

City of Bainbridge, Georgia

Financial Report

For the Fiscal Year Ended

September 30, 2012

CITY OF BAINBRIDGE, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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INTRODUCTORY SECTION

City
of
Bainbridge

Georgia
at Its
Best

P.O. Box 158
Bainbridge, Georgia 39818

www.bainbridgecity.com

Phone (229) 248-2000
Fax (229) 248-2008

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

April 5, 2013

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

State law requires that all general-purpose local governments publish within 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, 2012.

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 Crace Galvis McGrath, LLC 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, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting that amounts and disclosures in the financial statement; 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, 2012, 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.

Profile of the Government

The City of Bainbridge, Georgia, incorporated in 1829, is located in southwestern Georgia in what is considered to be 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 is 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, municipal judge 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 remaining council member are elected at large. The mayor pro tem 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 July 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 begin to slowly recover with sluggish growth expected. 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 has continued to invest in infrastructure projects that are designed to generate revenue. In recent years the city has invested heavily in recreational and other "quality of life" amenities. The city also intends to continue to pursue funding from transportation enhancement grants to continue the improvement of multi modal transportation infrastructure within the city's central business district. All of the projects mentioned are in close proximity to the city's greatest asset, the Flint River and were conceived to generate new revenue for the city.

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. In order to expedite construction of these projects the city has been successful in securing low interest financing from the Georgia Environmental Facilities Authority.

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 the average maturity of 12 months. The average yield on investments range from .42 to .46 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 the a 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, Georgia 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, as of January 1, 2011, funded 89.67 percent of the present value of the projected benefits earned by employees.

The City of Bainbridge, Georgia 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.

Acknowledgements

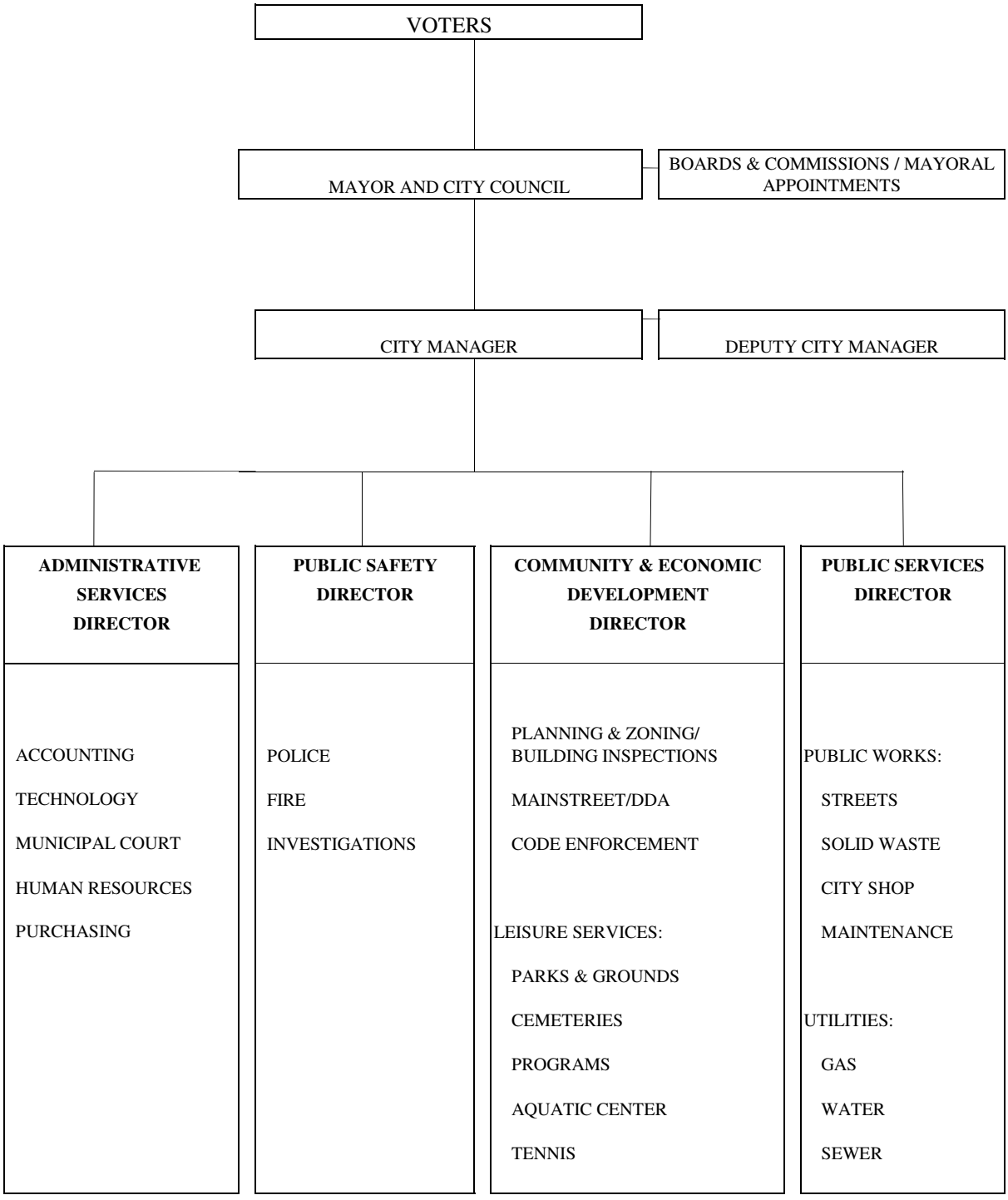
The preparation of this report would not have been possible without the efficient and dedicated staff of the Department of Finance. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also goes to the Mayor 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 Administrative Services

CITY OF BAINBRIDGE
ORGANIZATIONAL CHART



City of Bainbridge, Georgia
List of Elected and Appointed Officials
September 30, 2012

Elected Officials

Edward Reynolds, Mayor

Board of Aldermen

Roslyn Palmer	Glennie Bench
Joe Sweet	Luther Conyers, Jr.
Phil Long	Dean Burke

Appointed Officials

City Manager	Chris M. Hobby
Attorney	Tom Conger
Director of Administrative Services	Lisa H. Taylor
Director of Community Development	Amanda Glover
Director of Public Safety	Eric Miller
Director of Public Services	Steve Winburn



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bainbridge, Georgia, as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bainbridge, Georgia, as of September 30, 2012, and the respective changes in financial position, and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2013 on our consideration of the City of Bainbridge, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress on pages 3 through 11 and pages 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 fund statements and schedules, and compliance section are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund statements and schedules and compliance section have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules and compliance section, is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Crace Galvis McGrath, LLC

April 5, 2013

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, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iii of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $42,797,555 (net assets). Of this amount, $3,838,258 may be used to meet the government's ongoing obligation to citizens and to creditors.

- The government's total net assets as stated decreased by $2,190,929. This decrease 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 a combined ending fund balance of $7,035,478 representing an increase of $3,147,959 in comparison with the prior year's fund balance. Of this balance, $2,095,389 is available for spending at the government's discretion (unassigned fund balance). The increase in fund balance was attributed to SPLOST funds and Downtown Bainbridge Development Authority (blended component unit of the city) issuing revenue bonds for renovation of City Hall.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $2,095,389 or 23% of total general fund expenditures.

- The City's total debt increased by $8,158,438 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 City entered into a loan agreement with the Georgia Environmental Authority (GEFA). The proceeds from this loan will be used for certain utility infrastructure projects. Additionally, Downtown Bainbridge Development Authority (blended component unit of the city) issued $4,185,000 revenue bonds for renovation of City Hall.

- As of September 30, 2012, the City owes $15,194,234 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, telecommunications, and marina operations.

The government-wide financial statements can be found on pages 12-13 of this report.

Fund financial statements.
A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like the state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: 1) governmental funds, 2) proprietary funds, and 3) fiduciary funds.

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

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

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Special Purpose Local Option Sales Tax #5 Fund and the Downtown Bainbridge Development Authority Fund 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 14-16 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, Telecommunications Fund, and Marina 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, four of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 17-20 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 21-43 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 44-46 of this report.

Other supplemental information can be found on pages 47-53 of this report.

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

Financial Analysis of the City as a Whole

City of Bainbridge -- Net Assets

	2012			2011		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current assets	$ 6,829,528	$ 1,298,155	$ 8,127,683	$ 6,029,144	$ 1,463,163	$ 7,492,307
Non-current assets	3,883,940	150,188	4,034,128	104,565	152,290	256,855
Capital assets	22,229,797	27,294,660	49,524,457	21,031,644	26,161,244	47,192,888
Total assets	32,943,265	28,743,003	61,686,268	27,165,353	27,776,697	54,942,050
Current liabilities	2,654,472	287,014	2,941,486	1,337,266	313,809	1,651,075
Non-current liabilities	15,579,446	367,781	15,947,227	7,846,992	455,469	8,302,461
Total liabilities	18,233,918	654,795	18,888,713	9,184,258	769,278	9,953,536
Net assets:						
Invested in capital assets Net of related debt	10,428,577	26,993,416	37,421,993	15,050,702	25,771,064	40,821,766
Restricted	1,537,304	-	1,537,304	12,126	-	12,126
Unrestricted	2,743,466	1,094,792	3,838,258	2,918,237	1,236,355	4,154,592
Total net assets	$ 14,709,347	$28,088,208	$42,797,555	$ 17,981,065	$27,007,419	$44,988,484

The City's assets exceed liabilities by $42,797,555 at the close of the most recent fiscal year. Of this amount $14,709,347 came from governmental activities, and $28,088,208 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 $37,421,993 or 87% 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 $1,537,304 or less than 4% of total net assets. The vast majority of this amount represents resources that are designated for construction projects.

The remaining balance of $3,838,258 or 9% of total net assets represents unassigned net assets. This may be used to meet the City's obligations to citizen’s and creditors in accordance with the finance-related legal requirements. At the end of the current fiscal year, the City reports positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

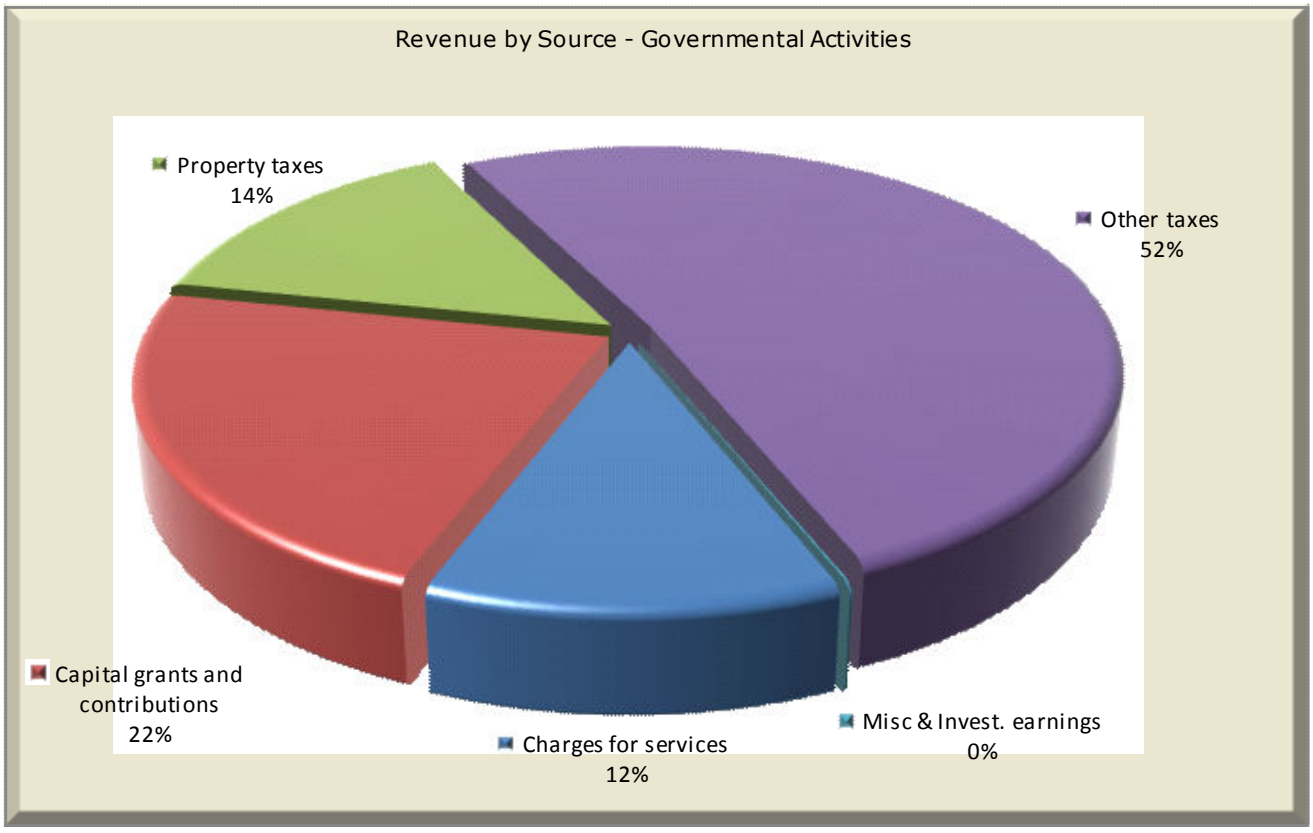
City of Bainbridge - Statement of Activities

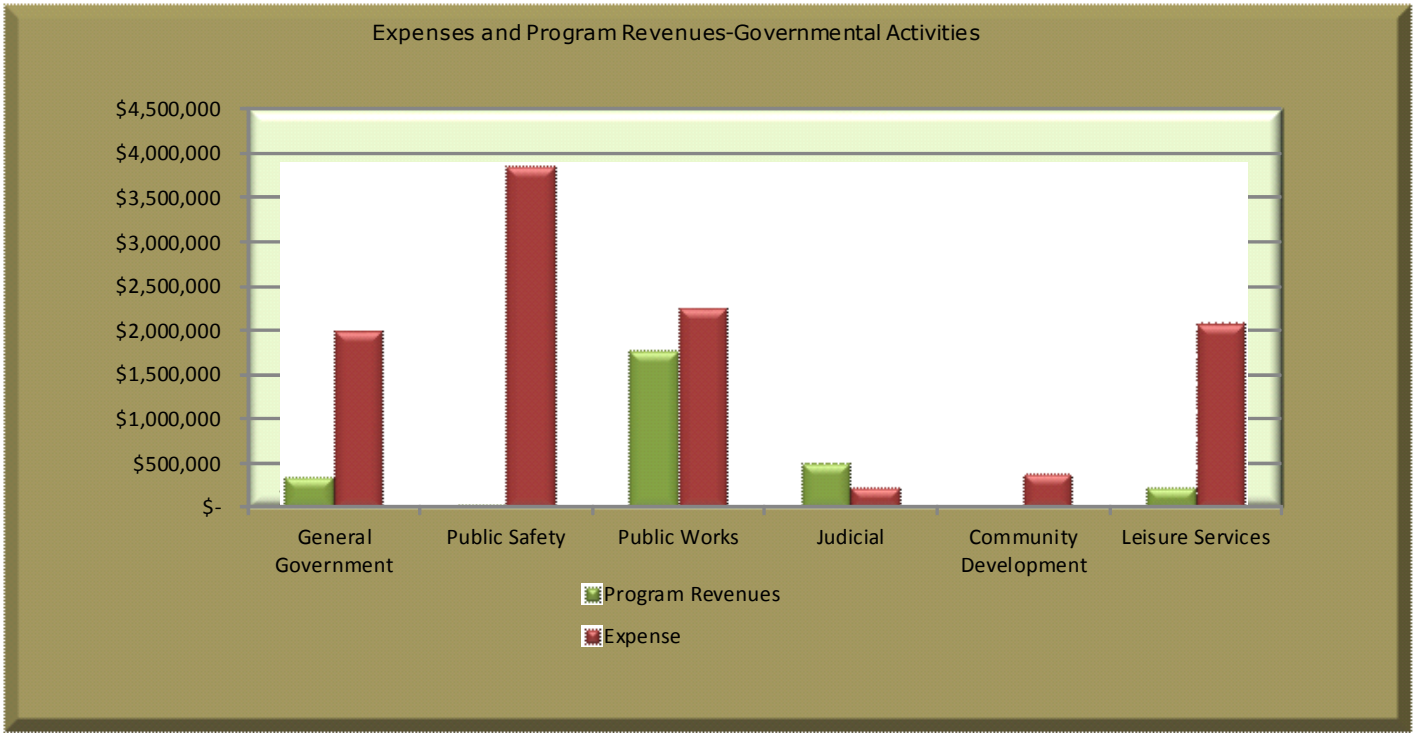
Revenues:	2012 Governmental Activities	2012 Business-type Activities	2012 Total	2011 Governmental Activities	2011 Business-type Activities	2011 Total
Program revenues:						
Charges for services	$ 1,036,543	$ 7,449,617	$ 8,486,160	$ 1,052,788	$ 7,710,508	$ 8,763,296
Operating grants and contributions	-	-	-	2,801	-	2,801
Capital grants and contributions	1,919,128	-	1,919,128	2,242,004	-	2,242,004
General revenues:						
Property taxes	1,228,597	-	1,228,597	1,248,018	-	1,248,018
Other taxes	4,419,119	-	4,419,119	4,293,106	-	4,293,106
Other	5,822	6,465	12,287	14,654	54,677	69,331
Total revenues	8,609,209	7,456,082	16,065,291	8,853,371	7,765,185	16,618,556
Expense:						
General government	1,998,966	-	1,998,966	1,755,769	-	1,755,769
Public safety	3,836,931	-	3,836,931	3,990,228	-	3,990,228
Public works	2,247,076	-	2,247,076	2,267,843	-	2,267,843
Judicial	239,091	-	239,091	240,017	-	240,017
Community development	401,752	-	401,752	434,732	-	434,732
Leisure services	2,085,199	-	2,085,199	1,562,720	-	1,562,720
Water & sewer	-	2,965,062	2,965,062	-	2,357,120	2,357,120
Natural gas	-	1,693,527	1,693,527	-	1,845,483	1,845,483
Sanitation	-	1,647,898	1,647,898	-	1,508,112	1,508,112
Marina	-	219,412	219,412	-	12,305	12,305
Telecommunications	-	505,774	505,774	-	238,582	238,582
Interest and fiscal charges on long-term debt	415,532	-	415,532	123,825	-	123,825
Total expenses	11,224,547	7,031,673	18,256,220	10,375,134	5,961,602	16,336,736
Increase (Decrease) in net assets before transfers	(2,615,338)	424,409	(2,190,929)	(1,521,763)	1,803,583	281,820
Transfers	(656,380)	656,380	-	(332,045)	332,045	-
Change in net assets	(3,271,718)	1,080,789	(2,190,929)	(1,853,808)	2,135,628	281,820
Nets assets, beginning of year, as restated	17,981,065	27,007,419	44,988,484	19,834,873	24,871,791	44,706,664
Nets assets, end of year	$14,709,347	$ 28,088,208	$42,797,555	$17,981,065	$27,007,419	$44,988,484

Governmental activities.

The above statement shows the revenues and expenses by activities. Total revenue from governmental activities was $8,609,209 while expenses were $11,224,547.

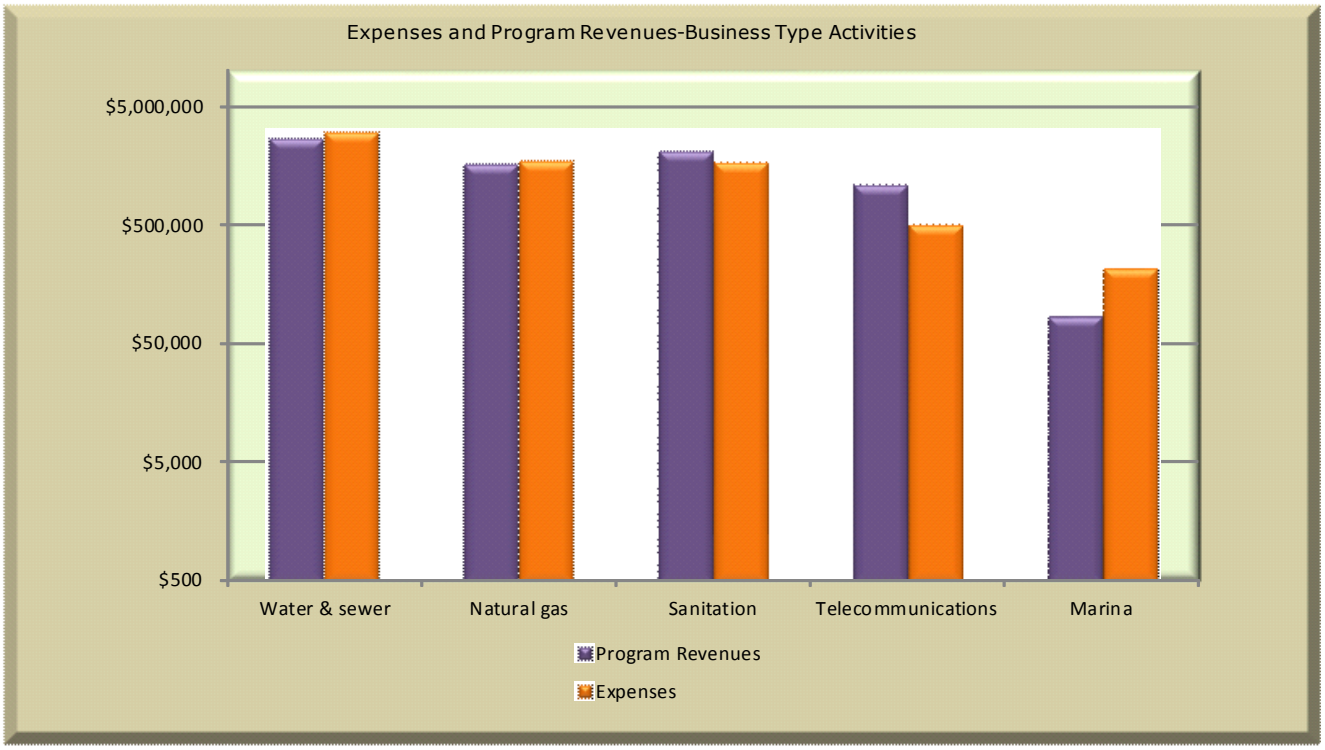
	2012	2011
Program Revenues:		
General Government	$ 357,612	$ 259,525
Public Safety	43,022	309,782
Public Works	1,760,102	1,780,445
Judicial	520,138	644,931
Community Development	29,460	34,536
Leisure Services	245,337	268,374
Total	$2,955,671	$3,297,593


Revenue by Source - Governmental Activities
Property taxes
14%
Other taxes
52%
Capital grants and
contributions
22%
Charges for services
12%
Misc & Invest. earnings
0%


Expenses and Program Revenues-Governmental Activities
$4,500,000
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$-
General Government
Public Safety
Public Works
Judicial
Community Development
Leisure Services
Program Revenues
Expense

Business-type activities.

Revenues from business-type activities totaled $7,456,082 and expenses totaled $7,031,673. The following graph display the expenses and program revenues for business-type activities:



Financial Analysis of the Government's Funds

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

Governmental Funds.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $7,035,478 an increase of $3,147,959. Approximately 30% ($2,095,389) of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either non-spendable, restricted, or assigned to indicate that it is not available for new spending because it has already been restricted or assigned for other purposes or is not in a spendable form.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $2,095,389 while the total fund balance reached $3,381,528. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 24% of total general fund expenditures, while total fund balance represents 37% of that same amount. The fund balance in the City's general fund decreased by $241,928 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:

- $872,022 for the Water & Sewer fund.
- $498,293 for the Natural Gas fund.
- $525,136 for the Solid Waste (Sanitation) fund.
- $(781,328) for the Telecommunications fund.
- $(4,120) for the Marina fund.

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

General Fund Budgetary Highlights

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, 2012 amounts to $49,524,457 (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 4% (a 5% increase for governmental activities and a 4% increase for business-type activities).

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

- $60,936 current year addition for paving City Streets.
- $118,058 current year addition renovation for Public Safety Building on Louise Street.
- $229,729 current year addition to refurbish water tower.
- $307,733 current year addition two garbage trucks for Sanitation.
- $2,369,693 current year addition for sewage treatment plant update and sewer master plan improvements.

Government Wide Capital Assets

	Governmental Activities	Business-type Activities	Total
Land	$ 2,232,103	$ 218,303	$ 2,450,406
Building and improvements	11,094,804	34,864,828	45,959,632
Machinery and equipment	6,387,246	5,155,099	11,542,345
Infrastructure	5,594,498	2,650,067	8,244,565
Construction in progress	5,777,538	-	5,777,538
Accumulated depreciation	(8,856,392)	(15,593,637)	(24,450,029)
Total	$ 22,229,797	$ 27,294,660	$ 49,524,457

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 $8,158,438 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 structure projects. Additionally, Downtown Bainbridge Development Authority (blended component unit of the city) issued $4,185,000 revenue bonds for renovation of City Hall.
Additional information on the City's long-term debt can be found in note 8 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City is currently 10.8%, which increased from a rate of 13.4% a year ago. This is slightly above the state's average unemployment rate of 9.8% and the national average unemployment rate of 7.9%.
- The occupancy rate of the City's central business district is 83%, slightly less than the prior year.

All of these factors were considered in preparing the City's budget for the 2011-2012 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, 2012

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Convention and Visitor's Bureau	Total
Assets:						
Cash and cash equivalents	$ 668,361	$ 559,346	$ 1,227,707	$ -	$ -	$ -
Investments	557,243	898,826	1,456,069	-	-	-
Property held for resale	-	-	-	227,549	-	227,549
Receivables, net	2,693,347	884,134	3,577,481	-	11,794	11,794
Due from other governments	1,306,506	-	1,306,506	-	-	-
Due from primary government	-	-	-	169,894	33,089	202,983
Internal balances	1,262,193	(1,262,193)	-	-	-	-
Inventories	122,716	147,616	270,332	-	-	-
Prepaid items	146,899	70,426	217,325	-	155	155
Other assets, net	72,263	-	72,263	-	-	-
Restricted assets	3,883,940	150,188	4,034,128	-	-	-
Capital assets, non depreciated	8,009,641	218,303	8,227,944	-	-	-
Capital assets, depreciated, net	14,220,156	27,076,357	41,296,513	-	-	-
Total assets	32,943,265	28,743,003	61,686,268	397,443	45,038	442,481
Liabilities:						
Accounts payable and other current liabilities	2,451,489	124,157	2,575,646	-	8,440	8,440
Due to component unit	202,983	-	202,983	-	-	-
Customer deposits	-	150,188	150,188	-	-	-
Unearned revenue	-	12,669	12,669	-	-	-
Noncurrent liabilities:						
Due within one year	1,119,402	95,916	1,215,318	-	-	-
Due in more than one year	14,460,044	271,865	14,731,909	-	-	-
Total liabilities	18,233,918	654,795	18,888,713	-	8,440	8,440
Net Assets						
Invested in capital assets, net of related debt	10,428,577	26,993,416	37,421,993	-	-	-
Restricted for:						
Community development	12,233	-	12,233	-	-	-
Public safety	125,555	-	125,555	-	-	-
Capital projects	1,399,516	-	1,399,516	-	-	-
Unrestricted	2,743,466	1,094,792	3,838,258	397,443	36,598	434,041
Total net assets	$ 14,709,347	$ 28,088,208	$ 42,797,555	$ 397,443	$ 36,598	$ 434,041

See accompanying notes to financial statements.

CITY OF BAINBRIDGE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: DDA	Component Units: CVB	Component Units: Total
Primary Government										
Governmental activities:										
General government	$ 1,998,966	$ 250,051	$ -	$ 107,561	$ (1,641,354)	$ -	$ (1,641,354)			
Judicial	239,091	520,138	-	-	281,047	-	281,047			
Public works	2,247,076	-	-	1,760,102	(486,974)	-	(486,974)			
Leisure services	2,085,199	226,742	-	18,595	(1,839,862)	-	(1,839,862)			
Public safety	3,836,931	10,152	-	32,870	(3,793,909)	-	(3,793,909)			
Community development	401,752	29,460	-	-	(372,292)	-	(372,292)			
Interest & fiscal charges on long-term debt	415,532	-	-	-	(415,532)	-	(415,532)			
Total governmental activities	11,224,547	1,036,543	-	1,919,128	(8,268,876)	-	(8,268,876)			
Business-type activities:										
Water and sewer	2,965,062	2,618,367	-	-	-	(346,695)	(346,695)			
Natural gas	1,693,527	1,609,076	-	-	-	(84,451)	(84,451)			
Sanitation	1,647,898	2,054,021	-	-	-	406,123	406,123			
Telecommunications	505,774	1,081,707	-	-		575,933	575,933			
Marina	219,412	86,446	-	-	-	(132,966)	(132,966)			
Total business-type activities	7,031,673	7,449,617	-	-	-	417,944	417,944			
Total Primary Government	$ 18,256,220	$ 8,486,160	$ -	$ 1,919,128	(8,268,876)	417,944	(7,850,932)			
Component Units:										
Downtown Development Authority	$ 25,305	$ -	$ 12,987	$ -				$ (12,318)	$ -	$ (12,318)
Convention and Visitor's Bureau	114,776	-	100,531	-				-	(14,245)	(14,245)
Component units	$ 140,081	$ -	$ 113,518	$ -				(12,318)	(14,245)	(26,563)
General Revenues:										
Property taxes					1,228,597	-	1,228,597	-	-	-
Sales tax					1,965,734	-	1,965,734	-	-	-
Insurance premium tax					632,566	-	632,566	-	-	-
Alcohol taxes					345,520	-	345,520	-	-	-
Hotel/motel tax					136,994	-	136,994	-	-	-
Franchise taxes					998,137	-	998,137	-	-	-
Business taxes					340,168	-	340,168	-	-	-
Unrestricted investment earnings					5,822	6,465	12,287	-	-	-
Transfers					(656,380)	656,380	-	-	-	-
Total general revenues and transfers					4,997,158	662,845	5,660,003	-	-	-
Change in net assets					(3,271,718)	1,080,789	(2,190,929)	(12,318)	(14,245)	(26,563)
Net assets - beginning					17,981,065	27,007,419	44,988,484	409,761	50,843	460,604
Net assets - ending					$ 14,709,347	$ 28,088,208	$ 42,797,555	$ 397,443	$36,598	$ 434,041

See accompanying notes to financial statements

CITY OF BAINBRIDGE, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2012

	General Fund	SPLOST 5	Downtown Bainbridge Development Authority	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 643,338	$ 856,927	$ 2,856,593	$ 151,339	$ 4,508,197
Investments	557,243	-	-	-	557,243
Receivables, net	2,682,921	-	-	10,002	2,692,923
Prepaid items	69,369	75,465	-	-	144,834
Due from other funds	883,057	387,389	-	-	1,270,446
Advances to other funds	860,160	-	-	-	860,160
Inventories	66,516	-	-	-	66,516
Due from other governments	-	1,306,506	-	-	1,306,506
Total assets	$ 5,762,604	$ 2,626,287	$ 2,856,593	$ 161,341	$ 11,406,825
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 379,078	$ 1,121,071	$ -	$ 14,758	$ 1,514,907
Retainage payable	-	469,841	-	-	469,841
Accrued liabilities	204,823	-	-	-	204,823
Due to other funds	322,695	1,690	363,857	17,930	706,172
Due to component unit	201,859	-	-	1,124	202,983
Deferred revenue	1,272,621	-	-	-	1,272,621
Total liabilities	2,381,076	1,592,602	363,857	33,812	4,371,347
Fund Balances:					
Non-Spendable for:					
Prepaids	69,369	-	-	-	69,369
Inventories	66,516	-	-	-	66,516
Advances	860,160	-	-	-	860,160
Restricted for:					
Capital projects	-	1,033,685	2,492,736	1,974	3,528,395
Community development	12,233	-	-	-	12,233
Public safety	-	-	-	125,555	125,555
Landfill closure	264,639	-	-	-	264,639
Assigned for:					
Leisure services	13,222	-	-	-	13,222
Unassigned	2,095,389	-	-	-	2,095,389
Total fund balances	3,381,528	1,033,685	2,492,736	127,529	7,035,478
Total liabilities and fund balances	$ 5,762,604	$ 2,626,287	$ 2,856,593	$ 161,341	

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.	22,229,797
Revenue earned but unavailable is not reported in the funds.	1,272,621
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	72,263
Internal Service Funds are used by management to charge the cost of employee health care self-insurance and the city shop to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(321,366)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Unmatured notes and leases	(14,892,990)
Accrued interest payable	(102,244)
Accrued compensated absences	(319,573)
Landfill post-closure care obligation	(264,639)
Net assets of governmental activities	$ 14,709,347

See accompanying notes to financial statements.

CITY OF BAINBRIDGE, GEORGIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	General Fund	SPLOST 5	Downtown Bainbridge Development Authority	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 5,586,798	$ -	$ -	$ 136,994	$ 5,723,792
Licenses and permits	29,460	-	-	-	29,460
Intergovernmental	121,628	1,753,724	-	32,870	1,908,222
Charges for services	263,059	-	-	-	263,059
Fines and forfeitures	477,208	-	-	-	477,208
Investment earnings	1,127	2,305	2,953	1,061	7,446
Other	222,841	18,595	-	-	241,436
Total revenues	6,702,121	1,774,624	2,953	170,925	8,650,623
Expenditures:					
Current:					
General government	1,679,055	-	-	-	1,679,055
Public safety	3,735,009	-	-	44,022	3,779,031
Public works	1,610,058	-	-	-	1,610,058
Community development	401,752	-	-	-	401,752
Judicial	239,091	-	-	-	239,091
Culture and recreation	1,405,903	-	-	54,798	1,460,701
Capital projects	-	5,665,157	-	2,787	5,667,944
Debt service	-	488,734	243,159	-	731,893
Total expenditures	9,070,868	6,153,891	243,159	101,607	15,569,525
Excess (deficiency) of revenues over (under) expenditures	(2,368,747)	(4,379,267)	(240,206)	69,318	(6,918,902)
Other financing sources (uses):					
Transfers in	2,120,239	1,696,385	169,196	-	3,985,820
Transfers out	-	(169,196)	(1,621,254)	(157,389)	(1,947,839)
Debt issued	-	3,837,300	4,185,000	-	8,022,300
Sale of capital assets	6,580	-	-	-	6,580
Total other financing sources (uses)	2,126,819	5,364,489	2,732,942	(157,389)	10,066,861
Net change in fund balance	(241,928)	985,222	2,492,736	(88,071)	3,147,959
Fund balance at beginning of year	3,623,456	48,463	-	215,600	3,887,519
Fund balance at end of year	$ 3,381,528	$ 1,033,685	$ 2,492,736	$ 127,529	$ 7,035,478

See accompanying notes to financial statements.

CITY OF BAINBRIDGE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Net change in fund balances - total governmental funds		$ 3,147,959
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. When assets are sold or retired, the difference between the sales proceeds, if any, and the net book value of the assets is reported in the statement of activities as a gain or loss.		
Depreciation expense	(1,819,836)	
Capital outlays	5,723,634	3,903,798
The net effect of various miscellaneous transactions involving capital assets (contributions to Business-Type Activities) is to decrease net assets.		(2,694,361)
The issuance of long-term debt provides current financial resources and the repayment of principal on long-term debt consumes current financial resources in the governmental funds.		
Proceeds from capital leases and notes payable	(8,022,330)	
Matured principal on capital leases payable	329,151	
Matured principal on notes payable	115,000	(7,578,179)
The net effect of revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(43,146)
Internal Service Funds are used by management to charge the costs of employee health care self-insurance and the city shop to individual funds.		74,223
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Accrued interest expense	(130,562)	
Accrued compensated absences	41,024	
Landfill post-closure care	7,526	(82,012)
Change in net assets of governmental activities		$ (3,271,718)

See accompanying notes to financial statements.

CITY OF BAINBRIDGE, GEORGIA
PROPRIETARY FUNDS
BALANCE SHEET
SEPTEMBER 30, 2012

	Enterprise Funds						
	Major				Nonmajor		
	Water Sewer	Natural Gas	Sanitation	Telecommunications	Marina	Totals	Internal Service Funds
ASSETS							
Current assets:							
Cash	$ 14,129	$ -	$ -	$ 535,325	$ 9,892	$ 559,346	$ 44,104
Investments	323,562	359,534	208,624	7,106	-	898,826	-
Restricted assets:							
Investments	119,659	30,529	-	-	-	150,188	-
Receivables, net							
Utility accounts	311,253	165,609	182,933	-	-	659,795	-
Other	11,370	-	-	207,900	5,069	224,339	424
Due from other funds	108,225	27,884	162,744	-	-	298,853	-
Inventory	102,270	28,783	2,511	14,052	-	147,616	56,200
Prepaid expenses	51,689	12,257	5,858	311	311	70,426	2,065
Total current assets	1,042,157	624,596	562,670	764,694	15,272	3,009,389	102,793
Noncurrent assets:							
Property, plant and equipment, net	20,282,859	2,715,519	1,308,649	793,004	2,194,629	27,294,660	44,067
Total noncurrent assets	20,282,859	2,715,519	1,308,649	793,004	2,194,629	27,294,660	44,067
Total assets	$21,325,016	$3,340,115	$ 1,871,319	$ 1,557,698	$ 2,209,901	$30,304,049	$ 146,860
LIABILITIES AND FUND EQUITY							
Current liabilities:							
Accounts payable	$ 9,175	$ 84,822	$ 30	$ 18,236	$ 112	$ 112,375	$ 231,019
Customer deposits	119,659	30,529	-	-	-	150,188	-
Accrued liabilities	2,018	-	9,764	-	-	11,782	-
Unearned revenue	12,669	-	-	-	-	12,669	-
Due to other funds	-	-	-	667,626	18,049	685,675	177,452
Advances from other funds	-	-	-	860,160	-	860,160	-
Capital leases - current	-	-	95,916	-	-	95,916	-
Total current liabilities	143,521	115,351	105,710	1,546,022	18,161	1,928,765	408,471
Long-term liabilities (net of current portion):							
Accrued compensated absences	26,614	10,952	27,740	-	1,231	66,537	30,899
Capital lease obligations	-	-	205,328	-	-	205,328	-
Total long-term liabilities	26,614	10,952	233,068	-	1,231	271,865	30,899
Total liabilities	170,135	126,303	338,778	1,546,022	19,392	2,200,630	439,370
Fund equity:							
Invested in capital assets, net of related debt	20,282,859	2,715,519	1,007,405	793,004	2,194,629	26,993,416	44,067
Unrestricted	872,022	498,293	525,136	(781,328)	(4,120)	1,110,003	(336,577)
Total fund equity	21,154,881	3,213,812	1,532,541	11,676	2,190,509	28,103,419	(292,510)
Total liabilities and fund equity	$21,325,016	$3,340,115	$ 1,871,319	$ 1,557,698	$ 2,209,901		$ 146,860
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds						(15,211)	
Net assets of business-type activities						$ 28,088,208	

See accompanying notes to financial statements.

CITY OF BAINBRIDGE, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Enterprise Funds						
	Major				Nonmajor		
	Water Sewer	Natural Gas	Sanitation	Telecommunications	Marina	Totals	Internal Service Funds
Operating revenues:							
Charges for services	$ 2,575,781	$ 1,512,933	$ 2,054,021	$ 212,150	$ 84,570	$ 6,439,455	$ 673,626
Contributions	-	-	-	-	-	-	2,277,378
Lease income	-	-	-	869,557	-	869,557	-
Other	42,586	96,143	-	-	1,876	140,605	-
Total operating revenues	2,618,367	1,609,076	2,054,021	1,081,707	86,446	7,449,617	2,951,004
Operating expenses:							
Personal services	879,349	242,405	523,559	-	43,307	1,688,620	302,995
Operating	964,771	1,293,068	784,091	406,998	43,601	3,492,529	359,347
Depreciation	1,140,496	158,054	325,292	98,776	132,504	1,855,122	11,284
Benefits and claims	-	-	-	-	-	-	2,184,303
Total operating expenses	2,984,616	1,693,527	1,632,942	505,774	219,412	7,036,271	2,857,929
Operating income	(366,249)	(84,451)	421,079	575,933	(132,966)	413,346	93,075
Nonoperating revenues (expenses):							
Interest income	2,599	1,791	956	1,119	-	6,465	702
Interest expense	-	-	(14,956)	-	-	(14,956)	-
Total nonoperating revenues (expenses)	2,599	1,791	(14,000)	1,119	-	(8,491)	702
Income before contributions and transfers	(363,650)	(82,660)	407,079	577,052	(132,966)	404,855	93,777
Contributed capital	2,694,361	-	-	-	-	2,694,361	-
Transfers in	50,031	-	-	-	-	50,031	-
Transfers out	(746,708)	(285,547)	(455,757)	(600,000)	-	(2,088,012)	-
Increase (decrease) in fund equity	1,634,034	(368,207)	(48,678)	(22,948)	(132,966)	1,061,235	93,777
Fund equity at beginning of year	19,520,847	3,582,019	1,581,219	34,624	2,323,475		(386,287)
Fund equity at end of year	$ 21,154,881	$ 3,213,812	$ 1,532,541	$ 11,676	$2,190,509		$ (292,510)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						19,554	
Change in net assets of business-type activities						$ 1,080,789	

See accompanying notes to financial statements.

CITY OF BAINBRIDGE, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Enterprise Funds						
	Major				Nonmajor		
	Water Sewer	Natural Gas	Sanitation	Telecommunications	Marina	Totals	Internal Service Funds
Cash flows from (to) operating activities:							
Cash received from customers	$ 2,501,577	$1,546,554	$1,876,797	$ 1,081,707	$ 81,377	$ 7,088,012	$ 2,951,193
Cash payments for goods and services	(957,236)	(1,297,791)	(799,815)	74,194	(34,957)	(3,015,605)	(371,648)
Cash payments for employee services and fringe benefits	(877,778)	(243,508)	(525,797)	-	(42,076)	(1,689,159)	(2,656,193)
Net cash from (to) operating activities	666,563	5,255	551,185	1,155,901	4,344	2,383,248	(76,648)
Cash flows from (to) noncapital financing activities:							
Transfers in	50,031	-	-	-	-	50,031	-
Transfers out	(746,708)	(285,547)	(455,757)	(600,000)	-	(2,088,012)	-
Net cash from (to) noncapital financing activities	(696,677)	(285,547)	(455,757)	(600,000)	-	(2,037,981)	-
Cash flows from (to) capital and related financing activities:							
Interest paid	-	-	(14,956)	-	-	(14,956)	-
Payments for capital acquisitions	(13,141)	-	-	(48,375)	-	(61,516)	-
Principal payments on long-term obligations	-	-	(321,597)	-	-	(321,597)	-
Net cash from (to) capital and related financing activities	(13,141)	-	(336,553)	(48,375)	-	(398,069)	-
Cash flows from (to) investing activities:							
Proceeds from investments	40,672	278,501	240,169	-	-	559,342	-
Investment purchases	-	-	-	(7,106)	-	(7,106)	-
Interest received from investments	2,599	1,791	956	1,119	-	6,465	702
Net cash from (to) investing activities	43,271	280,292	241,125	(5,987)	-	558,701	702
Net increase (decrease) in cash	16	-	-	501,539	4,344	505,899	(75,946)
Cash at beginning of year (including $0 in restricted cash)	14,113	-	-	33,786	5,548	53,447	120,050
Cash at end of year (including $0 in restricted cash)	$ 14,129	$ -	$ -	$ 535,325	$ 9,892	$ 559,346	$ 44,104

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

CITY OF BAINBRIDGE, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONT'D)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Enterprise Funds						
	Major				Nonmajor		
	Water Sewer	Natural Gas	Sanitation	Telecommunications	Marina	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash from operating activities:							
Operating income (loss)	$ (366,249)	$ (84,451)	$421,079	$ 575,933	$(132,966)	$ 413,346	$ 93,075
Adjustments to reconcile operating income to net cash from operating activities:							
Depreciation	1,140,496	158,054	325,292	98,776	132,504	1,855,122	11,284
Change in assets and liabilities:							
(Increase) decrease in accounts receivable	(9,134)	(31,983)	(14,480)	-	(5,069)	(60,666)	189
(Increase) decrease in prepaid expenses	(1,141)	7,005	2,214	(311)	(311)	7,456	1,201
(Increase) decrease in inventory	4,912	(414)	10,664	(2,997)	-	12,165	-
(Increase) decrease in due from other funds	(108,225)	(27,884)	(162,744)	-	-	(298,853)	(14,327)
Increase (decrease) in accounts payable	3,764	(11,314)	(28,602)	18,218	(4,988)	(22,922)	(173,602)
Increase (decrease) in accrued liabilities	1,571	(1,103)	(2,238)	-	1,231	(539)	1,017
Increase (decrease) in deferred revenue	16	-	-	-	-	16	-
Increase (decrease) in due to other funds	-	-	-	466,282	13,943	480,225	4,515
Increase (decrease) in customer deposits	553	(2,655)	-	-	-	(2,102)	-
Net cash from (to) operating activities	$ 666,563	$ 5,255	$551,185	$ 1,155,901	$ 4,344	$2,383,248	$ (76,648)
Supplemental disclosure of cash flow information:							
Cash paid during the year for interest	$ -	$ -	$ 14,956	$ -	$ -	$ 14,956	$ -

Supplemental disclosure of noncash investing and financing activities:
Capital assets totaling $2,694,361 were contributed to the Water Sewer Fund from Governmental Activities.

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The financial statements of the reporting entity include those of the City of Bainbridge (the primary government) and its component units. The component units discussed below are included in the reporting entity because of the financial relationship with the City.

In accordance with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 14. "The Financial Reporting Entity", the financial statements of the City's component units have been included. The fiscal year ended of the component units is September 30. A brief description of the component units is as follows:

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

Bainbridge Convention and Visitors Bureau: The Bainbridge Convention and Visitors Bureau was created by the City of Bainbridge, pursuant to the resolution of the Georgia General Assembly. The purpose of the Bureau is to promote tourism, conventions, and trade shows within the area. The City's Board of Aldermen approves the annual budget of the Bureau and provided the majority of the Bureau's resources for current year expenses. The Bureau did not issue separate Component Unit Financial Statements. Financial information for the Bureau is included in the City of Bainbridge's Annual Financial Report. The Bureau is presented as a discretely presented component unit.

Downtown Bainbridge Development Authority: The Downtown Bainbridge Development Authority was created by the City of Bainbridge, pursuant to the resolution of the Georgia General Assembly in October 1988. The Authority provides funding through intergovernmental agreements for the construction of governmental facilities. The Authority is composed of eight members. One member of the Authority is the Mayor of the City of Bainbridge. Two members are appointed by the Mayor, and the other five members are appointed by the City's Board of Alderman. The Authority is presented as a blended component unit and presented as a Capital Projects Fund.

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component units* for which the primary government is financially accountable. The City's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period and all intergovernmental revenues to be available if they are collected within 6 months of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when a payment is due.

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

The City reports the following major governmental funds:

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

SPLOST 5 - The SPLOST 5 fund is used to account for the proceeds of a 1 percent local option sales tax approved for various projects throughout the City as well as loan proceeds used for these same projects.

Downtown Bainbridge Development Authority Fund - The DBDA fund provides funding through intergovernmental agreements for construction of governmental facilities.

The City reports the following major proprietary funds:

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

Sanitation Fund –The Sanitation Fund accounts for the activities of refuse collection and delivery to the Decatur County landfill, including tipping fees.

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

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

Additionally, the City reports the following fund types:

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

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

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

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 government has elected not to follow subsequent private-sector guidance.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Budgets and Budgetary Accounting

An operating budget consistent with generally accepted accounting principles is legally adopted each fiscal year for the General Fund and Special Revenue Funds. Capital Projects Funds adopt project length budgets.

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

1. A proposed operating budget including proposed expenditures and the means of financing them is submitted to the Board of Aldermen and the citizens by the City Manager.

2. A public hearing on the budget is held, giving notice thereof at least ten days in advance.

3. The budget is then revised and adopted by the Board of Aldermen before September 30 of each year.

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

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

Unencumbered appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments in excess of $1,000 for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects Funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. There were no open purchase orders in excess of $1,000 as of September 30, 2012.

E. Cash and Investments

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

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

F. Short-Term/Long-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds."

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

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

G. Inventories

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

H. Prepaid Items

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

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

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

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

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

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

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

J. Compensated Absences

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

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

K. Long-Term Obligations

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

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

L. Nature and Purpose of Classifications of Fund Equity

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution are classified as committed fund balances. Amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor

committed are classified as assigned fund balances. Assignments are made by City management based on Council direction. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

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

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

M. Use of Estimates

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

(2) DEPOSITS AND INVESTMENTS

Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City reduces its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law, which requires uninsured deposits to be collateralized at 110%. As of September 30, 2012, the City was not exposed to custodial credit risk.

Credit and interest rate risk - investments

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

At September 30, 2012, the City had the following investments:

Primary Government	Total Fair Value	Weighted Average Maturity (years)
Money Market Accounts	$ 531,970	N/A
Certificate of Deposits	903,214	0.42
Total	$ 1,435,184	
Component Unit		
Money Market Accounts	$ 11,831	N/A
Certificate of Deposit	156,548	0.46
Total	$ 168,379	

$150,188 of the investments of the primary government are grouped in restricted assets.

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

Concentration of credit risk

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

(3) RECEIVABLES

Receivables at September 30, 2012 consist of the following:

	Taxes and Fines	Utility Accounts	Other	Allowance for Uncollectibles	Net Receivables
General Fund	$ 2,748,875	$ -	$ -	$ (65,954)	$ 2,682,921
Water and Sewer Fund	-	355,253	11,370	(44,000)	322,623
Sanitation Fund	-	207,933	-	(25,000)	182,933
Natural Gas Fund	-	176,609	-	(11,000)	165,609
Marina Fund	-	5,069	-	-	5,069
Telecommunications Fund	-	-	207,900	-	207,900
Nonmajor Funds:					
Special Revenue Funds	10,002	-	-	-	10,002
Internal Service Funds	-	-	424	-	424
Total	$ 2,758,877	$ 744,864	$219,694	$ (145,954)	$ 3,577,481

(4) DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at September 30, 2012 consist of the following:

	Decatur County, GA	Other	Total
SPLOST 5 Fund	$ 288,387	$ 1,018,119	1,306,506
	$ 288,387	$ 1,018,119	$ 1,306,506

(5) INTERFUND RECEIVABLES, ADVANCES, AND TRANSFERS

Interfund receivable and payable balances for the fiscal year ended September 30, 2012 are summarized as follows:

	RECEIVABLE TO					
PAYABLE FROM	General Fund	SPLOST 5 Fund	Water and Sewer Fund	Sanitation Fund	Natural Gas Fund	Total
General Fund	$ -	$ 23,532	$ 106,626	$ 162,744	$ 27,793	$ 320,695
SPLOST 5 Fund	-	-	1,599	-	91	1,690
Down Town Bainbridge Development Authority	-	363,857				363,857
Telecommunication Fund	667,626	-	-	-	-	667,626
Internal Service Funds	177,452	-	-	-	-	177,452
Nonmajor Enterprise Funds	18,049					18,049
Nonmajor Governmental Funds	19,930	-	-	-	-	19,930
Total	$ 883,057	$ 387,389	$ 108,225	$ 162,744	$ 27,884	$ 1,569,299

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

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

ADVANCES FROM	ADVANCES TO Telecommunications Fund
General Fund	$ 860,160

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

Interfund transfers for the current year were as follows:

	TRANSFER OUT FROM							
TRANSFER IN TO	SPLOST 5 Fund	Downtown Bainbridge Development Authority	Water and Sewer Fund	Sanitation Fund	Natural Gas Fund	Tele-communication Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ -	$ 746,708	$455,757	$235,516	$ 600,000	$ 82,258	$2,120,239
SPLOST 5 Fund	-	$ 1,621,254	-	-	-	-	75,131	1,696,385
Down Town Bainbridge Development Authority	169,196	-	-	-	-	-	-	169,196
Water and Sewer Fund	-	-	-	-	50,031	-	-	50,031
Total	$169,196	$ 1,621,254	$ 746,708	$455,757	$285,547	$ 600,000	$ 157,389	$4,035,851

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

(6) RESTRICTED ASSETS

The City's restricted assets at September 30, 2012 consist of the following:

Governmental Activities:	Total
Appearance bond deposits	$ 19,081
Unspent lease proceeds	288,036
SPLOST 5 cash	568,891
Unspent bond proceeds	2,856,593
SPLOST 4 cash	1,974
Hotel/Motel tax	22,728
Confiscated assets	126,637
Total governmental activities	$ 3,883,940
Proprietary Funds / Business Type Activities:	
Water and Sewer Fund:	
Customer deposits	$ 119,659
Natural Gas Fund:	
Customer deposits	30,529
Total proprietary funds / business type activities	$ 150,188

(7) CAPITAL ASSETS

Capital asset activity for the period ended September 30, 2012 was as follows:

	Beginning Balance	Additions	Transfers	Reductions	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 2,232,103	$ -	$ -	$ -	$ 2,232,103
Construction in progress	3,086,266	5,723,634	(2,694,361)	(338,001)	5,777,538
Total capital assets not being depreciated	5,318,369	5,723,634	(2,694,361)	(338,001)	8,009,641
Capital assets, being depreciated:					
Buildings and improvements	10,931,474	163,330	-	-	11,094,804
Machinery and equipment	6,273,511	113,735	-	-	6,387,246
Infrastructure	5,533,562	60,936	-	-	5,594,498
Total capital assets being depreciated	22,738,547	338,001	-	-	23,076,548
Less accumulated depreciation for:					
Buildings and improvements	(1,889,662)	(1,147,613)	-	-	(3,037,275)
Vehicles and equipment	(4,023,561)	(660,517)	-	-	(4,684,078)
Infrastructure	(1,112,049)	(22,990)	-	-	(1,135,039)
Total accumulated depreciation	(7,025,272)	(1,831,120)	-	-	(8,856,392)
Total capital assets being depreciated, net	15,713,275	(1,493,119)	-	-	14,220,156
Governmental activities capital assets, net	$21,031,644	$ 4,230,515	$(2,694,361)	$ (338,001)	$22,229,797
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 218,303	$ -	$ -	$ -	$ 218,303
Construction in progress	75,072	-	-	(75,072)	-
Total capital assets not being depreciated	293,375	-	-	(75,072)	218,303
Capital assets, being depreciated:					
Buildings and plant in service	32,124,124	46,343	2,694,361	-	34,864,828
Machinery and equipment	4,832,193	322,906	-	-	5,155,099
Infrastructure	2,650,067	-	-	-	2,650,067
Total capital assets being depreciated	39,606,384	369,249	2,694,361	-	42,669,994
Less accumulated depreciation for:					
Buildings and plant in service	(10,412,137)	(1,188,449)	-	-	(11,600,586)
Machinery and equipment	(2,894,408)	(534,169)	-	-	(3,428,577)
Infrastructure	(431,970)	(132,504)	-	-	(564,474)
Total accumulated depreciation	(13,738,515)	(1,855,122)	-	-	(15,593,637)
Total capital assets being depreciated, net	25,867,869	(1,485,873)	2,694,361	-	27,076,357
Business-type activities capital assets, net	$26,161,244	$(1,485,873)	$ 2,694,361	$ (75,072)	$27,294,660

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

Governmental activities:	
General government	$ 406,493
Public safety	428,072
Public works, including depreciation of general infrastructure	410,209
Leisure services	575,062
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	11,284
Total depreciation expense - governmental activities	$ 1,831,120
Business-type activities:	
Water and sewer	$ 1,140,496
Sanitation	325,292
Gas	158,054
Telecommunications	98,776
Marina	132,504
Total depreciation expense - business-type activities	$ 1,855,122

(8) LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities for the year ended September 30, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Note payable	$ 5,746,845	$ 4,054,120	$ (95,070)	$ 9,705,895	$ 235,177
Revenue bonds	-	4,185,000	(115,000)	4,070,000	235,000
Leases payable	987,707	363,469	(234,081)	1,117,095	290,322
Landfill post closure care	272,165	-	(7,526)	264,639	12,683
Accrued interest payable	479,678	213,855	(591,289)	102,244	102,244
Compensated absences	360,597	391,692	(432,716)	319,573	243,976
Governmental activities long-term liabilities	$ 7,846,992	$ 9,208,136	$ (1,475,682)	$ 15,579,446	$ 1,119,402
Business-type activities:					
Leases payable	$ 390,180	$ -	$ (88,936)	$ 301,244	$ 95,916
Compensated absences	65,289	79,595	(78,347)	66,537	-
Business-type activities long-term liabilities	$ 455,469	$ 79,595	$ (167,283)	$ 367,781	$ 95,916

Additions to Notes Payable include accrued construction period interest on GEFA loan of $580,259.

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

Governmental activities:

Note Payable

During September 2008, the City entered into a loan agreement with the Georgia Environmental Facilities Authority (GEFA). The principal proceeds available from this loan ($8,302,836) 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 239 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.

On April 17, 2012, GEFA Loan 2008L15WJ was converted from construction status to a fixed amortization loan. Principal plus accrued interest totaling $7,138,543 will be payable in monthly installments of $44,281 until maturity on 4/1/2032. At September 30, 2012, the outstanding balance on this loan was $7,043,473. Subsequent to fiscal year end, GEFA Loan 2008L15WJB was converted from construction status to a fixed amortization loan. Principal plus accrued interest of $1,770,793 will be payable in monthly installments of $11,194 until maturity on 4/1/2032. At September 30, 2012, the proceeds used from this portion of the loan agreement were $1,744,552.

During November 2011, the City entered into a loan agreement with the Georgia Environmental Facilities Authority (GEFA). The principal proceeds available from this loan ($3,000,000) 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 239 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 3.31% annually. At September 30, 2012, the proceeds used from this portion of the loan agreement were $917,870.

Governmental - Note payable

Year Ending September 30,	Principal	Interest	Total
2013	$ 235,177	$ 296,195	$ 531,372
2014	245,418	285,954	531,372
2015	256,105	275,267	531,372
2016	267,257	264,115	531,372
2017	278,895	252,477	531,372
2018-2022	1,587,574	1,069,286	2,656,860
2023-2027	1,964,676	692,184	2,656,860
2028-2032	4,870,793	227,084	5,097,877
Total	$ 9,705,895	$ 3,362,562	$ 13,068,457

Revenue Bonds

$4,185,000 Series 2011 Downtown Bainbridge Development Authority bonds, serviced through biannual payments from the City, commencing on June 1, 2012 of $115,000 to $165,000 through December 1, 2026; interest at 2.59% ($4,070,000 outstanding). The bonds were issued for the purpose of financing the cost of construction, remodeling and altering a City administrative building.

Governmental - Revenue bonds

Year Ending September 30,	Principal	Interest	Total
2013	$ 235,000	$ 103,924	$ 338,924
2014	245,000	97,773	342,773
2015	245,000	91,427	336,427
2016	250,000	85,017	335,017
2017	265,000	78,477	343,477
2018-2022	1,405,000	286,584	1,691,584
2023-2027	1,425,000	93,877	1,518,877
Total	$ 4,070,000	$ 837,079	$ 4,907,079

Leases Payable

The City leases equipment and vehicles with original costs totaling $1,279,039 through the Georgia Municipal Association Lease Pool and 1st Source Bank. Interest rates on the leases range from 2.94% to 4.48%. Accumulated depreciation related to these assets at September 30, 2012 is $497,213.

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

Governmental - Leases payable

Year Ending September 30,	Principal	Interest	Total
2013	$ 290,322	$ 35,641	$ 325,963
2014	148,891	26,468	175,359
2015	153,938	21,422	175,360
2016	125,074	16,194	141,268
2017	128,932	12,336	141,268
2018-2022	269,938	12,597	282,535
Total	$ 1,117,095	$ 124,658	$ 1,241,753

Business-type Activities:

Leases Payable

The City leased equipment and vehicles with original costs totaling $479,104 through the Georgia Municipal Association Lease Pool. Interest rates on the leases range from 3.18% to 3.63%. Accumulated depreciation related to these assets at September 30, 2012 is $117,053.

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

Business-type - Leases payable

Year Ending September 30,	Principal	Interest	Total
2013	$ 95,916	$ 9,764	$ 105,680
2014	99,065	6,615	105,680
2015	106,263	3,347	109,610
Total	$ 301,244	$ 19,726	$ 320,970

(9) LANDFILL POST CLOSURE CARE

State and federal laws and regulations require that the City of Bainbridge place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. A liability has been recognized based on the expected future post-closure care costs that will be incurred. The recognition of these landfill post-closure care costs has been accrued in full because the landfill is no longer accepting waste. The estimated liability for landfill post-closure care costs is $264,639 as of September 30, 2012, which is based on 100% usage (filled) of the landfill. This landfill was operated and accounted for in the general fund prior to the City's creation of the sanitation enterprise fund.

The estimated total current cost of the landfill post-closure care of $264,639 is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of September 30, 2012. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

(10) PROPERTY TAXES

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

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

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

Assessed values are established by the Decatur County Tax Assessor's office and are currently calculated at 40% of the market value. The assessed values of real and personal property (excluding motor vehicles and mobile home taxes) at January 1, 2011 were $309,667,383.

Based on the 2011 millage levy of 3.57, a property tax owner would pay $3.57 per $1,000 of assessed valuation. Current tax collections of $1,093,334 for the fiscal year ended September 30, 2012 were 98.9% of the levy.

(11) EMPLOYEE RETIREMENT SYSTEM

The City contributes to the Georgia Municipal Employees Benefit System ("System"), an agent multi-employer public employee retirement system that acts as a common investment and administrative agent for cities in the state of Georgia. For the year ended September 30, 2012, the City's payroll for employees covered by the System's defined benefit plan was $5,401,972. The Plan also provides for death benefits for early retirees. The benefit provisions and all other requirements are established by the System and the Adoption Agreement executed by the City.

All full-time employees become eligible for the plan after one year of service. Benefits vest after completing ten years of service and are payable beginning at age 55. At January 1, 2011, the date of the most recent actuarial valuation, there were 228 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	45
Vested terminated employees not yet receiving benefits	34
Active employees	149
Total	228

Total pension contributions for the year ended September 30, 2012 were $430,008.

The net pension obligation was computed from information obtained from the actuarial valuation performed as of January 1, 2011. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7.75% a year, (b) projected salary increases of 3.5% a year, attributed to inflation, and (c) no post retirement benefit increases.

Contributions are determined under the projected unit credit actuarial cost method and the assets valuation method (Sum of actuarial value at beginning of year and the cash

flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years).

The period, and related method, for amortizing the initial unfunded actuarial accrued liability is level dollar over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods. The total amortization must be within a corridor of the 10-year and the 30-year amortization of the unfunded/ (surplus) actuarial accrued liability. In a year when the 10-year or 30-year corridor applies, the following year, the prior year bases are combined into one 10-year or 30-year base. These amortization periods, if applicable, are closed for this plan year.

Employer contributions represented 7.9% of current period covered payroll and were in accordance with actuarial recommendations. The normal contribution requirement was $430,008. Employees do not contribute to the plan.

Period Ended	Annual Pension Cost	Percentage Contributed	Net Pension Asset
9/30/12	$ 427,032	100%	$ 114,720
9/30/11	422,157	100%	111,744
9/30/10	479,453	100%	109,232

The City's annual pension cost and net pension asset for the period were as follows:

Required contribution	$ 430,008
Interest on net pension asset	8,661
Adjustment to required contribution	(11,637)
Pension cost	427,032
Contributions made	(430,008)
(Increase) in net pension asset	(2,976)
Net pension (asset), beginning of period	(111,744)
Net pension (asset), end of period	$ (114,720)

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
01/01/11	$7,669,564	$ 8,553,543	$ 883,979	89.7%	$ 5,401,972	16.4%

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

The Georgia Municipal Employee Benefit System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

Georgia Municipal Association
Risk Management and Employee Benefit Service
201 Pryor Street, SW
Atlanta, Georgia 30303

(12) POST EMPLOYMENT HEALTHCARE PLAN

Plan Description - The City of Bainbridge OPEB Plan is a single-employer defined benefit healthcare plan administered by the City of Bainbridge. The City provides medical, prescription drug, dental, and vision benefits to retirees. Retirees' spouses are eligible for the same benefits as the retiree with the exception of life insurance. Substantially all of the City's employees may become eligible for those benefits if they retire on or after the age of 55, provided that the employee's age plus completed years of service with the City, at the time of the employee's retirement is equal to or greater than 90. As of January 1, 2010, there were 3 retirees and spouses eligible for the benefits, 3 retirees and spouses receiving benefits, and 155 current and active employees. The City has the authority to establish and amend benefit provisions.

Funding Policy - The contribution requirements are established and may be amended by the City. The required contribution was determined by an actuarial valuation. The plan is financed on a pay-as-you-go basis. During the year ending September 30, 2012 the City contributed $100,194 to the plan.

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Asset)	Amount Contributed
9/30/12	$ 19,089	525%	$ (72,592)	$ 100,194
9/30/11	19,329	51%	8,513	9,883
9/30/10	19,307	105%	(933)	20,240

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
01/01/10	$ -	$ 252,540	$ 252,540	0.0%	$ 5,522,378	4.6%

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

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

Required contribution	$ 19,307
Interest on net OPEB obligation	340
Adjustment to required contribution	(558)
OPEB cost	19,089
Contributions made	100,194
Increase (decrease) in net OPEB obligation (asset)	(81,105)
Net OPEB obligation (asset), beginning of period	8,513
Net OPEB obligation (asset), end of period	$ (72,592)

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

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

Valuation date	1/1/2010
Actuarial cost method	Projected unit credit
Amortization method	25-year level percent of pay amortization open
Remaining amortization period	25 years
Asset valuation method	market value
Actuarial assumptions:	
Investment return	4%
Discount rate	3.5%
Inflation rate	3.5%
Medical and drug cost trend rate	9.5% graded to 5% over 9 years

(13)DEFINED CONTRIBUTION PLAN

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. For the fiscal year ending September 30, 2012, employee contributions were $41,718. The City does not contribute to the plan.

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.

(14)RISK MANAGEMENT

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

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

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

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.
- To select a person to serve as a Member representative.
- To allow GIRMA and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.
- To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Fund or Funds established by GIRMA.
- To assist and cooperate in the defense and settlement of claims against the City.

- To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purpose of GIRMA.

- To follow all loss reduction and prevention procedures established by GIRMA.

- To furnish to GIRMA such budget, operating and underwriting information as may be requested.

- To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

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

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

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

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

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

(15)JOINT VENTURE

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

(16)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 reasonable estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claims settlement trends including frequency and amount of payouts and other economic and social factors.

	Year Ending September 30, 2012	Year Ending September 30, 2011
Claims payable, beginning of year	$ 390,057	$ 160,952
Incurred claims	1,693,950	1,546,612
Claims paid	(1,880,158)	(1,317,507)
Claims payable, end of year	$ 203,849	$ 390,057

(17)FUND BALANCE/NET ASSET DEFICIT

Employee Benefits Fund	$ (320,402)

The City is planning to transfer funds to the Employee Benefits Fund to fund this deficit.

(18)EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following fund had expenditures in excess of appropriations for the fiscal year ended September 30, 2012:

	Budget	Actual	Variance with Final Budget
General Fund:			
Public Works	$ 1,595,296	$ 1,610,058	$ 14,762

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BAINBRIDGE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Employee Retirement Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
01/01/11	$7,669,564	$ 8,553,543	$ 883,979	89.7%	$ 5,401,972	16.4%
01/01/10	7,063,949	7,979,493	915,544	88.5%	5,482,946	16.7%
03/01/09	5,413,301	7,648,313	2,235,012	70.8%	5,369,706	41.6%

Post Employment Healthcare Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
01/01/10	$ -	$ 252,540	$ 252,540	0.0%	$ 5,522,378	4.6%

CITY OF BAINBRIDGE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Appropriated Fund Balance	$ -	$ -	$ -	$ -
Revenues:				
Taxes	$ 5,492,375	$ 5,581,654	$ 5,586,798	$ 5,144
Licenses and Permits	36,225	29,460	29,460	-
Intergovernmental	110,500	121,628	121,628	-
Charges for Services	284,200	282,954	263,059	(19,895)
Fines and Forfeitures	678,000	672,461	477,208	(195,253)
Investment Earnings	12,510	1,476	1,127	(349)
Other	67,600	223,659	222,841	(818)
Total Revenues	6,681,410	6,913,292	6,702,121	(211,171)
Expenditures:				
General Government:				
Mayor and council	441,109	412,455	412,455	-
City manager	279,034	283,297	283,297	-
Finance, budget and accounting	773,666	803,062	803,062	-
Purchasing	161,053	167,489	167,489	-
City attorney	23,000	12,752	12,752	-
Total general government	1,677,862	1,679,055	1,679,055	-
Judicial:				
City court	217,239	239,091	239,091	-
Community Development:				
Mainstreet tourism	238,300	235,541	235,541	-
Planning and zoning	0	328	328	-
Building code enforcement	80,596	82,073	82,073	-
Communications	81,201	81,168	81,168	-
Code enforcement	3,650	2,642	2,642	-
Total community development	403,747	401,752	401,752	-
Public Works:				
Maintenance	100,300	98,069	98,070	(1)
Streets	1,417,324	1,497,227	1,511,988	(14,761)
Total public works	1,517,624	1,595,296	1,610,058	(14,762)
Public Safety:				
Administration	460,280	462,943	462,943	-
Services	3,328,156	3,246,991	3,246,991	-
Driver improvement	23,163	25,075	25,075	-
Total public safety	3,811,599	3,735,009	3,735,009	-
Leisure services:				
Administration	128,932	139,688	139,688	-
Parks and cemeteries	667,272	695,319	695,319	-
Programs	222,286	279,577	279,577	-
Acquatic center	75,467	92,784	92,784	-
Tennis center	101,853	200,450	198,535	1,915
Total leisure services	1,195,810	1,407,818	1,405,903	1,915
Total Expenditures	8,823,881	9,058,021	9,070,868	(12,847)
Excess (deficiency) of Revenues over Expenditures	(2,142,471)	(2,144,729)	(2,368,747)	(198,324)

CITY OF BAINBRIDGE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Other Financing Sources (uses):				
Transfers In	2,117,981	2,120,239	2,120,239	-
Sale of Capital Assets	25,000	25,000	6,580	(18,420)
Total Other Financing Sources (uses)	2,142,981	2,145,239	2,126,819	(18,420)
Net Change in Fund Balance	$ 510	$ 510	$ (241,928)	$ (216,744)
Fund Balance at Beginning of Year - GAAP Basis			3,623,456	
Fund Balance at End of Year - GAAP Basis			$ 3,381,528	

OTHER SUPPLEMENTAL INFORMATION

CITY OF BAINBRIDGE, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2012

	Special Revenue Funds		Capital Projects Fund	
	Hotel/Motel Tax	Confiscated Assets	SPLOST 4	Total Nonmajor
ASSETS				
Cash	$ 22,728	$ 126,637	$ 1,974	$ 151,339
Receivables	10,002	-	-	10,002
Total assets	$ 32,730	$ 126,637	$ 1,974	$ 161,341
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 11,676	$ 1,082	$ 2,000	$ 14,758
Due to other funds	19,930	-	(2,000)	17,930
Due to component unit	1,124	-	-	1,124
Total liabilities	32,730	1,082	-	33,812
Fund balances:				
Restricted for:				
Capital projects	-	-	1,974	1,974
Public safety	-	125,555	-	125,555
Total fund balances	-	125,555	1,974	127,529
Total liabilities and fund balances	$ 32,730	$ 126,637	$ 1,974	$ 161,341

CITY OF BAINBRIDGE, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue Funds		Capital Projects Fund	
	Hotel/Motel Tax	Confiscated Assets	SPLOST 4	Total Nonmajor
Revenues:				
Taxes	$ 136,994	$ -	$ -	$ 136,994
Intergovernmental	-	32,870	-	32,870
Investment earnings	62	978	21	1,061
Total revenues	137,056	33,848	21	170,925
Expenditures:				
Current:				
Public safety	-	44,022	-	44,022
Culture and recreation	54,798	-	-	54,798
Capital projects	-	-	2,787	2,787
Total expenditures	54,798	44,022	2,787	101,607
Excess (deficiency) of revenues over (under) expenditures	82,258	(10,174)	(2,766)	69,318
Other financing sources (uses):				
Transfers out	(82,258)	(75,131)	-	(157,389)
Total other financing sources (uses)	(82,258)	(75,131)	-	(157,389)
Net change in fund balance	-	(85,305)	(2,766)	(88,071)
Fund balance at beginning of year	-	210,860	4,740	215,600
Fund balance at end of year	$ -	$ 125,555	$ 1,974	$ 127,529

CITY OF BAINBRIDGE, GEORGIA
HOTEL/MOTEL TAX
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	$136,994	$136,994	$ -
Investment earnings	62	62	-
Total revenues	137,056	137,056	-
Expenditures:			
Current:			
Culture and recreation	54,798	54,798	-
Excess of revenues over expenditures	82,258	82,258	-
Other financing sources (uses):			
Transfers out	(82,258)	(82,258)	-
Net change in fund balance	$ -	-	$ -
Fund balance at beginning of year		-	
Fund balance at end of year		$ -	

CITY OF BAINBRIDGE, GEORGIA
CONFISCATED ASSETS FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	$ 50,000	$ 32,870	$ (17,130)
Investment earnings	400	978	578
Total revenues	50,400	33,848	(16,552)
Expenditures:			
Current:			
Public safety	119,153	119,153	-
Total expenditures	119,153	119,153	-
Excess (deficiency) of revenues over (under) expenditures	(68,753)	(85,305)	(16,552)
Net change in fund balance	$ (68,753)	(85,305)	$ (16,552)
Fund balance at beginning of year		210,860	
Fund balance at end of year		$ 125,555	

CITY OF BAINBRIDGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2012

	Employee Benefits	City Shop	Total
ASSETS			
Current assets:			
Cash	$ 44,104	$ -	$ 44,104
Accounts receivable	424	-	424
Prepaid items	-	2,065	2,065
Inventories	-	56,200	56,200
Total current assets	44,528	58,265	102,793
Property, plant and equipment, net	-	44,067	44,067
Total assets	$ 44,528	$ 102,332	$ 146,860
LIABILITIES AND FUND EQUITY			
Current liabilities:			
Accounts and claims payable	$ 206,731	$ 24,288	$ 231,019
Due to other funds	158,199	19,253	177,452
Total current liabilities	364,930	43,541	408,471
Long-term liabilities (net of current portion):			
Accrued compensated absences	-	30,899	30,899
Total liabilities	364,930	74,440	439,370
Fund equity (deficit):			
Invested in capital assets, net of related debt	-	44,067	44,067
Unrestricted	(320,402)	(16,175)	(336,577)
Total fund equity (deficit)	(320,402)	27,892	(292,510)
Total liabilities and fund equity	$ 44,528	$ 102,332	$ 146,860

CITY OF BAINBRIDGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Employee Benefits	City Shop	Total
Operating revenues:			
Contributions	$ 2,277,378	$ -	$ 2,277,378
Charges for services	-	673,626	673,626
Total operating revenues	2,277,378	673,626	2,951,004
Operating expenses:			
Personal services	-	302,995	302,995
Operating	-	359,347	359,347
Depreciation	-	11,284	11,284
Benefits and claims	2,184,303	-	2,184,303
Total operating expenses	2,184,303	673,626	2,857,929
Operating income (loss)	93,075	-	93,075
Nonoperating revenues (expenses):			
Investment earnings	702	-	702
Increase (decrease) in fund equity	93,777	-	93,777
Fund equity (deficit) at beginning of year	(414,179)	27,892	(386,287)
Fund equity (deficit) at end of year	$ (320,402)	$ 27,892	$ (292,510)

CITY OF BAINBRIDGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Employee Benefits	City Shop	Totals
Cash flows from (to) operating activities:			
Cash received from contributions and services provided	$ 2,277,567	$ 673,626	$ 2,951,193
Cash payments for goods and services	-	(371,648)	(371,648)
Cash payments for benefits and claims	(2,354,215)	(301,978)	(2,656,193)
Net cash from (to) operating activities	(76,648)	-	(76,648)
Cash flows from (to) investing activities:			
Interest received	702	-	702
Net increase (decrease) in cash	(75,946)	-	(75,946)
Cash at beginning of year	120,050	-	120,050
Cash at end of year	$ 44,104	$ -	$ 44,104
Reconciliation of operating income (loss) to net cash from (to) operating activities:			
Operating income (loss)	$ 93,075	$ -	$ 93,075
Adjustments to reconcile operating income (loss) to net cash from (to) operating activities:			
Depreciation	-	11,284	11,284
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	189	-	189
(Increase) decrease in prepaid expenses	-	1,201	1,201
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in inventories	-	(14,327)	(14,327)
Increase (decrease) in accounts and claims payable	(188,677)	15,075	(173,602)
Increase (decrease) in accrued liabilities	-	1,017	1,017
Increase (decrease) in due to other funds	18,765	(14,250)	4,515
Net cash from (to) operating activities	$ (76,648)	$ -	$ (76,648)

COMPLIANCE SECTION

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bainbridge, Georgia as of and for the year ended September 30, 2012, which collectively comprise the City of Bainbridge, Georgia's basic financial statements and have issued our report thereon dated April 5, 2013. 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

Management of the City of Bainbridge, Georgia is responsible for establishing and maintaining effective 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 previously.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 grants 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 the City of Bainbridge, Georgia in a separate letter dated April 5, 2013.

This report is intended solely for the information and use of the Mayor, Board of Alderman, management, 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.

Crace Galvis McGrath, LLC

April 5, 2013

INDEPENDENT AUDITOR'S REPORT ON HOTEL/MOTEL TAX SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED

City of Bainbridge
Bainbridge, Georgia

We have audited the accompanying Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred for the City of Bainbridge, Georgia for the year ended September 30, 2012. This schedule is the responsibility of the City of Bainbridge's management. Our responsibility is to express an opinion on the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred 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 Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-13-51 using the modified accrual basis of accounting and is not intended to be a complete presentation of the City of Bainbridge's revenues and expenses.

In our opinion, the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred referred to above presents fairly, in all material respects, the revenues and expenditures for each project in the City of Bainbridge's resolution or ordinance calling for the tax for the year ended September 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

Crace Galvis McGrath, LLC

April 5, 2013

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CITY OF BAINBRIDGE, GEORGIA
HOTEL/MOTEL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Revenues	Expenditures *	Percentage Expended
$136,994	$ 54,798	40%

* Expended in Hotel/Motel Special Revenue Fund

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL OPTION SALES TAX PROCEEDS

City of Bainbridge
Bainbridge, Georgia

We have audited the accompanying Schedules of Projects Constructed with Special Option Sales Tax Proceeds for the City of Bainbridge, Georgia for the year ended September 30, 2012. This schedule is the responsibility of the City of Bainbridge's management. Our responsibility is to express an opinion on the Schedules of Projects Constructed with Special Option Sales Tax Proceeds 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 Schedules of Projects Constructed with Special Option Sales Tax Proceeds is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules of Projects Constructed with Special Option Sales Tax Proceeds. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedules of Projects Constructed with Special Option Sales Tax Proceeds. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedules of Projects Constructed with Special Option Sales Tax Proceeds was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 using the modified accrual basis of accounting and is not intended to be a complete presentation of the City of Bainbridge's revenues and expenses.

In our opinion, the Schedules of Projects Constructed with Special Option Sales Tax Proceeds referred to above presents fairly, in all material respects, the original estimated cost, the revised estimated cost, and the current and prior year expenditures for each project in the City of Bainbridge's resolution or ordinance calling for the tax for the year ended September 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

Crace Galvis McGrath, LLC

April 5, 2013

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CITY OF BAINBRIDGE, GEORGIA
Schedule of Projects Constructed with Special Option Sales Tax #4 Proceeds
As of 09/30/2012

Project	Original Estimated Cost (1)	Current Estimated Cost (2)	Expenditures (2) Prior Years	Current Year	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	$ 5,149,121	$ 5,149,121	$ -	$ 5,149,121
B. Sewer Master Plan:					
NE Bainbridge Sewer	-	774,995	774,995	-	774,995
C. Leisure Services:					
Firehouse Gallery Renovation	-	250,000	250,000	-	250,000
Recreation Improvements		3,338,055	3,338,055	-	3,338,055
D. Natural Gas Distribution Project:					
Cast Iron Gas Pipe Replacement	-	2,415,240	2,415,240	-	2,415,240
E. Storm Drainage Improvements:	-	-	-	-	-
F. Street & Sidewalk Improvements:	-	1,664,026	1,661,239	2,787	1,664,026
Totals	$ 10,228,400	$ 13,591,437	$ 13,588,650	$ 2,787	$ 13,591,437

Notes:
(1) Original Estimated Cost per 08/26/2003 Intergovernmental contract with Decatur County.
(2) Current Estimated Cost and Expenditures include project costs that will be funded by SPLOST collections, loan and grant proceeds.

CITY OF BAINBRIDGE, GEORGIA
Schedule of Approved Local Option Sales Tax #5 Projects
As of 09/30/2012

Project	Original Estimated Cost	(1)	Current Estimated Cost	(2)	Expenditures (2) Prior Years	Current Year	Total
A. Sewer master plan and associated Debt Service	$ 6,600,000		$ 7,751,346		$ 4,238,746	$3,380,703	$7,619,449
B. City Hall Renovation and associated General Fund Debt Service	1,825,000		1,836,634		152,989	1,683,645	1,836,634
C. Road Construction and Maintenance	500,000		500,000		159,646	83,856	243,502
D. Recreation Improvements	3,000,000		3,259,682		3,104,866	154,816	3,259,682
E. Water System Improvements	480,000		480,000		45,058	228,950	274,008
F. Storm Water Improvements	480,000		480,000		228,188	7,637	235,825
G. Public Safety Equipment and Building Improvements	582,743		1,477,484		1,276,468	125,550	1,402,018
Totals	$ 13,467,743		$ 15,785,146		9,205,961	5,665,157	14,871,118
Debt Service Expenditures (3)					353,612	657,930	1,011,542
					$ 9,559,573	$ 6,323,087	$ 15,882,660

Notes:
(1) Original Estimated Cost per 07/08/2008 Intergovernmental contract with Decatur County.
(2) Current Estimated Cost and Expenditures include project costs that will be funded by SPLOST collections, loan and grant proceeds.
(3) Includes amounts transferred to Downtown Bainbridge Development Authority Fund for debt service on revenue bonds issued for City Hall renovations.