction for Decatur County Schools.

Government Wide Capital Assets

	Governmental Activities	Business-type Activities	Total
Land	$ 2,341,139	$ 13,870	$ 2,355,009
Building and systems	7,834,040	25,322,877	33,156,917
Machinery and equipment	4,899,069	4,005,388	8,904,457
Infrastructure	5,904,291	-	5,904,291
Construction in progress	2,576,315	31,446	2,607,761
Accumulated depreciation	(5,091,654)	(11,033,048)	(16,124,702)
Total	$ 18,463,200	$ 18,340,533	$ 36,803,733

Long-term debt. At the end of the current fiscal year, the City had the following outstanding debt:

The City's total debt increased by $464,400 or 56% during the current fiscal year. This net increase was due to the fact that the aggregate amount of new borrowings exceeded the reductions of principal amounts outstanding, during the current fiscal year. Specifically, during the year the Company entered into a loan agreement with the Georgia Environmental Authority (GEFA). The proceeds from this loan will be used for certain utility infrastructure projects.

Additional information on the City's long-term debt can be found in note IV.F on page 47 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City is current 8%, which increased from a rate of 5.7% a year ago. This is slightly above the state's average unemployment rate of 6.9% and the national average unemployment rate of 6.1%.
- The occupancy rate of the City's central business district is 89%, slightly less than the prior year.

All of these factors were considered in preparing the City's budget for the 2007-2008 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 General Administration, P.O. Box 158, Bainbridge, GA 39818.

BASIC FINANCIAL STATEMENTS

City of Bainbridge, Georgia
Statement of Net Assets
September 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Cash and cash equivalents	$ 2,120,201	$ 33,229	$ 2,153,430	$ 18,836
Investments	2,595,775	748,810	3,344,585	397,754
Receivables (net of allowance for uncollectibles)	3,249,274	1,034,874	4,284,148	-
Property held for resale	-	-	-	42,683
Internal balances	(388,544)	388,544	-	-
Inventories	193,597	272,473	466,070	-
Prepaid items	99,921	96,314	196,235	-
Restricted assets:				
Cash and cash equivalents	47,382	13,876	61,258	-
Investments	309,827	124,891	434,718	-
Capital assets (net of accumulated depreciation):	13,672,163	18,295,217	31,967,380	
Capital assets, not being depreciated				
Land	2,341,139	13,870	2,355,009	-
Construction in progress	2,449,898	31,446	2,481,344	-
Total assets	$ 26,690,633	$ 21,053,544	$ 47,744,177	$ 459,273
LIABILITIES				
Accounts payable	$ 1,700,660	$ 243,480	$ 1,944,140	$ -
Wages and benefits payable	164,699	40,887	205,586	-
Deposits Payable	-	161,145	161,145	-
Unearned revenue	-	12,424	12,424	-
Accrued interest payable	-	8,278	8,278	-
Landfill Closure	-	-	-	-
Liabilities payable from restricted assets	45,932	-	45,932	-
Noncurrent liabilities:				
Due within one year	313,248	139,997	453,245	-
Due in more than one year	660,381	948,620	1,609,001	-
Total liabilities	2,884,920	1,554,831	4,439,751	-
NET ASSETS				
Invested in capital assets, net of related debt	18,198,517	17,322,687	35,521,204	-
Restricted for:				
Landfill closure	309,827	-	309,827	-
Debt service	264,683	1,017,846	1,282,529	-
Public safety	16,512	-	16,512	-
Culture and Recreation	25,699	-	25,699	-
Voter designated projects	(98,320)	-	(98,320)	-
Unrestricted	5,088,795	1,158,180	6,246,975	459,273
Total net assets	$ 23,805,713	$ 19,498,713	$ 43,304,426	$ 459,273

The notes to the financial statements are an integral part of this statement.

City of Bainbridge, Georgia
Statement of Activities
For the Year Ended September 30, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Downtown Development Authority
Primary Government:								
Governmental activities:								
General government	$ 2,065,051	$ 371,305	$ -	$ -	$ (1,693,746)	$ -	$ (1,693,746)	$ 840
Public safety	3,814,460	-	-	-	(3,814,460)	-	(3,814,460)	-
Public works	1,719,069	-	-	521,506	(1,197,563)	-	(1,197,563)	-
Judicial	204,184	541,239	-	-	337,055	-	337,055	-
Community development	413,679	-	383,516	403,380	373,217	-	373,217	-
Leisure services	1,229,107	-	-	-	(1,229,107)	-	(1,229,107)	-
Interest on long-term debt	15,200	-	-	-	(15,200)		(15,200)	
Total governmental activities	9,460,750	912,544	383,516	924,886	(7,239,804)	-	(7,239,804)	840
Business-type activities:								
Water and sewer	2,462,173	2,494,997	-	-	-	32,824	32,824	-
Natural gas	2,849,335	3,030,207	-	-	-	180,872	180,872	-
Sanitation	1,698,771	1,828,752	-	-	-	129,981	129,981	-
Revolving loan	335,837	-	-	-	-	(335,837)	(335,837)	-
Marina	91,271	48,662				(42,609)	(42,609)	
Total business-type activities	7,437,387	7,402,618	-	-	-	(34,769)	(34,769)	-
Total primary government	$ 16,898,137	$ 8,315,162	$ 383,516	$ 924,886	$ (7,239,804)	$ (34,769)	$ (7,274,573)	$ 840
Component Unit:								
Downtown Development Authority	$ 12,808	$ -	$ -	$ -				$ (12,808)
General revenues:								
Property taxes					$ 958,638	$ -	$ 958,638	$ -
Sales taxes					4,114,420	-	4,114,420	-
Franchise taxes					864,494	-	864,494	-
Insurance Premium Tax					656,059	-	656,059	-
Other taxes					841,018	-	841,018	-
Grants and contributions, not restricted to specific programs					-	-	-	-
Unrestricted investment earnings					180,122	4,417	184,539	18,437
Miscellaneous					135,560	(28,844)	106,716	11,162
Transfers					123,201	(123,201)	-	-
Total general revenues and transfers					7,873,512	(147,628)	7,725,884	29,599
Change in net assets					633,708	(182,397)	451,311	17,631
Net assets-beginning					23,172,005	19,681,110	42,853,115	441,642
Net assets-ending					$ 23,805,713	$ 19,498,713	$ 43,304,426	$ 459,273

The notes to the financial statements are an integral part of this statement.

City of Bainbridge, Georgia
Balance Sheet
Governmental Funds
September 30, 2008

	General	SPLOST # 3	SPLOST # 4	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 931,561	$ -	$ 1,094,014	$ 29,130	$ 2,054,705
Investments	2,834,993	-	44,910	25,699	2,905,602
Receivables (net of allowance)	2,405,720	-	831,699	11,855	3,249,274
Prepaid items	97,260	-	-	-	97,260
Due from other funds	557,871	-	-	-	557,871
Inventories	113,805	-	-	-	113,805
Cash-restricted	47,382	-	-	-	47,382
Total assets	$ 6,988,592	$ -	$ 1,970,623	$ 66,684	$ 9,025,899
LIABILITIES					
Liabilities:					
Accounts payable	$ 310,551	$ -	$ 992,883	$ 7,640	$ 1,311,074
Retainage payable	-	-	242,457	-	242,457
Wages and benefits payable	126,593	-	-	-	126,593
Intergovernmental payable	-	-	-	-	-
Due to other funds	-	-	833,603	16,833	850,436
Deferred revenue	-	-	-	-	-
Liabilities (restricted assets)	45,932	-	-	-	45,932
Total liabilities	483,076	-	2,068,943	24,473	2,576,492
FUND BALANCES					
Reserved					
Landfill closure	309,827	-	-	-	309,827
Public safety	-	-	-	16,512	16,512
Culture and recreation	-	-	-	25,699	25,699
Voter designated projects	-	-	(98,320)	-	(98,320)
Unreserved:	6,195,689	-	-	-	6,195,689
Total fund balances	6,505,516	-	(98,320)	42,211	6,449,407
Total liabilities and fund balances	$ 6,988,592	$ -	$ 1,970,623	$ 66,684	$ 9,025,899

The notes to the financial statements are an integral part of this statement.

City of Bainbridge, Georgia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
September 30, 2008

Total Fund Balance on the Balance Sheet - Governmental Funds (Page 24)	$ 6,449,407
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	18,463,200
Internal service funds are used by management to charge the cost of employee health care self-insurance and the city shop. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(133,265)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(973,629)
Net assets of governmental activities (Page 22)	$ 23,805,713

City of Bainbridge, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2008

	General	SPLOST # 3	SPLOST # 4	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Sales	$ 2,243,810	$ -	$ 1,870,610	$ -	$ 4,114,420
Property	958,638	-	-	-	958,638
Franchise	864,494	-	-	-	864,494
Insurance premiums	656,059	-	-	-	656,059
Occupational	366,142	-	-	-	366,142
Alcoholic beverage	327,611	-	-	-	327,611
Hotel/ Motel	-	-	-	117,300	117,300
Other	29,965	-	-	-	29,965
Permits	103,197	-	-	-	103,197
Intergovernmental	286,666	-	521,506	500,230	1,308,402
Charges for services	268,108	-	-	-	268,108
Fines	541,239	-	-	-	541,239
Investment earnings	156,891	3,577	18,549	1,104	180,121
Miscellaneous	94,603	-	-	19,632	114,235
Total revenues	6,897,423	3,577	2,410,665	638,266	9,949,931
EXPENDITURES					
Current:					
General government	1,918,706	-	-	-	1,918,706
Public safety	3,584,481	-	-	15,202	3,599,683
Public works	1,535,935	-	-	-	1,535,935
Judicial	204,404	-	-	-	204,404
Community development	270,354	-	-	143,770	414,124
Leisure services	1,083,287	-	-	10,673	1,093,960
Debt services:					
Principal	191,110	-	-	-	191,110
Interest	15,200	-	-	-	15,200
Capital outlay:	108,281	349,821	3,605,333	400,022	4,463,457
Total expenditures	8,911,758	349,821	3,605,333	569,667	13,436,579
Excess (deficiency) of revenues over (under) expenditures	(2,014,335)	(346,244)	(1,194,668)	68,599	(3,486,648)
OTHER FINANCING SOURCES (USES)					
Transfers in	1,287,651	-	-	-	1,287,651
Transfers out	-	-	-	(70,437)	(70,437)
Debt Issuance	-	-	-	-	-
Sale of surplus property	21,325	-	-	-	21,325
Total other financing sources and uses	1,308,976	-	-	(70,437)	1,238,539
Net change in fund balance	(705,359)	(346,244)	(1,194,668)	(1,838)	(2,248,109)
Fund balance -- beginning	7,210,875	346,244	1,096,348	44,049	8,697,516
Fund balance -- ending	$ 6,505,516	$ -	$ (98,320)	$ 42,211	$ 6,449,407

The notes to the financial statements are an integral part of this statement.

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 Year Ended September 30, 2008

Amounts reported for governmental activities in the statement of activities (page 23) are different because:	
Net change in fund balance--total governmental funds (page 26)	$ (2,248,109)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	3,906,693
Some items in governmental funds benefited Business-type activities, specifically the Water & Sewer fund. These items were capitalized on the business-type activity side; however, an adjustment totaling the contributed capital should be entered as a governmental expenditure since these items will never be capitalized on the governmental-type side.	(1,094,013)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	191,112
Some items are reported in the government-wide statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(131,415)
The net revenue of certain activities of internal service funds is reported with governmental activities.	9,440
Change in net assets of governmental activates (page 23)	$ 633,708

City of Bainbridge, Georgia
Statement of Net Assets
Proprietary Funds
September 30, 2008

	Business type activities-Enterprise Funds						Governmental Activities - Internal Service Funds
	Water and Sewer	Natural Gas	Sanitation	Revolving Loan	Marina	Totals	
ASSETS							
Current assets:							
Cash and cash equivalents	$ -	$ -	$ -	$ 12,134	$ 21,095	$ 33,229	$ 65,496
Investments	61,525	687,285	-	-	-	748,810	-
Accounts receivable (net of allowance for uncollectibles)	291,027	323,917	174,012	-	-	788,956	-
Note receivable	-	-	-	215,243	-	215,243	-
Special assessment receivable	30,675	-	-	-	-	30,675	-
Due from other funds	834,202	117	-	-	-	834,319	179,886
Inventories	210,286	44,468	17,719	-	-	272,473	79,792
Prepaid items	60,893	22,914	12,288	-	219	96,314	2,661
Total current assets	1,488,608	1,078,701	204,019	227,377	21,314	3,020,019	327,835
Long-term assets:							
Restricted cash and cash equivalents	13,876	-	-	-	-	13,876	-
Restricted investments	124,891	-	-	-	-	124,891	-
Total restricted assets	138,767	-	-	-	-	138,767	-
Capital assets:							
Land	-	-	13,870	-	-	13,870	-
Building and system	20,871,444	4,413,634	37,799	-	-	25,322,877	8,452
Machinery and equipment	809,670	237,913	2,957,805	-	-	4,005,388	143,592
Construction in progress	31,446	-	-	-	-	31,446	-
Less accumulated depreciation	(7,830,798)	(1,622,114)	(1,580,136)	-	-	(11,033,048)	(102,260)
Total capital assets (net of accumulated depreciation)	13,881,762	3,029,433	1,429,338	-	-	18,340,533	49,784
Total noncurrent assets	14,020,529	3,029,433	1,429,338	-	-	18,479,300	49,784
Total assets	$ 15,509,137	$ 4,108,134	$ 1,633,357	$ 227,377	$ 21,314	21,499,319	$ 377,619

The notes to the financial statements are an integral part of this statement.

City of Bainbridge, Georgia
Statement of Net Assets
Proprietary Funds
September 30, 2008

	Business type activities-Enterprise Funds						Governmental Activities - Internal Service Funds
	Water and Sewer	Natural Gas	Sanitation	Revolving Loan	Marina	Totals	
LIABILITIES							
Current liabilities:							
Accounts payable	$ 27,135	$ 176,031	$ 40,314	$ -	$ -	$ 243,480	$ 147,128
Due to other funds	181,564	-	179,886	-	84,325	445,775	275,866
Wages and benefits payable	23,080	6,180	11,627	-	-	40,887	8,861
Compensated absences	7,150	3,453	3,551	-	-	14,154	29,245
Deposits payable	124,841	36,304	-	-	-	161,145	-
Unearned revenue	12,424	-	-	-	-	12,424	-
Accrued interest payable	2,018	-	6,260	-	-	8,278	-
Notes payable-current	12,443	-	113,400	-	-	125,843	-
Total current liabilities	390,655	221,968	355,038	-	84,325	1,051,986	461,100
Long-term liabilities:							
Notes payable	833,603	-	58,400	-	-	892,003	-
Compensated absences	28,601	13,813	14,203	-	-	56,617	-
Total noncurrent liabilities	862,204	13,813	72,603	-	-	948,620	-
Total liabilities	$ 1,252,859	$ 235,781	$ 427,641	$ -	$ 84,325	2,000,606	$ 461,100
NET ASSETS							
Invested in capital assets, net of related debt	13,035,716	3,029,433	1,257,538	-	-	17,322,687	49,784
Restricted for debt service	846,046	-	171,800	-	-	1,017,846	-
Unrestricted	374,516	842,920	(223,622)	227,377	(63,011)	1,158,180	(133,265)
Total net assets	$ 14,256,278	$ 3,872,353	$ 1,205,716	$ 227,377	$ (63,011)	19,498,713	$ (83,481)

The notes to the financial statements are an integral part of this statement.

City of Bainbridge, Georgia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2008

	Business Type Activities-Enterprise Funds						Governmental Activities - Internal Service Funds
	Water and Sewer	Natural Gas	Sanitation	Revolving Loan	Marina	Totals	
Operating revenues:							
Charges for sales and services:							
Water sales	$ 1,745,053	$ -	$ -	$ -	$ -	$ 1,745,053	$ -
Sewer sales	613,195	-	-	-	-	613,195	-
Gas sales	-	2,877,538	-	-	-	2,877,538	-
Garbage collection sales	-	-	1,400,231	-	-	1,400,231	-
Landfill disposal sales	-	-	428,521	-	-	428,521	-
Interest on loan repayment	-	-	-	-	-	-	-
Other services	136,749	152,669	-	-	48,662	338,080	790,384
Premiums	-	-	-	-	-	-	1,830,986
Total operating revenues	2,494,997	3,030,207	1,828,752	-	48,662	7,402,618	2,621,370
Operating expenses:							
Costs of sales and services	-	2,235,880	321,225	-	23,804	2,580,909	-
Administration	2,037,615	522,839	1,202,530	335,837	67,467	4,166,288	2,606,402
Depreciation	424,558	90,616	175,016	-	-	690,190	6,148
Total operating expenses	2,462,173	2,849,335	1,698,771	335,837	91,271	7,437,387	2,612,550
Operating income	32,824	180,872	129,981	(335,837)	(42,609)	(34,769)	8,820
Nonoperating revenues (expenses)							
Investment earnings	-	-	-	7,968	-	7,968	620
Interest expense	(3,551)	-	-	-	-	(3,551)	-
Gain (loss) on sale of fixed assets	(28,844)	-	-	-	-	(28,844)	-
Total nonoperating revenue (expenses)	(32,395)	-	-	7,968	-	(24,427)	620
Income (loss) before contributions and transfers	429	180,872	129,981	(327,869)	(42,609)	(59,196)	9,440
Transfers In	1,142,120	-	-	-	-	1,142,120	-
Transfers Out	(675,060)	(238,090)	(352,171)	-	-	(1,265,321)	-
Change in net assets	467,489	(57,218)	(222,190)	(327,869)	(42,609)	(182,397)	9,440
Total net assets - beginning	13,788,789	3,929,571	1,427,906	555,246	(20,402)	19,681,110	(92,921)
Total net assets - ending	$ 14,256,278	$ 3,872,353	$ 1,205,716	$ 227,377	$ (63,011)	$ 19,498,713	$ (83,481)

The notes to the financial statements are an integral part of this statement.

City of Bainbridge, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2008

	Business Type Activities-Enterprise Funds						Governmental Activities - Internal Service Funds
	Water and Sewer	Natural Gas	Sanitation	Revolving Loan	Marina	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	$ 2,513,474	$ 2,899,022	$ 1,874,796	$ -	$ 48,662	$ 7,335,954	$ 2,621,370
Payments to employees	(939,188)	(260,648)	(519,607)	-	(49,102)	(1,768,545)	(395,572)
Payments to suppliers	(1,749,067)	(2,426,549)	(894,012)	(335,837)	6,213	(5,399,252)	(2,198,480)
Net cash provided by (used in) operating activities	(174,781)	211,825	461,177	(335,837)	5,773	168,157	27,318
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers in (out)	467,060	(238,090)	(352,171)	-	-	(123,201)	-
Net cash provided by (used in) noncapital financing activities	467,060	(238,090)	(352,171)	-	-	(123,201)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchase of capital assets	(1,154,302)	-	-	-	-	(1,154,302)	-
Proceeds from capital debt	833,603	-	-	-	-	833,603	-
Principal paid on capital debt	(69,085)	-	(109,006)	-	-	(178,091)	-
Interest paid on capital debt	(3,551)	-	-	-	-	(3,551)	-
Proceeds from sales of capital assets	-	-	-	-	-	-	-
Net cash (used in) capital and related financing activities	(393,335)	-	(109,006)	-	-	(502,341)	-
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from Revolving Note	-	-	-	45,163	-	45,163	-
Interest received	-	-	-	7,968	-	7,968	620
Proceeds from sales and maturities of investments	287,792	713,550	-	-	-	1,001,342	-
Purchase of investments	(186,416)	(687,285)	-	-	-	(873,701)	-
Net cash provided by investing activities	$ 101,376	$ 26,265	$ -	$ 53,131	$ -	$ 180,772	$ 620

The notes to the financial statements are an integral part of this statement.

City of Bainbridge, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2008

	Business Type Activities-Enterprise Funds						Governmental Activities - Internal Service Funds
	Water and Sewer	Natural Gas	Sanitation	Revolving Loan	Marina	Totals	
CASH FLOWS FROM INVESTING ACTIVITIES (Continued)							
Net increase in cash and cash equivalents	320	-	-	(282,706)	5,773	(276,613)	27,938
Cash and cash equivalents, October 1, 2007	13,556	-	-	294,840	15,322	323,718	37,558
Cash and cash equivalents, September 30, 2008	$ 13,876	$ -	$ -	$ 12,134	$ 21,095	$ 47,105	$ 65,496
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income (loss)	$ 32,824	$ 180,872	$ 129,981	$ (335,837)	$ (42,609)	$ (34,769)	$ 8,820
Adjustments to reconcile operating income to net cash provided by (used in) operating activites:							
Depreciation expense	424,558	90,616	175,016	-	-	690,190	6,148
(Increase) decrease in accounts receivable	18,477	(131,185)	46,044	-	-	(66,664)	-
(Increase) decrease in note receivable	-	-	-	-	-	-	-
(Increase) decrease in inventories	(33,018)	23,336	(9,853)	-	-	(19,535)	(24,935)
(Increase) decrease in prepaid items	6,242	(3,965)	56	-	(219)	2,114	(264)
(Decrease) in deposits payable	(5,291)	(4,700)	-	-	-	(9,991)	-
Increase (decrease) in accounts payable	15,795	49,075	7,346	-	(315)	71,901	24,907
Increase (decrease) in internal balances	(652,638)	4,343	104,769	-	50,160	(493,366)	(53,231)
Increase (decrease) in claims payable	-	-	-	-	(936)	(936)	58,488
Increase (decrease) in payroll liabilities	18,270	3,433	7,818	-	(308)	29,213	7,385
Increase (decrease) in deferred revenue	-	-	-	-	-	-	-
Total adjustments	(207,605)	30,953	331,196	-	48,382	202,926	18,498
Net cash provided by (used in) operating activities	$ (174,781)	$ 211,825	$ 461,177	$ (335,837)	$ 5,773	$ 168,157	$ 27,318

The notes to the financial statements are an integral part of this statement.

I. Summary of significant accounting policies

A. Reporting entity

The City of Bainbridge, Georgia is a municipal corporation governed by an elected Mayor and six-member council, and was incorporated under the laws of the State of Georgia in 1824.

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, in such, should be included within the City's financial statements. The City (the Primary Government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) is able to impose its will on the organization or (2) there is potential for the organization to provide specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component unit. The City's sole component unit (the Downtown Development Authority) is discussed in length in section V (E) of these notes. Governmental accounting standards require reasonable separation between the Primary Government and it's discretely presented component units, both in the financial statements and in the related notes and required supplement information. Because the discretely presented component unit, although legally separate, has been and is operated as if part of the primary government, there are limited instances where special note reference or separation will be required. If no separate note reference or categorization is made, the reader should assume that information presented is equally applicable.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 included among program revenues are reported as general revenues.

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

Indirect expenses are not allocated in the Statement of Activities.

C. Measurement focus, basis of accounting, and financial statement presentation

The accounting principles of the City of Bainbridge, Georgia conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), in conjunction with the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 34. This statement established new financial reporting requirements for state and local governments throughout the United States. The implementation creates new information and restructures much of the information governments have presented in the past. The GASB's intent is to make annual reports more comprehensive and easier to understand.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Special Purpose Local Option Sales Tax #3 fund accounts for the capital projects authorized by the voters.
- The Special Purpose Local Option Sales Tax #4 fund accounts for the capital projects authorized by the voters.

The City reports the following major proprietary finds:

- 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.
- The natural gas fund accounts for the activities of the natural gas distribution system.
- The sanitation fund accounts for the activities of refuse collection and delivery to the Decatur County landfill, including tipping fees.
- The revolving loan fund accounts for the activities of loaning monies to local business for the express benefit of increasing jobs within the City limits and the repayment of those funds, including principal and interest.
- The Marina fund accounts for the activity of the new marina on the Flint River.

Additionally, the City reports the following fund types:

- Internal service funds account for the employee benefit insurance transactions and the City shop transactions. The cost for insurance and vehicle and equipment repairs and maintenance is assigned to the departments of the City on a cost reimbursement basis.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are arm's length transactions between the funds of the City, where such elimination 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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

All of the City's investments are held with banks in checking accounts, saving accounts, certificates of deposits, and money market accounts. Investments for the City are reported at fair value.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles, including those for the water and sewer system, the natural gas

system, and the sanitation system. The property tax receivable allowance is equal to 2% of outstanding property taxes at September 30, 2008.

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy has a singular billing and is now mailed out in August of each year. The billings are considered past due on December 20th, at which time the applicable property is subject to lien, and penalties and interest are assessed.

3. Inventories and prepaid items

All inventories are valued at cost using the average cost method. Inventories of the government, for both governmental fund types and proprietary fund types, are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Certain resources set aside for repayment of enterprise fund notes payable are classified as restricted assets on the balance sheet, because their use is limited by applicable note covenants. An investment of the general fund is restricted on the City's balance sheet for the purpose of paying future estimated landfill closure and post-closure care.

5. 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. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The City evaluates the potential impairment of long-lived assets and adjusts the carrying value to fair value. Management recognized no impairments in the current fiscal year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Infrastructure assets capitalized have an original cost of $5,000 or more.

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. During the fiscal year ending September 30, 2008, no interest was capitalized in either the governmental or enterprise funds.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Asset	Years
Buildings	25-50
System Infrastructure	50
Public domain infrastructure	25-50
Improvements	25
Heavy duty vehicles	15
Machinery, equipment and computers	15
Light vehicles	5

6. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation, holiday, and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Accrued Liabilities

All payables and accrued liabilities are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. Debt service expenditures are recognized as a liability in the governmental fund financial statements when due.

8. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts as well as issuance costs, to the extent that they exist, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance cost are reported as deferred charges and amortized over the term of the related debt, if any.

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

8. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ for these estimates. The financial statements and schedules contained herein may include rounding differences in totals.

10. Reclassification of Prior Year Amounts

Certain prior year amounts have been reclassified to conform to current year presentation. These changes are immaterial to the financial statements.

II. Reconciliation of government-wide and fund financial statements

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

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net assets governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that capital assets of the general fund are not reported in the fund level financial statements because capital assets used in governmental activities are not financial resources. The details of this $18,463,200 difference are as follows:

Land	$	2,341,139
Buildings and Improvements		7,834,040
Machinery and Equipment		5,151,903
Infrastructure		5,904,291
Construction in Progress		2,576,315
Less: Accumulated Depreciation		(5,344,488)
Net Adjustments to Increase Fund Balance - Total Governmental Funds to Arrive at Net Assets - Governmental Activities	$	18,463,200

Another element of that reconciliation explains that "long-term liabilities" are not due and payable in the current period and, therefore, are not reported in the funds." The detail of this $973,629 difference is as follows:

Notes Payable and Capital Leases	$	264,683
Compensated Abscences		399,119
Landfill Post Closure Care Payable		309,827
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Assets - Governmental Activities	$	973,629

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balance-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The detail of this $3,780,276 difference is as follows:

Capital Outlay	$	4,463,457
Depreciation Expense		(683,181)
Net adjustment to increase net changes in fund balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	$	3,780,276

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities." The detail of this $455,794 difference is as follows:

Debt Issued or Incurred:		
Proceeds from Notes Payable (GEFA)	$	-
Principal repayments:		
Payments on Notes Payable		(191,112)
Net Adjustment to Decrease Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	$	(191,112)

III. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital project funds, which adopt project-length budgets. Specifically, the governmental-fund type budgets use the modified accrual basis of accounting.

Except as discussed below, all annual appropriations lapse at fiscal year end. During the week of July 15 of each year, all departments of the City submit request to the City manager so a budget can be prepared. Before September 15 of each year, the proposed budget is presented to and adopted by the Mayor and Council.

The appropriated budget is prepared by fund, function, and department. The City manager may make transfers of appropriations within a department. Transfers of appropriations between functions require the approval of the Mayor and Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level. The Council made several supplementary budgetary appropriations throughout the year; however, none were considered to be material.

On October 1, 2000, the City started using a modified encumbrance system of accounting for open purchase orders at year-end that are in excess of $1,000. There were no open purchase orders in excess of $1,000 as of September 30, 2008.

B. Excess of expenditures over appropriations

None reported.

C. Balanced budgets

From time to time, the budgets of the individual funds may not appear to balance in accordance with House Bill 1364 of the 1998 Session of the General Assembly. However, as all informed users of the financial statements know, some current year expenditures are financed through prior year's revenues in excess of expenditures. Further, current year expenditures may be financed through future year's revenues in excess of expenditures.

D. Deficit fund equity

At September 30, 2008, the following funds had a deficit balance in fund balance.

▪ SPLOST #4	$ 98,320
▪ Marina	63,011
▪ Employee Benefits	111,371

E. Litigation and Compliance with legal provisions

Litigation

Management does not anticipate any significant claims against the City in excess of insurance coverage.

Compliance with legal provisions

To the best of the City's knowledge, it is in compliance with all finance-related legal and contractual provisions.

IV. Detailed notes on all funds

A. Deposits and investments

Primary Government:

The City invests its surplus funds in certificates of deposit and other government-backed or collateralized instruments provided for by state law. Resources for these investments are provided by the various funds of the City. Interest earned on investments is presented in the financial statements of the various funds. At year end, the City's carrying amount of deposits was $6,410,581 and the bank balance was $5,082,615. Of the bank balance, $5,082,615 was covered by federal depository insurance (FDIC) or was collateralized with securities held by the pledging financial institution's trust department, but not in the City's name.

General Government	Fair Value	Weighted Average Maturity (Years)
Cash Accounts	$ 2,214,688	NA
Money Market Accounts	2,156,693	NA
Certificates of Deposit	1,622,610	0.75
Total	$ 5,993,991	
Component Unit		
Cash Accounts	$ 18,836	NA
Money Market Accounts	117,050	NA
Certificates of Deposit	280,704	0.75
Total	$ 416,590	

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means to managing its exposure to fair value losses arising from interest rates.

Credit Risk

The state of Georgia requires that deposits of public local government funds be protected by pledges of securities in an amount no less than 110% of the deposited amounts. Eligible collateral for deposit pledging includes U.S. Government Obligations, U.S. Agencies, State Obligations, General Obligations, World Bank, Merchant Marine bonds, and warrants. During the year all financial institutions complied with this provision of state law.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. The City does not have a formal Custodial Risk policy. As of September 30, 2008, the City did not have any balances exposed to custodial risk as uninsured and uncollateralized as defined by GASB pronouncements.

B. Receivables

Receivables as of the year end for the City's major funds and non-major funds, both governmental-type and business-type in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental-type			Business-type
	Major	Non-major	Total	Major
Receivables:				
Interest	$ 26,968	$ -	$ 26,968	$ -
Taxes	2,274,625	11,855	2,286,480	-
Note	-	-	-	215,243
Accounts	484,320	-	484,320	818,956
Special assessments	-	-	-	30,675
Intergovernmental	521,506	-	521,506	-
Gross receivables	$ 3,307,419	$ 11,855	$ 3,319,274	$ 1,064,874
Less: allowance for uncollectibles	(70,000)	-	(70,000)	(30,000)
Net Total Receivables	$ 3,237,419	$ 11,855	$ 3,249,274	$ 1,034,874

C. Property held for resale

During 2008, the Downtown Development Authority (DDA) purchased a piece of property as part of the Water Street revitalization project. As of September 30, 2008, the balance for this property held for resale was $42,683.

D. Capital Assets

Capital asset activity for the year ended September 30, 2008 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 2,341,139	$ -	$ -	$ 2,341,139
Construction in progress	2,389,887	4,355,176	(4,168,748)	2,576,315
Total non-depreciable capital assets	4,731,026	4,355,176	(4,168,748)	4,917,454
Capital assets, being depreciated:				
Buildings and Improvements	7,773,830	60,210	-	7,834,040
Machinery and equipment	4,909,424	116,062	(126,417)	4,899,069
Infrastructure	2,885,221	3,019,070	-	5,904,291
Total capital assets being depreciated	15,568,475	3,195,342	(126,417)	18,637,400
Less accumulated depreciation :				
Buildings and Improvements	(1,502,519)	(202,667)	-	(1,705,186)
Machinery and equipment	(2,802,282)	(254,004)	-	(3,056,286)
Infrastructure	(223,946)	(106,236)	-	(330,182)
Total accumulated depreciation	(4,528,747)	(562,907)	-	(5,091,654)
Total net depreciable capital assets	11,039,728	2,632,435	(126,417)	13,545,746
Net governmental activities capital assets	$ 15,770,754	$ 6,987,611	$ (4,295,165)	$ 18,463,200

	Beginning Balance	Increase	Decrease	Ending Balance
Business activities:				
Capital assets, not being depreciated				
Land	$ 13,870	$ -	$ -	$ 13,870
Construction in progress	-	31,446	-	31,446
Total non-depreciable capital assets	13,870	31,446	-	45,316
Capital assets, being depreciated:				
Buildings and Improvements	24,228,864	1,094,013	-	25,322,877
Machinery and equipment	4,110,683	28,842	(134,137)	4,005,388
Total capital assets being depreciated	28,339,547	1,122,855	(134,137)	29,328,265
Less accumulated depreciation :				
Buildings and Improvements	(8,868,626)	(473,825)	-	(9,342,451)
Machinery and equipment	(1,579,525)	(216,365)	105,293	(1,690,597)
Total accumulated depreciation	(10,448,151)	(690,190)	105,293	(11,033,048)
Total net depreciable capital assets	17,891,396	432,665	(28,844)	18,295,217
Net governmental activities capital assets	$ 17,905,266	$ 464,111	$ (28,844)	$ 18,340,533

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

Government activities:	
General government	$ 137,243
Public safety	104,556
Public works	184,785
Leisure services	136,323
Total	$ 562,907
Business-type activities:	
Water and Sewer	$ 424,558
Gas	90,616
Sanitation	175,016
Total	$ 690,190

Construction commitments

The City has the following active construction projects as of September 30, 2008:

Project	Original Commitment	Spent-to-Date	Remaining Commitment
Alice Street Sewer Project	$ 2,856,191	$ 1,342,724	$ 1,513,467
High School Infrastructure Extension Project	2,092,456	906,687	1,185,769
	$ 4,948,647	$ 2,249,411	$ 2,699,236

E. Inter-fund receivables, payables, and transfers

Inter-fund balances consist of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time between the dates that inter-fund goods or services are provided or reimbursable expenditures occur.

Receivable Fund	Payable Fund	Amount
General	Marina	$ 84,325
General	Water and Sewer	181,564
General	Internal Service	275,150
General	Nonmajor governmental	16,833
City Shop	Sanitation	179,886
Water and Sewer	SPLOST 4	833,603
Water and Sewer	Internal Service	599
Gas	Internal Service	117
		$ 1,572,077

The purpose of these "Due to/ From Other Funds" inter-fund balances was to facilitate cash flow.

Transfers:

Transfers In	Amount	Transfers Out	Amount
General	$ 1,217,214	Water and Sewer	$ 675,060
		Natural Gas	189,983
		Sanitation	352,171
General	70,437	Non-major	70,437
Water and Sewer	1,094,013	Government Wide (Capital Assets)	1,094,013
Water and Sewer	48,107	Natural Gas	48,107
Total	$ 2,429,771	Total	$ 2,429,771

The primary reason for the above listed transfers is that of full cost allocation.

F. Long-term debt

Note Payable:

In 1998, the City borrowed $1,561,185 from the Bank to call the series 1978 Bonds and to pay-off the Georgia Environmental Facilities Authority loan. The Bank loan is paid in quarterly installments including interest at the rate of 4.75%. Interest earned on pooled savings is less than this rate.

September 30,	Principal	Interest	Amount
2009	12,443	591	13,034
Total	$ 12,443	$ 591	$ 13,034

The note payable to the Bank is secured by the City's pledge of revenues of the water and sewer system. The loan facility also requires that a bank certificate of deposit in the amount of the principal plus the accumulated earnings be pledged to the Bank as a reserve for debt service. The market value of the certificate of deposit at September 30, 2008 was $13,034. The City did not receive a rate of return on any cash, cash equivalent, or investment in excess of 4.75%, and is thereby compliant with the Federal Arbitrage Provisions.

Notes Payable – Georgia Municipal Association Lease Pool

The City has purchased equipment and vehicles through Georgia Municipal Association Lease Pool. These Notes are as follows:

	Governmental Activities	Business-Type Activities
Note Payable to GMA, payable in quaterly installments of $35,714 including interest at 4.03% through December 2009.	$ 173,298	$ -
Note Payable to GMA, payable in quaterly installments of $45,499 including interest at 3.97% through December 2010.	91,385	171,800
Total	$ 264,683	$ 171,800

GMA notes payable annual debt service requirements are as follows:

	Governmtal Activities		
September 30,	Principal	Interest	Total
2009	233,424	8,025	241,449
2010	31,259	465	31,724
Total	$ 264,683	$ 8,490	$ 273,173

	Business Type Activities		
September 30,	Principal	Interest	Total
2009	113,400	5,144	118,544
2010	58,400	870	59,270
Total	$ 171,800	$ 6,014	$ 177,814

Note Payable: Georgia Environmental Facilities Authority

During September 2008, the City entered into a loan agreement with the Georgia Environmental Facilities Authority (GEFA). The debt proceeds from this loan will 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.

The principal and interest on this note is payable in two hundred thirty nine consecutive monthly installments equal to the installment amount, commencing on the first day of the calendar month following the amortization commencement date. The note bears interest at a rate of 4.27% annually. As of September 30, 2008, the debt proceeds on this note equaled $833,603.

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2008 was as follows:

	Balance 9/30/2007	Increase	Decrease	Balance 9/30/2008	Due Within One Year
Governmental activities:					
Notes Payable - GMA	$ 455,795	$ -	$ (191,112)	$ 264,683	$ 233,424
Landfill closure and post closure	322,680	-	(12,853)	309,827	-
Compensated absences	368,937	30,182	-	399,119	79,824
	$ 1,147,412	$ 30,182	$ (203,965)	$ 973,629	$ 313,248
Business activities:					
Notes Payable - GMA	$ 280,806	$ -	$ (109,006)	$ 171,800	$ 113,400
Notes Payable - GEFA	-	833,603	-	833,603	-
Notes Payable	81,528		(69,085)	12,443	12,443
Compensated absences	54,528	16,243	-	70,771	14,154
	$ 416,862	$ 849,846	$ (178,091)	$ 1,088,617	$ 139,997

Compensated absences

All full-time employees and acting full-time employees are eligible for annual leave and sick leave.

Years of Annual Hours Worked	Continuous Service	Annual Leave Earned Monthly	Maximum Hours Acceptable
2,080	0-7	6.67	80
2,080	8-14	10.00	120
2,080	15-19	13.33	160
2,080	20+	16.66	200
2,184	0-7	7.00	84
2,184	8-14	10.50	126
2,184	15-19	14.00	168
2,184	20+	17.50	210

All accumulated annual leave is payable upon resignation, retirement, or death. All eligible employees earn 8 hours of sick leave per month except public safety officers, who earn 8.4 hours. Eligible employees may accumulate sick leave up to 960 hours. After an employee accumulates the maximum of 960 hours, he may redeem additional leave earned at the rate of one day per every two days earned beyond the maximum. Accumulated sick leave benefits are available for the personal health care of an employee and immediate family members. Accumulated sick leave is forfeited on termination of employment.

G. Leases

Operating Leases:

As of September 30, 2008, the City was not the lessee in any operating lease.

Capital Leases:

As of September 30, 2008, the City was not the lessee in any capital leases.

V. Other information

A. Risk management

The City is exposed to various risk of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-insurance Fund (WCSLF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools. Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' 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 pools' 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 funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government's contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost 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.

B. Related party transactions

To the knowledge of the City, its Mayor and Council, and its management, there are no material related party transactions.

C. Subsequent events

To the knowledge of the City, its Mayor and Council, and its management, there are no material subsequent events that have impaired any asset of the City.

D. Contingent liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time and the City expects such amounts, if any, to be immaterial.

E. Discretely Presented Component Unit, Joint Ventures, and Related Organizations

Discretely Presented Component Unit:

The Downtown Development Authority (D.D.A.) - An authority created to oversee the development of downtown Bainbridge. Board members are appointed by the Mayor and Council, and the D.D.A. could be abolished by act of the Mayor and Council. The City, although it does not, could exert significant influence over the D.D.A.

Separate financial statements are available from the City's Director of Community Development at 107 Broad Street, Bainbridge, GA 39817.

Governmental accounting standards require reasonable separation between the Primary Government and it's discretely presented component units both in the financial statements and in the related notes and required supplement information. Because the discretely presented component unit, although legally separate, has been and is operated as if part of the primary government, there are limited instances where special note reference or separation will be required. If no separate note reference or categorization is made, the reader should assume that information presented is equally applicable.

Joint Ventures:

The City of Bainbridge, in conjunction with cities and counties in the fourteen (14) county Southwest Georgia areas are members of the Southwest Georgia Regional Development Center RDC). Membership in an RDC is automatic for each municipality and county in the state. The Official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RDCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RDC. The City paid annual dues in the amount of $13,300 to the RDC for the year ended September 30, 2008. The RDC Board membership

includes the chief elected official of each county and the chief elected official of each municipality. The county board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the non-public Board member from a county.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RDCs as "public agencies and instrumentalities of their members." Georgia laws also provide that the member governments are liable for any debts or obligations of an RDC beyond its resources. (O.C.G.A. 50-8-39.1) A copy of the Center's annual financial report is available at 30 West Broad Street, Camilla, Georgia 31730.

Related Organization:

The Housing Authority of the City of Bainbridge, Georgia is considered a related organization based upon the criteria in GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of some members appointed by the City of Bainbridge, Georgia. The City of Bainbridge, Georgia is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Bainbridge, Georgia is not a component unit, but is a related organization. A copy of the Authority's annual financial report is available at 108 South Sims Street, Bainbridge, Georgia 39817.

F. Other post employment benefits

The City of Bainbridge offers a postemployment health insurance benefit whereby the City subsidizes the cost of health care insurance for those retirees remaining with the City's group health plan. The post-employment benefits are not part of a qualified plan and accordingly, are included in the operations of the Employee Benefits Fund, on a pay as you go basis.

The City subsidizes a minimum of 50% of single or family coverage for those retiring on or after May 7, 2002. This benefit, which was approved at a regular session of Mayor and Council on May 7, 2002, is available to retirees from the date of retirement to the time they are eligible for Medicare benefits. As of year end, there were 2 retirees participating in the program. For the year ended September 30, 2008, the City paid $2,668 for these benefits, which was net of $3,070 of retiree contributions.

G. Employee retirement systems and pension plans

Deferred compensation plans:

The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salaries until future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Investments are managed by the plans trustees under one of four investment options, or a combination thereof. The choice of the investment option(s) is made by the participants.

Pension plan:

Plan description

The City participates in the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple employer public employee retirement system that acts as a common investment and administrative agent for cities in Georgia. GMEBS is a defined benefit pension plan, which provides retirement, disability, and death benefits to plan members and beneficiaries. GMEBS was created and is governed by Georgia Statute, O.C.G.A. 47-5-2. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street Southwest, Atlanta, GA 30033 or by calling (404) 688-0472.

Funding policy

The City contributes the full amount necessary to fund the plan, using minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The City's funding policy for the plan is to contribute an amount equal to the pension expense in each year. The required contribution rate of active plan members is $0.00. The actuarial value of assets was determined using fair market value.

Annual pension cost

For the year ended September 30, 2008, the City's annual pension cost of $349,836 was equal to the City's required and actual contributions. The required contribution was determined as part of the March 1, 2008 annual actuarial valuation using the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The actuarial assumptions included (a) an 8.0% investment rate of return, (b) projected salary increases of 5%, (c) additional projected salary increase of .5% a year, attributable to merit/seniority.

The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982 and current changes in the unfunded actuarial accrued liability over 15 years from actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods are closed for this plan year.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Actual Contribution	Net Pension Obligation
09/30/08	$ 242,551	100%	$ 349,836	$ -
09/30/07	215,582	100%	290,413	-
09/30/06	211,061	100%	268,833	-
09/30/05	193,621	100%	231,014	-
09/30/04	182,367	100%	190,961	-
09/30/03	160,801	100%	172,356	-

H. Group insurance

The City maintains a self-funded group insurance plan for City employees with stop-loss coverage provided by American National Insurance Company. Group Resources, Inc, of Duluth, Georgia, 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 reasonably 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 claim settlement trends including frequency and amount of payouts and other economic and social factors.

Current Fiscal Year	
Unpaid claims 9/30/2007	$ 50,000
Incurred claims	1,822,166
Claims paid	(1,763,678)
Unpaid claims 9/30/2008	$ 108,488
Prior Fiscal Year	
Unpaid claims 9/30/2006	$ 50,000
Incurred claims	1,384,817
Claims paid	(1,384,817)
Unpaid claims 9/30/2007	$ 50,000

I. Property taxes

The City contracted with the tax commissioner of Decatur County to bill and collect property taxes. For the year ended September 30, 2008, the following dates comprise the property tax calendar.

01/01/08	Date at which Decatur County established a tax roll and value for each property
07/30/08	Mileage rate set by Mayor & Council (considered levy date)
08/29/08	Property taxes were billed and notices were mailed
12/20/08	Bills became delinquent and penalties and interest were assessed
01/10/09	Enforceable lien attached on property of delinquent taxes

J. Hotel/ Motel Tax

During the year ended September 30, 2008, the City of Bainbridge, Georgia collected $117,300 in Hotel/Motel Tax in accordance with the 5% provision authorized by O.C.G.A. 48-13-51(a)(3). As required by O.C.G.A. 48-13-51, the City is required to expend an amount equal to the amount by which the 5% provision exceeds the tax that would have been collected at the 3% rate under O.C.G.A. 48-1 3-5 1 (a)(2) for the purpose of promoting tourism. The amount by which the 5% provision exceeds the 3% provision is $46,920. In accordance with the provision, the City expanded an amount in excess of this provision on promoting tourism.

Tax receipts	$	117,300
Interest		57
Total revenue	$	117,357
Amount expended (3% portion)	$	70,437
Amount expended (2% portion)		46,920
Total expenditures	$	117,357
Net change in fund balance	$	-
Amount of expenditures expressed as a percentage of tax receipts		100.05%
Amount of expenditures expressed as a percentage of total revenue		100.00%

K. Landfill closure and post-closure care costs

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 future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs has been accrued in full because the landfill is no longer accepting waste. The estimated liability for landfill closure and post-closure care costs has a balance of $309,827 as of September 30, 2008, which is based on 100% usage (filled) of the landfill. This liability results in the restriction of net assets as reported on the government-wide statement of net assets and expensed on the government wide statement of activities as incurred over a 30-year period, which began in the year 2000. This landfill was operated and accounted for in the general fund prior to the City's creation of a sanitation enterprise fund.

The estimated total current cost of the landfill closure and post-closure care of $309,827 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2008. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City of Bainbridge is required by state and federal laws and regulations to make annual contributions to finance closure and post-closure care. The City is in compliance with these requirements, and as of September 30, 2008, investments of $309,827 (market value) are held for these purposes. These investments are held and managed by the City and are restricted on the City's balance sheet. It is anticipated that future inflation costs will be financed in part from earnings on investments held by the City. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in post-closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

L. Changes in restrictions of net assets

The following changes to restricted net assets occurred during the year:

Landfill Closure and Post Closure Care:		
Restricted net assets - beginning balance	$	322,680
Decrease in restriction of net assets for adjustment to current estimated cost of landfill closure and post-closure care cost General Fund		(12,853)
Restricted net assets - ending balance	$	309,827
Debt Service for the Governmental Funds:		
Restricted net assets - beginning balance	$	455,795
Increase in restriction of net assets for proceeds on the GMA note during the year - Governmental		-
Decrease in restriction of net assets for payment of principal on the GMA note during the year - Governmental		(191,112)
Restricted net assets - ending balance	$	264,683
Debt Service for the Water and Sewer Fund:		
Restricted net assets - beginning balance	$	362,334
Increase in restriction of net assets for proceeds on notes during the year - Water and Sewer		833,603
Decrease in restriction of net assets for payment of principal on notes during the year - Water and Sewer		(178,091)
Restricted net assets - ending balance	$	1,017,846
Voter Designated Projects:		
Restricted net assets - beginning balance	$	1,442,592
Net increase in cash and investments on the Special Purpose Local Option Sales Tax funds after current year activity.		(1,540,912)
Restricted net assets - ending balance	$	(98,320)
Public Safety - Confiscated Assets:		
Restricted net assets - beginning balance	$	47,407
Net increase in cash on the confiscated assets fund after current year activitiy		(5,196)
Restricted net assets - ending balance	$	42,211
Government-wide restricted net assets as of September 30, 2008	**$**	**1,536,247**

REQUIRED SUPPLEMENTAL INFORMATION

City of Bainbridge, Georgia
Required Supplementary Information
Schedule of Funding Progress for the City of Bainbridge Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll c	UAAL as a Percentage of Covered Payroll (b-a)/c
03/01/08	$ 6,376,368	$ 7,061,663	$ 685,295	90.3%	$ 5,019,409	13.7%
03/01/07	5,883,852	6,350,322	466,470	92.7%	4,573,418	10.2%
03/01/06	5,423,967	5,772,740	348,773	94.0%	4,271,512	8.2%
03/01/05	5,038,296	5,298,856	260,560	95.1%	4,219,674	6.2%
03/01/04	4,710,485	4,770,365	59,880	98.7%	3,839,904	1.6%
03/01/03	4,449,964	4,483,055	33,091	99.3%	3,674,138	0.9%

City of Bainbridge, Georgia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
For the Year Ended September 30, 2008

	Budgeted Amounts			Variance with Final Budget - Over (Under)
	Original	Final	Actual Amounts	
REVENUES				
Taxes:				
Sales	$ 2,329,376	$ 2,329,376	$ 2,243,810	$ (85,566)
Occupational	371,199	371,199	366,142	(5,057)
Property Taxes	1,176,138	1,139,067	958,638	(180,429)
Franchise	822,255	859,330	864,494	5,164
Insurance premiums	705,979	705,979	656,059	(49,920)
Alcoholic beverage	316,083	327,611	327,611	-
Other	47,937	36,409	29,965	(6,444)
Permits	110,757	110,657	103,197	(7,460)
Intergovernmental	180,000	273,541	286,666	13,125
Charges for services	285,404	285,404	268,108	(17,296)
Fines	673,018	673,019	541,239	(131,780)
Investment earnings	233,363	190,921	156,891	(34,030)
Miscellaneous	953,467	902,468	94,603	(807,865)
Total revenues	8,204,976	8,204,981	6,897,423	(1,307,558)
EXPENDITURES				
Current:				
General government:				
Mayor & council	$ 301,210	$ 595,666	$ 595,666	$ -
City manager	206,098	243,964	212,446	31,518
Finance-office of the director	733,717	731,567	656,207	75,360
Purchasing	149,641	156,281	149,356	6,925
Computer Information Systems	164,791	164,791	149,346	15,445
Planning & Zoning	131,179	126,694	96,364	30,330
Building	72,651	73,449	71,945	1,504
Total general government	1,759,287	2,092,412	1,931,330	161,082
Judicial:				
City attorney	12,000	29,000	29,074	(74)
City court	190,394	190,394	175,330	15,064
Total judicial	202,394	219,394	204,404	14,990
Community development:				
Mainstreet tourism	252,293	268,949	264,563	4,386
Neighborhood watch/pub info	13,250	13,250	5,791	7,459
Total community development	265,543	282,199	270,354	11,845
Public works:				
Maintenance	126,412	126,912	126,259	653
Streets	1,299,921	1,416,676	1,416,676	-
Total public works	1,426,333	1,543,588	1,542,935	653
Public safety:				
Admin	450,590	450,660	450,660	-
Services	4,081,679	3,573,433	3,201,558	371,875
Driver improvement	28,261	28,261	20,920	7,341
Total public safety	4,560,530	4,052,354	3,673,138	379,216
Leisure services				
Admin	133,255	135,518	135,518	-
Programs	123,398	138,128	134,060	4,068
Pools	74,719	87,568	87,568	-
Tennis Center	96,020	99,320	91,309	8,011
Parks	669,552	660,554	634,832	25,722
Total leisure services	1,096,944	1,121,088	1,083,287	37,801

City of Bainbridge, Georgia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
For the Year Ended September 30, 2008

	Budgeted Amounts			Variance with Final Budget - Over (Under)
	Original	Final	Actual Amounts	
Debt service:				
Principal	190,291	191,110	191,110	-
Interest	16,019	15,200	15,200	-
Total debt service	206,310	206,310	206,310	-
Total expenditures	9,517,341	9,517,345	8,911,758	605,587
Excess (deficiency) of revenues over (under) expenditures	(1,312,365)	(1,312,364)	(2,014,335)	(701,971)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,290,157	1,290,157	1,287,651	(2,506)
Sale of surplus property	22,208	22,207	21,325	(882)
Proceeds Issue Debt	-	-	-	-
Total other financing sources and uses	1,312,365	1,312,364	1,308,976	(3,388)
Net change in fund balance	-	-	(705,359)	(705,359)
Fund balance -- beginning	7,210,875	7,210,875	7,210,875	-
Fund balannce -- ending	$ 7,210,875	$ 7,210,875	$ 6,505,516	$ (705,359)

Note: The budgetary basis of accounting used is modified accrual.

City of Bainbridge, Georgia
Special Purpose Local Option Sales Tax #3
Schedule of Revennes, Expenditures, and Changes in Fund Balances - Budget to Actual
From Inception and for the Year Ended September 30, 2008

	Prior Years	Current Year	Total to Date	Project Authorization
REVENUES				
Taxes:				
Sales	$ 5,976,936	$ -	$ 5,976,936	$ 6,370,000
Investment earnings	167,184	3,577	170,761	-
Intergovernmental	-	-	-	-
Total revenues	6,144,120	3,577	6,147,697	6,370,000
EXPENDITURES				
Capital outlay:				
Buildings and building improvements	924,185	-	924,185	820,000
Infrastructure	5,744,235	349,821	6,094,056	5,550,000
Total expenditures	6,668,420	349,821	7,018,241	6,370,000
Excess (deficiency) of revenues over (under) expenditures	(524,300)	(346,244)	(870,544)	-
Net change in fund balance	$ (524,300)	$ (346,244)	$ (870,544)	$ -
Fund balance -- beginning		346,244		
Fund balannce -- ending		$ -		

Note: The budgetary basis of accounting used is modified accrual.

City of Bainbridge, Georgia
Sprecial Purpose Local Option Sales Tax #4
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
From Inception and for the Year Ended September 30, 2008

	Prior Years	Current Year	Total to Date	Project Authorization
REVENUES				
Taxes:				
Sales	$ 4,518,767	1,870,610	$ 6,389,377	$ 10,228,400
Intergovernmental	-	521,506	521,506	-
Investment earnings	6,882	18,549	25,431	-
Total revenues	$ 4,525,649	$ 2,410,665	$ 6,936,314	$ 10,228,400
EXPENDITURES				
Capital outlay:				
Buildings and building improvements	250,000	-	250,000	-
Other Equipment	9,666	-	9,666	-
Infrastructure	5,166,527	3,605,333	8,771,860	10,228,400
Total expenditures	$ 5,426,193	$ 3,605,333	$ 9,031,526	$ 10,228,400
Excess (deficiency) of revenues over (under) expenditures	$ (900,544)	$ (1,194,668)	$ (2,095,212)	$ -
Net change in fund balance	$ (900,544)	(1,194,668)	$ (2,095,212)	$ -
Fund balance -- beginning		1,096,348		
Fund balannce -- ending		$ (98,320)		

Note: The budgetary basis of accounting used is modified accrual.

OTHER SUPPLEMENTAL INFORMATION

Non-Major Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Confiscated Assets Fund – This fund is used to account for confiscated assets that are received from public safety functions.

Visitors' Information Center Fund – This fund is used to account for the state operating grant to run the Southwest Georgia Visitors' Information Center.

Tennis Tournaments Fund – This fund is used to account for the special event tennis tournaments sponsored by the City.

Hotel/ Motel Tax Fund – This fund is used to account for the lodging tax imposed on places of occupancy within Bainbridge.

Capital Project Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Community Development Block Grant (CDBG) – Butler Ferry Road – This fund is used to account for the community development block grant that is funding the North East Bainbridge Sewer project.

Transportation Enhancement Grant (TEA Grant) – This fund account for the demolition, construction, and enhancement of the streetscape within the central business district.

City of Bainbridge, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2008

	Special Revenue				
	Confiscated Assets	Visitors' Information	Tennis Tournament	Hotel / Motel Tax Fund	Total
ASSETS					
Cash and cash equivalents	$ 16,512	$ -	$ -	$ 12,518	$ 29,030
Investments	-	-	25,699	-	25,699
Receivables (net of allowance)	-	-	-	11,855	11,855
Prepaid items	-	-	-	-	-
Due from other funds	-	-	-	-	-
Inventories	-	-	-	-	-
Cash-restricted	-	-	-	-	-
Total assets	$ 16,512	$ -	$ 25,699	$ 24,373	$ 66,584
LIABILITIES					
Liabilities:					
Accounts payable	$ -	$ -	$ -	$ 7,640	$ 7,640
Retainage payable	-		-	-	
Wages and benefits payable	-	-	-	-	-
Intergovernmental payable	-	-	-	-	-
Due to other funds	-	-	-	16,733	16,733
Deferred revenue	-	-	-	-	-
Liabilities payable from restricted assets	-	-	-	-	-
Total liabilities	-	-	-	24,373	24,373
FUND BALANCES					
Reserved for:					
Landfill closure	-	-	-	-	-
Reserved, reported in:					
General fund	-	-	-	-	-
Special revenue funds	16,512	-	25,699	-	42,211
Capital projects	-	-	-	-	-
Permanent funds	-	-	-	-	-
Total fund balances	16,512	-	25,699	-	42,211
Total liabilities and fund balances	$ 16,512	$ -	$ 25,699	$ 24,373	$ 66,584

City of Bainbridge
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2008

	Capital Projects CDBG–BF Bainbridge Sewer	Total Non-Major Governmental Funds
ASSETS		
Cash and cash equivalents	$ 100	$ 29,130
Investments	-	25,699
Receivables (net of allowance)	-	11,855
Prepaid items	-	-
Due from other funds	-	-
Inventories	-	-
Cash-restricted	-	-
Total assets	$ 100	$ 66,684
LIABILITIES		
Liabilities:		
Accounts payable	$ -	$ 7,640
Retainage payable	-	-
Wages and benefits payable	-	-
Intergovernmental payable	-	-
Due to other funds	100	16,833
Deferred revenue	-	-
Liabilities payable from restricted assets	-	-
Total liabilities	100	24,473
FUND BALANCES		
Reserved for:		
Landfill closure	-	-
Reserved, reported in:		
General fund	-	-
Special revenue funds	-	42,211
Capital projects	-	-
Permanent funds	-	-
Total fund balances	-	42,211
Total liabilities and fund balances	$ 100	$ 66,684

City of Bainbridge, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2008

	Special Revenue				
	Confiscated Assets	Visitors' Information	Tennis Tournament	Hotel / Motel Tax Fund	Total
REVENUES					
Taxes:					
Sales	$ -	$ -	$ -	$ -	$ -
Alcoholic beverage	-	-	-	-	-
Hotel/ Motel	-	-	-	117,300	117,300
Permits	-	-	-	-	-
Intergovernmental	-	96,850	-	-	96,850
Charges for services	-	-	-	-	-
Fines	-	-	-	-	-
Investment earnings	92	-	955	57	1,104
Miscellaneous	9,881	-	9,751	-	19,632
Total revenues	9,973	96,850	10,706	117,357	234,886
EXPENDITURES					
Current:					
General government	$ -	$ -	$ -	$ -	$ -
Public safety	15,202	-	-	-	15,202
Public works	-	-	-	-	-
Judicial	-	-	-	-	-
Community development	-	96,850	-	46,920	143,770
Leisure services	-	-	10,673	-	10,673
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	15,202	96,850	10,673	46,920	169,645
Excess (deficiency) of revenues over (under) expenditures	$ (5,229)	$ -	$ 33	$ 70,437	$ 65,241
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(70,437)	(70,437)
Debt Issuance	-	-	-	-	-
Sale of surplus property	-	-	-	-	-
Total other financing sources and uses	-	-	-	(70,437)	(70,437)
Net change in fund balance	(5,229)	-	33	-	(5,196)
Fund balance -- beginning	21,741		25,666	-	47,407
Fund balance -- ending	$ 16,512	$ -	$ 25,699	$ -	$ 42,211

City of Bainbridge, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2008

	Capital Projects CDBG - NE Bainbridge Sewer	Total Non-Major Governmental Funds
REVENUES		
Taxes:		
Sales	$ -	$ -
Alcoholic beverage	-	-
Hotel/ Motel	-	117,300
Permits	-	-
Intergovernmental	403,380	500,230
Charges for services	-	-
Fines	-	-
Investment earnings		1,104
Miscellaneous		19,632
Total revenues	403,380	638,266
EXPENDITURES		
Current:		
General government	$ -	$ -
Public safety	-	15,202
Public works	-	-
Judicial	-	-
Community development	-	143,770
Leisure services	-	10,673
Debt service	-	-
Capital outlay	400,022	400,022
Total expenditures	400,022	569,667
Excess (deficiency) of revenues over (under) expenditures	$ 3,358	$ 68,599
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	-	(70,437)
Debt Issuance	-	-
Sale of surplus property	-	-
Total other financing sources and uses	-	(70,437)
Net change in fund balance	3,358	(1,838)
Fund balance -- beginning	(3,358)	44,049
Fund balance -- ending	$ -	$ 42,211

City of Bainbridge, Georgia
Confiscated Assets Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Year Ended September 30, 2008

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget -- Positive (Negative)
REVENUES				
Investment earnings	$ 50	$ 50	$ 92	$ 42
Drug forfeitures	10,000	10,000	9,881	(119)
Total revenues	10,050	10,050	9,973	(77)
EXPENDITURES				
Current:				
Public safety	20,000	20,000	15,202	4,798
Total expenditures	20,000	20,000	15,202	4,798
Excess (deficiency) of revenues over (under) expenditures	(9,950)	(9,950)	(5,229)	4,721
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Sale of surplus property	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balance	(9,950)	(9,950)	(5,229)	4,721
Fund balance -- beginning	21,741	21,741	21,741	-
Fund balannce -- ending	$ 11,791	$ 11,791	$ 16,512	$ 4,721

Note: The budgetary basis of accounting used is modified accrual.

City of Bainbridge, Georgia
Visitors' Information Center
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended September 30, 2008

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget – Positive (Negative)
REVENUES				
Intergovernmental	$ 98,325	$ 98,325	$ 96,850	$ (1,475)
Total revenues	98,325	98,325	96,850	(1,475)
EXPENDITURES				
Current:				
Community development	98,325	98,325	96,850	1,475
Total expenditures	98,325	98,325	96,850	1,475
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance -- beginning	-	-	-	-
Fund balannce -- ending	$ -	$ -	$ -	$ -

Note: The budgetary basis of accounting used is modified accrual.

City of Bainbridge, Georgia
Tennis Tournament
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Year Ended September 30, 2008

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget – Positive (Negative)
REVENUES				
Investment earnings	$ 1,000	$ 1,000	$ 955	$ (45)
Miscellaneous	12,000	12,000	9,751	(2,249)
Total revenues	13,000	13,000	10,706	(2,294)
EXPENDITURES				
Current:				
Leisure services	9,000	9,000	10,673	(1,673)
Total expenditures	9,000	9,000	10,673	(1,673)
Excess (deficiency) of revenues over (under) expenditures	4,000	4,000	33	(3,967)
Net change in fund balance	4,000	4,000	33	(3,967)
Fund balance -- beginning	25,666	25,666	25,666	-
Fund balannce – ending	$ 29,666	$ 29,666	$ 25,699	$ (3,967)

Note: The budgetary basis of accounting used is modified accrual.

City of Bainbridge, Georgia
Hotel/ Motel Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Year Ended September 30, 2008

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget -- Positive (Negative)
REVENUES				
Taxes:				
Hotel/Motel	$ 125,823	$ 125,823	$ 117,300	$ (8,523)
Investment earnings	50	50	57	7
Total revenues	125,873	125,873	117,357	(8,516)
EXPENDITURES				
Current:				
Judicial	50,241	50,242	46,920	3,322
Community development	-	-	-	-
Total expenditures	50,241	50,242	46,920	3,322
Excess (deficiency) of revenues over (under) expenditures	75,632	75,631	70,437	(5,194)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(75,632)	(75,631)	(70,437)	5,194
Sale of surplus property	-	-	-	-
Total other financing sources and uses	(75,632)	(75,631)	(70,437)	5,194
Net change in fund balance	-	-	-	-
Fund balance -- beginning	-	-	-	-
Fund balannce -- ending	$ -	$ -	$ -	$ -

Note: The budgetary basis of accounting used is modified accrual.

City of Bainbridge, Georgia
Community Development Block Grant - Butler Ferry Road
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
From Inception and for the Year Ended September 30, 2008

	Prior Years	Current Year	Total to Date	Project Authorization
REVENUES				
Intergovernmental	$ 27,000	$ 403,380	$ 430,380	$ 500,000
Investment earnings	-	-	-	-
Total revenues	27,000	403,380	430,380	500,000
EXPENDITURES				
Capital outlay:				
Infrastructure	30,358	400,022	430,380	500,000
Total expenditures	30,358	400,022	430,380	500,000
Excess (deficiency) of revenues over (under) expenditures	(3,358)	3,358	-	-
Net change in fund balance	$ (3,358)	3,358	$ -	$ -
Fund balance -- beginning		(3,358)		
Fund balannce -- ending		$ -		

Note: The budgetary basis of accounting used is modified accrual.

City of Bainbridge, Georgia
Transportation Enhancement Grant
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
From Inception and For the Year Ended September 30, 2007

	Prior Years	Current Year	Total to Date	Project Authorization
REVENUES				
Intergovernmental	$ 400,661	$ -	$ 400,661	$ 500,000
Investment earnings	-	-	-	-
Total revenues	400,661	-	400,661	500,000
EXPENDITURES				
Capital outlay:				
Infrastructure	400,661	-	400,661	500,000
Total expenditures	400,661	-	400,661	500,000
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	$ -	$ -	$ -	$ -
Fund balance -- beginning		-		
Fund balannce -- ending		$ -		

Note: The budgetary basis of accounting used is modified accrual.

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Employee Benefit Internal Service Fund – This fund is used to account for the provision of health care coverage to City employees and their families. The actual cost is charged out to the user departments to reimburse the insurance cost of the internal service funds.

City Shop Internal Service Fund – This fund is used to account for the repairs and maintenance to City vehicles and machinery. Charges are billed to the user departments that consist of a labor charge, a parts charge, and an overhead charge.

City of Bainbridge, Georgia
Internal Service Funds
Combining Statement of Net Assets
September 30, 2008

	City Shop	Employee Benefits	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ -	$ 65,496	$ 65,496
Due from other funds	179,886	-	179,886
Inventories	79,792	-	79,792
Prepaid items	2,661	-	2,661
Total current assets	262,339	65,496	327,835
Noncurrent assets:			
Capital assets:			
Land	-	-	-
Building and system	8,452	-	8,452
Machinery and equipment	143,592	-	143,592
Construction in progress	-	-	-
Less accumulated depreciation	(102,260)	-	(102,260)
Total capital assets,net of accumulated depreciation	49,784	-	49,784
Total noncurrent assets	49,784	-	49,784
Total assets	$ 312,123	$ 65,496	$ 377,619
LIABILITIES			
Current liabilities:			
Accounts payable	$ 38,640	$ 108,488	$ 147,128
Due to other funds	207,487	68,379	275,866
Wages and benefits payable	8,861	-	8,861
Compensated absences	29,245	-	29,245
Total current liabilities	284,233	176,867	461,100
Noncurrent liabilities:			
Notes payable	-	-	-
Capital leases payable	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	284,233	176,867	461,100
NET ASSETS			
Invested in capital assets, net of related debt	49,784	-	49,784
Restricted for debt service	-	-	-
Unrestricted	(21,894)	(111,371)	(133,265)
Total net assets	$ 27,890	$ (111,371)	$ (83,481)

City of Bainbridge, Georgia
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended September 30, 2008

	City Shop	Employee Benefit	Total
Operating revenues:			
Charges for sales and services:			
Shop user charges	$ 790,384	$ -	$ 790,384
Premiums	-	1,830,986	1,830,986
Total operating revenues	790,384	1,830,986	2,621,370
Operating expenses:			
Administration	784,236	1,822,166	2,606,402
Depreciation	6,148	-	6,148
Total operating expenses	790,384	1,822,166	2,612,550
Operating income	-	8,820	8,820
Nonoperating revenues (expenses)			
Investment earnings	-	620	620
Interest expense	-	-	-
Gain (loss) on sale of fixed assets	-	-	-
Total nonoperating revenue (expenses)	-	620	620
Income (loss) before contributions and transfers	-	9,440	9,440
Transfers in	-	-	-
Donated capital assets	-	-	-
Transfers out	-	-	-
Change in net assets	-	9,440	9,440
Net Assets -- beginning	27,890	(120,811)	(92,921)
Total net assets - ending	$ 27,890	$ (111,371)	$ (83,481)

City of Bainbridge, Georgia
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended September 30, 2008

	City Shop	Employee Benefit	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 790,384	$ 1,830,986	$ 2,621,370
Payments to employees	(395,572)	-	(395,572)
Payments to suppliers	(394,812)	(1,803,668)	(2,198,480)
Net cash provided by (used in) operating activities	-	27,318	27,318
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers in (out)	-	-	-
Net advance to other funds	-	-	-
Net advance from other funds	-	-	-
Net cash provided by (used in) noncapital financing activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions	-	-	-
Purchase of capital assets	-	-	-
Net cash provided by (used in) capital and related financing activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	620	620
Proceeds from sales and maturities of investments	-	-	-
Purchase of investments	-	-	-
Loan principal received	-	-	-
Net cash provided by investing activities	-	620	620
Net increase in cash and cash equivalents	-	27,938	27,938
Cash and cash equivalents, October 1, 2007	-	37,558	37,558
Cash and cash equivalents, September 30, 2008	$ -	$ 65,496	$ 65,496

City of Bainbridge, Georgia
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended September 30, 2008

	City Shop	Employee Benefit	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ -	$ 8,820	$ 8,820
Adjustments to reconcile operating income to net cash provided by operating activites:			
Depreciation expense	$ 6,148	$ -	$ 6,148
(Increase) decrease in accounts receivable	-	-	-
(Increase) in inventories	(24,935)	-	(24,935)
(Increase) in prepaid items	(264)	-	(264)
Increase in accounts payable	24,907		24,907
(Decrease) in internal balances	(13,241)	(39,990)	(53,231)
Increase in claims payable	-	58,488	58,488
Increase in payroll liabilities	7,385	-	7,385
Total adjustments	$ -	$ 18,498	$ 18,498
Net cash provided by operating activities	$ -	$ 27,318	$ 27,318

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

City of Bainbridge, Georgia
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source[1]
September 30, 2008

	2008
Governmental fund capital assets:	
Land	2,341,140
Buildings	5,373,444
Improvements other than buildings	2,452,144
Machinery & equipment	4,688,605
Infrastructure	5,971,164
Construction in progress	2,576,315
Total governmental fund capital assets	$ 23,402,812
Investments in governmental funds capital assets by source:	
General fund	$ 20,826,497
Special revenue funds	2,576,315
Capital projects funds	-
Assets under capital lease	-
Total governmental funds capital assets	$ 23,402,812

[1]This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds, if any, are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Bainbridge, Georgia
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function & Activity[1]
September 30, 2008

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General government	$ 944,516	$ 2,476,987	$ 270,541	$ 307,234	$ 3,311,951	$ -	$ 7,311,229
Public safety	139,500	686,309	-	1,909,251	-	-	2,735,060
Public works	1,183,927	358,773	8,795	2,218,577	2,659,213	2,576,315	9,005,600
Purchasing	14,275	161,738	-	19,150	-	-	195,163
Leisure services	58,922	1,689,637	2,172,808	234,393	-	-	4,155,760
Total governmental funds capital assets	$ 2,341,140	$ 5,373,444	$ 2,452,144	$ 4,688,605	$ 5,971,164	$ 2,576,315	$ 23,402,812

[1]This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds, if any, are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Bainbridge, Georgia
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function & Activity[1]
For the fiscal year ended September 30, 2008

Function and Activity	Governmental Funds Capital Assets October 1, 2007	Additions	Deductions	Governmental Funds Capital Assets September 30, 2008
General government	4,964,497	2,346,732	-	7,311,229
Public safety	2,734,325	109,362	(108,627)	2,735,060
Public works	5,768,036	661,249	-	6,429,285
Purchasing	195,163	-	-	195,163
Leisure services	4,095,550	60,210	-	4,155,760
Construction in Progress	2,389,887	4,355,176	(4,168,748)	2,576,315
Total governmental funds capital assets	20,147,458	7,532,729	(4,277,375)	23,402,812

[1]This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds, if any, are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

REPORTS AND SCHEDULES REQUIRED BY GOVERNMENT AUDIT STANDARDS

LANIGAN & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

314 Gordon Avenue
Thomasville, GA 31792
(229) 226-8320
Facsimile: (229) 226-0038
E-Mail: lanigan@laniganpa.com

2630 Centennial Place
Tallahassee, FL 32308
(850) 893-8418
Facsimile: (850) 893-9745
E-Mail: tallahassee@laniganpa.com

3108 Piedmont Road, Suite 105
Atlanta, GA 30305
(404) 240-0348
E-Mail: lanigan@laniganpa.com

INDEPENDENT AUDITORS' 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 Mayor and Members
of the Board of Aldermen
City of Bainbridge, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bainbridge, Georgia as of and for the year ended September 30, 2008, which collectively comprise the City of Bainbridge, Georgia's basic financial statements and have issued our report thereon dated February 24, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Bainbridge, Georgia's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Bainbridge, Georgia's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Bainbridge, Georgia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Bainbridge, Georgia's financial statements that is more than inconsequential will not be prevented or detected by the City of Bainbridge, Georgia's internal control.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Bainbridge, Georgia's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Bainbridge, Georgia's financial statements are free of 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 reported to management of City of Bainbridge, Georgia in a separate letter dated February 24, 2009.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lanigan & Associates, P.C.

Bainbridge, Georgia
February 24, 2009

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LANIGAN & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

314 Gordon Avenue
Thomasville, GA 31792
(229) 226-8320
Facsimile: (229) 226-0038
E-Mail: lanigan@lanigancpa.com

2630 Centennial Place
Tallahassee, FL 32308
(850) 893-8418
Facsimile: (850) 893-9745
E-Mail: tallahassee@lanigancpa.com

3108 Piedmont Road, Suite 105
Atlanta, GA 30305
(404) 240-0348
E-Mail: lanigan@lanigancpa.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Bainbridge, Georgia, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2008. City of Bainbridge, Georgia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Bainbridge, Georgia's management. Our responsibility is to express an opinion on the City of Bainbridge, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bainbridge, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Bainbridge, Georgia's compliance with those requirements.

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In our opinion, the City of Bainbridge, Georgia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008.

Internal Control Over Compliance

The management of City of Bainbridge, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Bainbridge, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Bainbridge, Georgia's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lanigan & Associates, P.C.

Bainbridge, Georgia
February 24, 2009

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CITY OF BAINBRIDGE, GEORGIA
Schedule of Expenditures of Federal Awards
for the year ended September 30, 2008

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Federal Expenditures
PRIMARY GOVERNMENT			
U.S. DEPARTMENT OF HOMELAND SECURITY			
Emergency Preparedness and Response Directorate	97.044	EMW-2007-FO-01192	$ 203,578
U.S. DEPARTMENT OF JUSTICE			
Edward Byrne Memorial Justice Assistance Grant	16.738	2007-DJ-BX-0937	10,373
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass-through the Georgia Department of Community Affairs: Community Development Block Grant			
Butler Ferry Road	14.228	05p-x-043-2-2464	403,380
Employee Incentive Program	14.228	00Q-X043-2-2464	215,242
Total U.S. Department of Housing and Urban Development			618,622
Total Federal Grants			$ **832,573**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2008

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Bainbridge, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

CITY OF BAINBRIDGE, GEORGIA
Schedule of Findings and Questioned Costs
for the year ended December 31, 2008

Section I – Summary of Auditors' Results

1. Type of Audit Report issued on the Financial Statements:

   Unqualified.

2. Significant Deficiencies and/or Material Weaknesses in Internal Control:

   None Reported.

3. Noncompliance Material to Auditee Financial Statements:

   None Reported

4. Significant Deficiencies and/ or Material Weaknesses in Internal Control Over the Major Program:

   None Reported.

5. Type of Audit Report Issued on Compliance with Requirements Applicable to the Major Program:

   Unqualified Opinion

6. Audit Findings Relative to Section .510(a) of OMB Circular A-133:

   None Reported.

7. Major Federal Programs:

	CFDA#
CDBG – Butler Ferry Road	14.228
CDBG – Employee Incentive Program	14.228

8. Threshold:

   The threshold for distinguishing Type A or Type B programs was $300,000 for federal programs.

9. Auditee Risk Assessment?
   The organization did not qualify as a low risk auditee.

CITY OF BAINBRIDGE, GEORGIA
Schedule of Findings and Questioned Costs
for the year ended December 31, 2008

Section II – Financial Statement Findings

None Reported.

Section III – Federal Awards Findings and Questioned Costs

None Reported.

Section IV – Prior Year Audit Findings

None Reported.

REPORTS AND SCHEDULES REQUIRED BY THE STATE OF GEORGIA

CITY OF BAINBRIDGE, GEORGIA
Schedule of Projects Constructed with Special Option Sales Tax #3 Proceeds
As of 09/30/2008

	Project	Original Estimated Cost	Current Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Expenditures Total
A.	Water & Sewer / Recreational Capital Outlay Projects as approved by referendum	$ 6,370,000	$ -	$ -	$ -	$ -
B.	Water & Sewer Capital Outlay Projects:					
	Water & Sewer extensions & rehabilitations	-	1,167,630	1,007,978	6,488	1,014,466
	Douglas heights sewer	-	879,691	879,691	-	879,691
	Alice Street	-	667,784	-	-	-
	Basin 7 sewer rehabilitation	-	364,312	364,312	-	364,312
	Lincoln Street sewer rehabilitation	-	138,063	138,063	-	138,063
	Booster pumping station	-	82,637	82,637	-	82,637
	Neighborhood sewer project	-	56,607	56,607	-	56,607
	Cornbread Alley CDBG match	-	39,872	39,872	-	39,872
	MLK well pump	-	7,836	7,836	-	7,836
	Miscellaneous minor projects	-	2,991	4,341	-	4,341
C.	Recreational Improvement Projects					
	Tennis Center	-	1,000,000	1,280,913	-	1,280,913
	Marina	-	800,000	1,511,033	343,333	1,854,366
	Performing Arts Building	-	588,830	588,830	-	588,830
	Aquatic Center	-	388,832	388,832	-	388,832
	New Ballfields	-	200,656	200,656		200,656
	Reynolds Sports Park			32,369	-	32,369
	Miscellaneous minor projects			13,176	-	13,176
	Nature Trail	-	71,274	71,274	-	71,274
	Totals	$ 6,370,000	$ 6,457,015	$ 6,668,420	$ 349,821	$ 7,018,241

Notes:

1. This schedule is prepared on the modified accrual basis of accounting.
2. The "Current Estimated Cost" includes all expected expenditures of sales taxes collected and all interest earned as of September 30, 2008.

CITY OF BAINBRIDGE, GEORGIA
Schedule of Projects Constructed with Special Option Sales Tax #4 Proceeds
As of 09/30/2008

	Project	Original Estimated Cost	Current Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Expenditures Total
A.	Sewer master plan, leisure services, natural gas distribution project, storm drainage improvements, and street and sidewalk improvements as as approved by referendum	$ 10,228,400	$ 6,398,635	$ 130,937	$ 2,811,925	$ 2,942,862
B.	Sewer Master Plan:					
	NE Bainbridge Sewer	-	150,000	774,995		774,995
C.	Leisure Services:					
	Firehouse Gallery Renovation	-	250,000	250,000		250,000
	Recreation Improvements		1,443,063	1,443,063	369,562	1,812,625
D.	Natural Gas Distribution Project:					
	Cast Iron Gas Pipe Replacement	-	2,406,925	2,415,240		2,415,240
E.	Storm Drainage Improvements:	-	-	-		-
F.	Street & Sidewalk Improvements:	-	1,022,840	411,957	423,847	835,804
	Totals	$ 10,228,400	$ 11,671,463	$ 5,426,192	$ 3,605,334	$ 9,031,526

Notes:

1. This schedule is prepared on the modified accrual basis of accounting.
2. The "Current Estimated Cost" includes all expected expenditures of sales taxes collected and all interest earned as of September 30, 2008.