

City of Bainbridge, Georgia

Financial Report

For the Fiscal Year Ended

September 30, 2014

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CITY OF BAINBRIDGE, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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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

March 24, 2015

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, 2014.

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, 2014, 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 unmodified opinion that the City of Bainbridge, Georgia's financial statements for the fiscal year ended September 30, 2014, 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, natural gas and fiber.

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.

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 .05 to .7 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, the City of Bainbridge, Georgia, as of January 1, 2013, funded 82.27 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 ten employees receiving these benefits, which are financed on a pay-as-you-go basis.

Acknowledgements

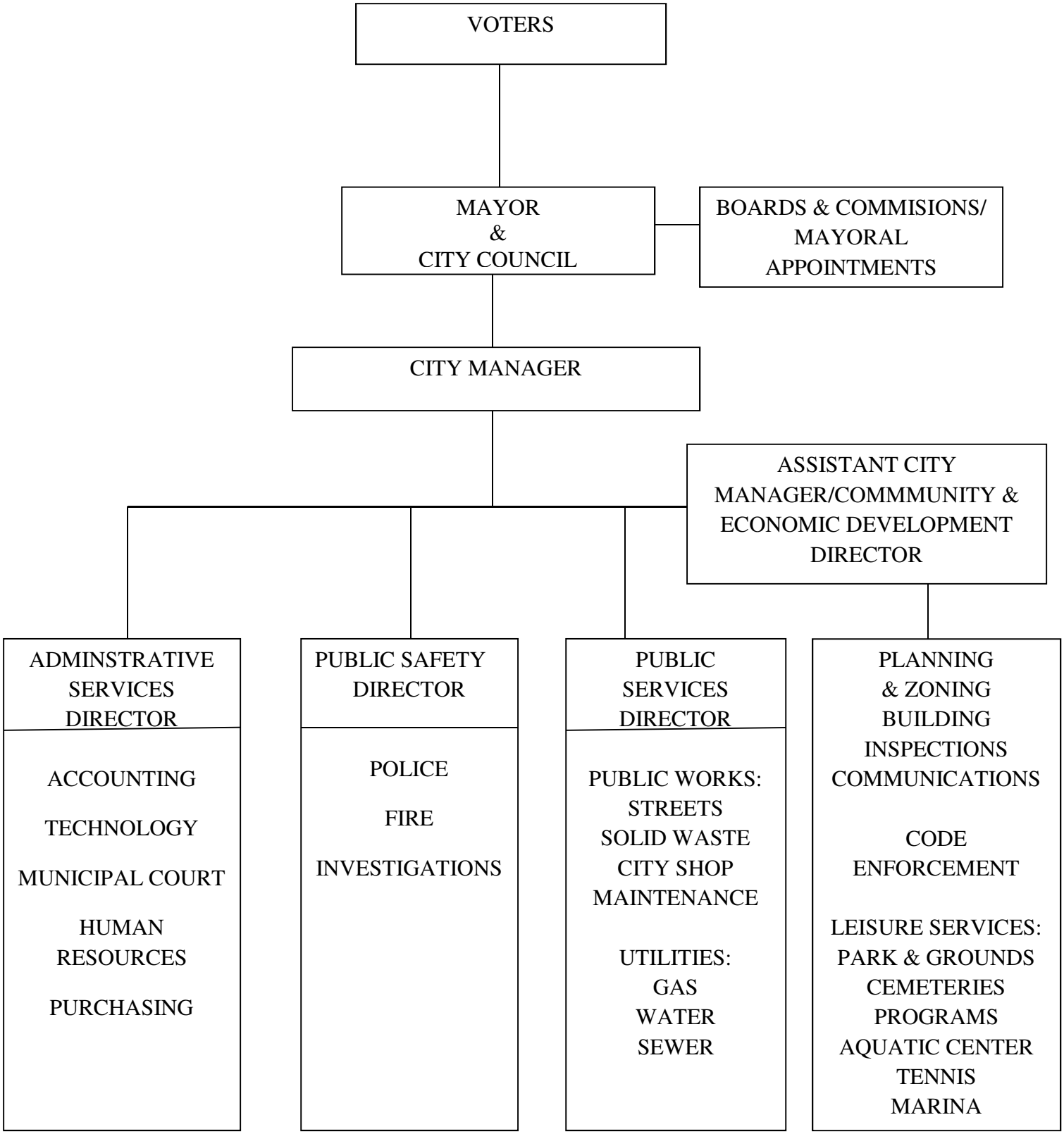
The preparation of this report would not have been possible without the efficient and dedicated staff of the Department of Finance. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also goes to the Mayor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



City of Bainbridge, Georgia
List of Elected and Appointed Officials
September 30, 2014

Elected Officials

Edward Reynolds, Mayor

Board of Aldermen

Roslyn Palmer	Glennie Bench
Joe Sweet	Luther Conyers, Jr.
Phil Long	Don Whaley

Appointed Officials

City Manager	Chris M. Hobby
Attorney	Tom Conger
Director of Administrative Services	Lisa H. Taylor
Director of Economic and Comm. Dev.	Roy Oliver
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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bainbridge, Georgia, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bainbridge, Georgia, as of September 30, 2014 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress on pages 4-12 and 47-49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund statements and schedules included in the other supplemental section, and the compliance section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, and the compliance section

are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2015, on our consideration of the City of Bainbridge, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bainbridge, Georgia's internal control over financial reporting and compliance.

Crace Galvis McGrath, LLC
Kennesaw, Georgia

March 27, 2015

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, 2014.

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 $41,385,875 (net position). Of this amount, $3,336,738 may be used to meet the government's ongoing obligation to citizens and to creditors.

- The government's total net position after restatement decreased by $1,096,548. This decrease is mostly attributable to the shortfall of revenues of governmental activities.

- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $2,364,824 representing a decrease of $1,079,396 in comparison with the prior year's restated fund balance. Of this balance, $525,258 is available for spending at the government's discretion (unassigned fund balance). The shortfall is in general fund revenues.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $525,258 or 5% of total general fund expenditures.

- The City's total debt (net of premium) decreased by $596,137 during the current fiscal year. For additional information refer to Note 8 of this report.

- As of September 30, 2014, the City owes $17,650,578 of debt government wide net of premium.

Overview of the Financial Statements

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

Government wide financial statements.
The *government wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities).* The governmental activities of the City include general government, judicial, public safety, public works, community development, and leisure services. The business-type activities of the City include water and sewer, sewage treatment, sanitation, natural gas, telecommunications, and marina operations.

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

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

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

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

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund and Special Purpose Local Option Sales Tax #5 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 15-17 of this report.

Proprietary funds. The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Fund, Gas Fund, Sanitation Fund, Telecommunications Fund, and Marina Fund. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the five individual enterprise funds, four of which are considered to be major funds of the City.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-46 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 47-49 of this report.

Other supplemental information can be found on pages 50-56 of this report.

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

Financial Analysis of the City as a Whole

City of Bainbridge -- Net Position

	2014			2013		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current assets	$ 4,474,465	$ 1,124,684	$ 5,599,149	$ 5,668,932	$ 1,029,832	$ 6,698,764
Non-current assets	461,770	32,169	493,939	1,119,371	150,967	1,270,338
Capital assets	21,933,941	33,127,879	55,061,820	22,185,001	33,732,088	55,917,089
Total assets	26,870,176	34,284,732	61,154,908	28,973,304	34,912,887	63,886,191
Current liabilities	986,899	358,025	1,344,924	1,701,021	254,394	1,955,415
Non-current liabilities	18,264,648	159,461	18,424,109	18,711,954	266,853	18,978,807
Total liabilities	19,251,547	517,486	19,769,033	20,412,975	521,247	20,934,222
Net position:						
Net investment in capital assets	4,648,747	33,021,617	37,670,364	5,038,196	33,430,844	38,469,040
Restricted	378,773	-	378,773	819,834	-	819,834
Unrestricted	2,591,109	745,629	3,336,738	2,702,299	960,796	3,663,095
Total net position	$ 7,618,629	$33,767,246	$41,385,875	$ 8,560,329	$34,391,640	$42,951,969

The City's assets exceed liabilities by $41,385,875 at the close of the most recent fiscal year. Of this amount $7,618,629 came from governmental activities, and $33,767,246 came from business-type activities.

By far the largest portion of the City's net position was comprised of Net Investment In Capital Assets with a balance of $37,670,364 or 91% of total net position. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Additional information about the City’s long term debt and capital assets can be found in Note 7 and Note 8 of this report.

Restricted net position totaled $378,773 or 1% of total net position. The vast majority of this amount represents resources that are designated for construction projects.

The remaining balance of $3,336,738 or 8% of total net position represents unassigned net position. This may be used to meet the City's obligations to citizen’s and creditors in accordance with the finance-related legal requirements. At the end of the current fiscal year, the City reports positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

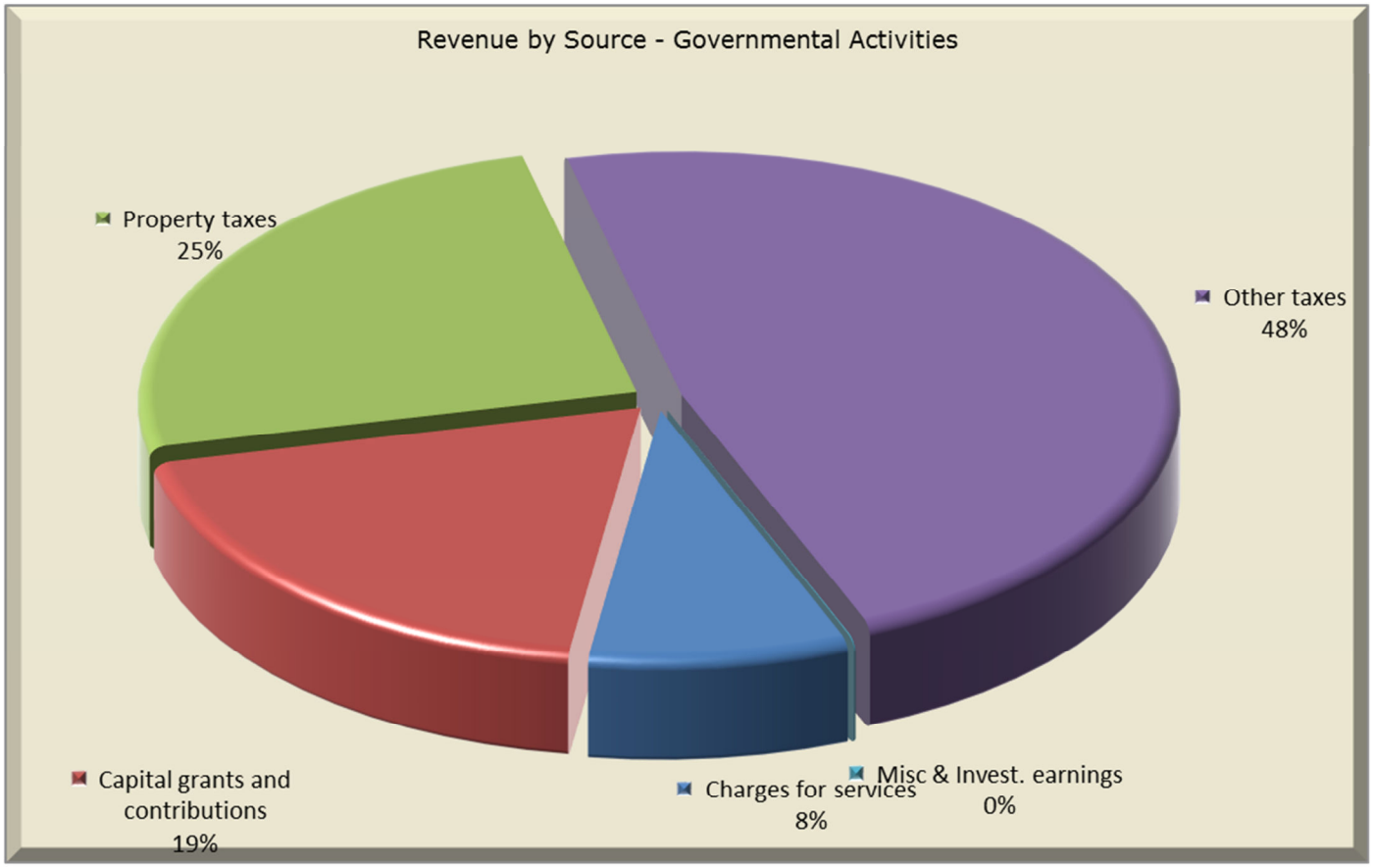
City of Bainbridge - Statement of Activities

Revenues:	2014 Governmental Activities	2014 Business-type Activities	2014 Total	2013 Governmental Activities	2013 Business-type Activities	2013 Total
Program revenues:						
Charges for services	$ 717,622	$ 8,011,192	$ 8,728,814	$ 1,046,083	$ 8,019,367	$ 9,065,450
Capital grants and contributions	1,623,637	-	1,623,637	1,994,928	-	1,994,928
General revenues:						
Property taxes	2,110,865	-	2,110,865	1,367,647	-	1,367,647
Other taxes	4,051,960	-	4,051,960	4,136,894	-	4,136,894
Other	3,225	4,204	7,429	3,386	7,332	10,718
Total revenues	8,507,309	8,015,396	16,522,705	8,548,938	8,026,699	16,575,637
Expense:						
General government	1,916,785	-	1,916,785	1,988,071	-	1,988,071
Public safety	4,124,220	-	4,124,220	4,984,481	-	4,984,481
Public works	1,263,226	-	1,263,226	1,155,812	-	1,155,812
Judicial	372,006	-	372,006	349,378	-	349,378
Community development	682,691	-	682,691	413,086	-	413,086
Leisure services	1,932,710	-	1,932,710	1,989,398	-	1,989,398
Water & sewer	-	2,557,621	2,557,621	-	2,628,649	2,628,649
Natural gas	-	1,921,865	1,921,865	-	1,889,901	1,889,901
Sanitation	-	1,616,985	1,616,985	-	1,648,210	1,648,210
Marina	-	132,864	132,864	-	521,187	521,187
Telecommunications	-	528,256	528,256	-	199,928	199,928
Interest and fiscal charges on long-term debt	505,590	-	505,590	730,047	-	730,047
Total expenses	10,797,228	6,757,591	17,554,819	11,610,273	6,887,875	18,498,148
Increase (Decrease) in net position before transfers	(2,289,919)	1,257,805	(1,032,114)	(3,061,335)	1,138,824	(1,922,511)
Transfers	1,817,765	(1,817,765)	-	(4,335,330)	4,335,330	-
Gain on sale of capital assets		(64,434)				
Change in net position	(472,154)	(624,394)	(1,096,548)	(7,396,665)	5,474,154	(1,922,511)
Net position, beginning of year, as restated	8,090,783	34,391,640	42,482,423	15,487,448	28,917,486	44,404,934
Net position, end of year, as restated	$ 7,618,629	$ 33,767,246	$41,385,875	$ 8,090,783	$34,391,640	$42,482,423

Governmental activities.

The above statement shows the revenues and expenses by activities. Total revenue from governmental activities was $8,507,309 while expenses were $10,797,228.

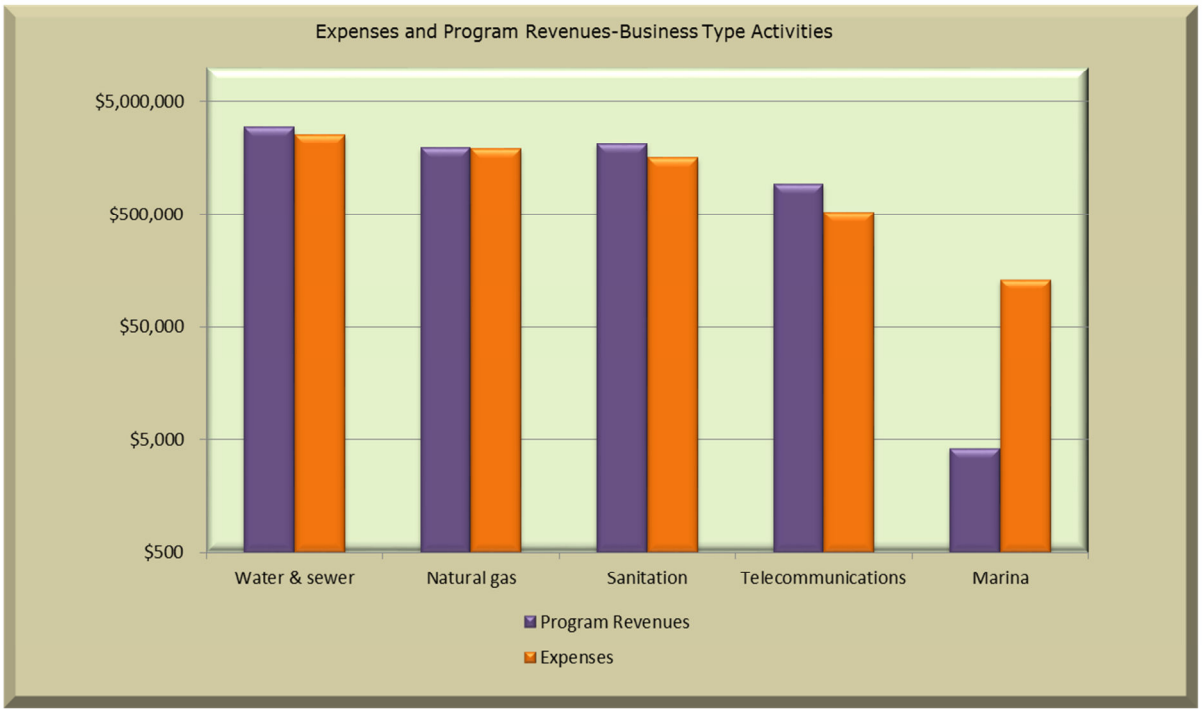
	2014	2013
Program Revenues:		
General Government	$ 348,998	$ 235,662
Public Safety	31,593	21,259
Public Works	1,270,147	1,893,211
Judicial	500,913	659,984
Community Development	41,000	39,973
Leisure Services	148,608	190,922
Total	$2,341,259	$3,041,011


Revenue by Source - Governmental Activities
Property taxes
25%
Other taxes
48%
Capital grants and
contributions
19%
Charges for services
8%
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 $8,013,847 and expenses totaled $6,756,042. The following graph displays the expenses and program revenues for business-type activities:



Financial Analysis of the Government's Funds

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

Governmental Funds.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $2,364,824 a decrease of $1,079,396. Approximately 22% ($525,258) 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 $525,258 while the total fund balance reached $1,769,036. 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 5% of total general fund expenditures, while total fund balance represents 18% of that same amount. The fund balance in the City's general fund decreased by $1,018,826 during the current fiscal year.

Proprietary Funds.

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

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

- $1,489,971 for the Water & Sewer fund.
- $149,290 for the Natural Gas fund.
- $(83,427) for the Solid Waste (Sanitation) fund.
- $(769,416) for the Telecommunications fund.
- $(20,707) for the Marina fund.

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

General Fund Budgetary Highlights

The City’s budget is prepared in accordance with the laws of the State of Georgia and the Code of Ordinances of the City of Bainbridge. The City adopts the fiscal budget during September of the preceding fiscal year. A detailed budgetary comparison schedule for the fiscal year ended September 30, 2014 can be found in the Required Supplementary Information.

During September 2013, the City adopted a General Fund budget of $9,200,861 for FY2014. At the end of the fiscal year, the final actual expenditures were $9,724,918 which was an increase of $524,057 from the original adopted budget. The final amended budget expenditures were $9,707,367. The difference between the original budget and the final amended budget is an overall increase of $506,506.

Primary reasons for the differences between final budget and actual results in the General Fund include:

Expenditures:

- Public Safety Department purchased a Fire Truck through a lease purchase.
- Jail costs were 45% higher than budgeted.
- Supplies other than office in most departments were higher than budgeted.

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, 2014 amounts to $55,061,820 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, and streets. The total decrease in the City's investment in capital assets for the current fiscal year was 1.5% (a 1.1% decrease for governmental activities and a 1.8% decrease for business-type activities).

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

- $80,382 current year addition for City Hall Plaza.
- $284,559 current year addition Street Paving.
- $320,000 current year addition Fire Truck for Public Safety.
- $601,777 current year addition Transfer Station for Sanitation.

Government Wide Capital Assets

	Governmental Activities	Business-type Activities	Total
Land	$ 2,232,103	$ 218,303	$ 2,450,406
Building and improvements	16,158,620	41,868,982	58,027,602
Machinery and equipment	7,236,535	5,248,826	12,485,361
Infrastructure	5,881,046	2,650,067	8,531,113
Construction in progress	379,635	-	379,635
Accumulated depreciation	(9,953,998)	(16,858,299)	(26,812,297)
Total	$ 21,933,941	$ 33,127,879	$ 55,061,820

Long-term debt

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

The City's total debt government wide is $17,650,578 which decreased by $596,137 during the current fiscal year.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City is currently 9.6%, which increased from a rate of 11% a year ago. This is above the state's average unemployment rate of 6.9% and the national average unemployment rate of 5.9%.
- The occupancy rate of the City's central business district is 88%, slightly higher than the prior year.

All of these factors were considered in preparing the City's budget for the 2013-2014 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.

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BASIC FINANCIAL STATEMENTS

CITY OF BAINBRIDGE, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Convention and Visitor's Bureau	Total
Assets:						
Cash and cash equivalents	$ 407,975	$ 41,348	$ 449,323	$ -	$ -	$ -
Investments	170,118	86	170,204	-	-	-
Property held for resale	-	-	-	213,589	-	213,589
Receivables, net	3,242,899	1,025,348	4,268,247	-	8,644	8,644
Due from other governments	308,078	-	308,078	-	-	-
Due from primary government	-	-	-	194,240	5,110	199,350
Due from component unit	-	7	7	-	-	-
Internal balances	158,258	(158,258)	-	-	-	-
Inventories	106,246	151,230	257,476	-	-	-
Prepaid items	80,891	64,923	145,814	-	1,521	1,521
Other assets, net	-	-	-	-	-	-
Restricted assets	461,770	32,169	493,939	-	-	-
Capital assets, non depreciated	2,611,738	218,303	2,830,041	-	-	-
Capital assets, depreciated, net	19,322,203	32,909,576	52,231,779	-	-	-
Total assets	26,870,176	34,284,732	61,154,908	407,829	15,275	423,104
Liabilities:						
Accounts payable and other current liabilities	787,549	195,495	983,044	22	5,595	5,617
Due to primary government	-	-	-	7	-	7
Due to component unit	199,350	-	199,350	-	-	-
Customer deposits	-	153,187	153,187	-	-	-
Unearned revenue	-	9,343	9,343	-	-	-
Noncurrent liabilities:						
Due within one year	1,549,697	159,461	1,709,158	-	-	-
Due in more than one year	16,714,951	-	16,714,951	-	-	-
Total liabilities	19,251,547	517,486	19,769,033	29	5,595	5,624
Net position:						
Net investment in capital assets	4,648,747	33,021,617	37,670,364	-	-	-
Restricted for:						
Public safety	56,197	-	56,197	-	-	-
Capital projects	322,576	-	322,576	-	-	-
Unrestricted	2,591,109	745,629	3,336,738	407,800	9,680	417,480
Total net position	$ 7,618,629	$ 33,767,246	$ 41,385,875	$ 407,800	$ 9,680	$ 417,480

See accompanying notes to financial statements.

CITY OF BAINBRIDGE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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 Position: 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	$ 1,916,785	$ 20,912	$ -	$ 328,086	$ (1,567,787)	$ -	$ (1,567,787)			
Judicial	372,006	500,913	-	-	128,907	-	128,907			
Public works	1,263,226	-	-	1,270,147	6,921	-	6,921			
Leisure services	1,932,710	148,608	-	-	(1,784,102)	-	(1,784,102)			
Public safety	4,124,220	6,409	-	25,184	(4,092,627)	-	(4,092,627)			
Community development	682,691	40,780	-	220	(641,691)	-	(641,691)			
Interest & fiscal charges on long-term debt	505,590	-	-	-	(505,590)	-	(505,590)			
Total governmental activities	10,797,228	717,622	-	1,623,637	(8,455,969)	-	(8,455,969)			
Business-type activities:										
Water and sewer	2,557,621	3,021,664	-	-	-	464,043	464,043			
Natural gas	1,921,865	1,944,856	-	-	-	22,991	22,991			
Sanitation	1,616,985	2,109,387	-	-	-	492,402	492,402			
Telecommunications	528,256	931,045	-	-	-	402,789	402,789			
Marina	132,864	4,240	-	-	-	(128,624)	(128,624)			
Total business-type activities	6,757,591	8,011,192	-	-	-	1,253,601	1,253,601			
Total Primary Government	$ 17,554,819	$ 8,728,814	$ -	$ 1,623,637	(8,455,969)	1,253,601	(7,202,368)			
Component Units:										
Downtown Development Authority	$ 40,396	$ -	$ 12,056	$ 18,540				$ (9,800)	$ -	$ (9,800)
Convention and Visitor's Bureau	64,762	-	61,227	-				-	(3,535)	(3,535)
Component units	$ 105,158	$ -	$ 73,283	$ 18,540				(9,800)	(3,535)	(13,335)
General Revenues:										
Property taxes					2,110,865	-	2,110,865	-	-	-
Sales tax					1,647,536	-	1,647,536	-	-	-
Insurance premium tax					685,656	-	685,656	-	-	-
Alcohol taxes					344,029	-	344,029	-	-	-
Hotel/motel tax					151,723	-	151,723	-	-	-
Franchise taxes					877,836	-	877,836	-	-	-
Business taxes					345,180	-	345,180	-	-	-
Unrestricted investment earnings					3,225	4,204	7,429	-	-	-
Gain on sale of capital assets					-	(64,434)	(64,434)	-	-	-
Transfers					1,817,765	(1,817,765)	-	-	-	-
Total general revenues and transfers					7,983,815	(1,877,995)	6,105,820	-	-	-
Change in net position					(472,154)	(624,394)	(1,096,548)	(9,800)	(3,535)	(13,335)
Net position - beginning, before restatement					8,560,329	34,391,640	42,951,969	417,600	13,215	430,815
Restatement					(469,546)	-	(469,546)	-	-	-
Net position - beginning, after restatement					8,090,783	34,391,640	42,482,423	417,600	13,215	430,815
Net position - ending					$ 7,618,629	$ 33,767,246	$ 41,385,875	$ 407,800	$ 9,680	$ 417,480

See accompanying notes to financial statements

CITY OF BAINBRIDGE, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2014

	General Fund	SPLOST 5	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 344,118	$ 140,216	$ 310,221	$ 794,555
Investments	170,068	-	-	170,068
Receivables, net	3,230,033	-	12,389	3,242,422
Prepaid items	79,348	-	-	79,348
Due from other funds	501,406	32,231	9,772	543,409
Advances to other funds	860,160	-	-	860,160
Inventories	60,919	-	-	60,919
Due from other governments	55,224	252,854	-	308,078
Total assets	$ 5,301,276	$ 425,301	$ 332,382	$ 6,058,959
Liabilities				
Accounts payable	$ 303,287	$ 71,172	$ 8,916	$ 383,375
Retainage payable	-	31,553	-	31,553
Accrued liabilities	962	-	-	962
Due to other funds	1,120,451	-	48,176	1,168,627
Due to component unit	197,272	-	2,078	199,350
Total liabilities	1,621,972	102,725	59,170	1,783,867
Deferred inflows of resources				
Unavailable revenue	1,910,268	-	-	1,910,268
Fund Balances				
Non-Spendable for:				
Prepaids	79,348	-	-	79,348
Inventories	60,919	-	-	60,919
Advances	860,160	-	-	860,160
Restricted for:				
Debt service	-	-	139,469	139,469
Capital projects	-	322,576	77,546	400,122
Public safety	-	-	56,197	56,197
Landfill closure	243,351	-	-	243,351
Unassigned	525,258	-	-	525,258
Total fund balances	1,769,036	322,576	273,212	2,364,824
Total liabilities, deferred inflows of resources, and fund balances	$ 5,301,276	$ 425,301	$ 332,382	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	21,933,941
Revenue earned but unavailable is not reported in the funds.	1,910,268
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.	(325,756)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Unamortized bond premium	(149,345)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Unmatured notes and leases	(17,394,971)
Accrued interest payable	(202,191)
Accrued compensated absences	(274,790)
Landfill post-closure care obligation	(243,351)
Net position of governmental activities	$ 7,618,629

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, 2014

	General Fund	SPLOST 5	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 5,522,917	$ -	$ 151,723	$ 5,674,640
Licenses and permits	40,780	-	-	40,780
Intergovernmental	126,766	1,480,919	25,184	1,632,869
Charges for services	186,259	-	-	186,259
Fines and forfeitures	474,459	-	-	474,459
Investment earnings	2,251	520	241	3,012
Other	33,793	-	-	33,793
Total revenues	6,387,225	1,481,439	177,148	8,045,812
Expenditures:				
Current:				
General government	1,580,806	-	-	1,580,806
Public safety	3,780,100	-	91,951	3,872,051
Public works	1,778,500	-	-	1,778,500
Community development	682,691	-	-	682,691
Judicial	372,006	-	-	372,006
Leisure services	1,530,815	-	60,689	1,591,504
Capital projects	-	243,912	-	243,912
Debt service	-	468,778	821,811	1,290,589
Total expenditures	9,724,918	712,690	974,451	11,412,059
Excess (deficiency) of revenues over (under) expenditures	(3,337,693)	768,749	(797,303)	(3,366,247)
Other financing sources (uses):				
Transfers in	1,965,420	158,016	890,761	3,014,197
Transfers out	-	(890,761)	(249,076)	(1,139,837)
Capital lease issued	320,000	-	-	320,000
Note payable issued	-	59,044	-	59,044
Sale of capital assets	33,447	-	-	33,447
Total other financing sources (uses)	2,318,867	(673,701)	641,685	2,286,851
Net change in fund balance	(1,018,826)	95,048	(155,618)	(1,079,396)
Fund balance at beginning of year - before restatement	2,787,862	697,074	428,830	3,913,766
Restatement	-	(469,546)	-	(469,546)
Fund balance at beginning of year - after restatement	2,787,862	227,528	428,830	3,444,220
Fund balance at end of year	$ 1,769,036	$ 322,576	$ 273,212	$ 2,364,824

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, 2014

Net change in fund balances - total governmental funds		$ (1,079,396)
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	(1,132,368)	
Capital outlays	971,169	
Loss on disposal of assets	(33,266)	(194,465)
The net effect of various miscellaneous transactions involving capital assets (contributions to Business-Type Activities) is to decrease net assets.		(56,595)
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	(379,044)	
Matured principal on notes payable	69,620	
Matured principal on revenue bonds	528,135	
Matured principal on capital leases	269,826	488,537
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Premium on bonds issued		8,534
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.		504,670
Internal Service Funds are used by management to charge the costs of employee health care self-insurance and the city shop to individual funds.		(93,674)
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	(91,091)	
Accrued compensated absences	30,298	
Landfill post-closure care	11,028	(49,765)
Change in net position of governmental activities		$ (472,154)

See accompanying notes to financial statements.

CITY OF BAINBRIDGE, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Enterprise Funds						
	Major				Nonmajor		
	Water Sewer	Natural Gas	Sanitation	Telecommunications	Marina	Totals	Internal Service Funds
ASSETS							
Current assets:							
Cash	$ 10,806	$ -	$ -	$ 26,550	$ 3,992	$ 41,348	$ 75,190
Investments	1	85	-	-	-	86	50
Restricted assets:							
Investments	2,270	29,899	-	-	-	32,169	-
Receivables, net							
Utility accounts	426,417	168,574	223,803	-	-	818,794	-
Other	10,880	-	-	194,244	1,430	206,554	476
Due from other funds	1,086,492	114,178	-	19,251	-	1,219,921	98,060
Due from component unit	7	-	-	-	-	7	-
Inventory	92,945	23,047	13,175	22,063	-	151,230	45,327
Prepaid expenses	42,822	15,309	6,468	324	-	64,923	1,543
Total current assets	1,672,640	351,092	243,446	262,432	5,422	2,535,032	220,646
Noncurrent assets:							
Property, plant and equipment, net	25,831,927	2,686,261	1,863,594	816,475	1,929,622	33,127,879	39,436
Total assets	27,504,567	3,037,353	2,107,040	1,078,907	1,935,044	35,662,911	260,082
LIABILITIES							
Current liabilities:							
Accounts and claims payable	10,911	143,558	33,384	2,263	-	190,116	352,684
Customer deposits	123,013	30,174	-	-	-	153,187	-
Accrued liabilities	2,018	-	3,361	-	-	5,379	-
Accrued compensated absences	24,384	12,219	16,596	-	-	53,199	18,975
Unearned revenue	9,343	-	-	-	-	9,343	-
Due to other funds	13,000	15,851	273,532	169,425	26,129	497,937	194,826
Capital leases - current	-	-	106,262	-	-	106,262	-
Total current liabilities	182,669	201,802	433,135	171,688	26,129	1,015,423	566,485
Long-term liabilities (net of current portion):							
Advances from other funds	-	-	-	860,160	-	860,160	-
Total liabilities	182,669	201,802	433,135	1,031,848	26,129	1,875,583	566,485
NET POSITION							
Net investment in capital assets	25,831,927	2,686,261	1,757,332	816,475	1,929,622	33,021,617	39,436
Unrestricted	1,489,971	149,290	(83,427)	(769,416)	(20,707)	765,711	(345,839)
Total net position	$27,321,898	$2,835,551	$ 1,673,905	$ 47,059	$ 1,908,915	33,787,328	$ (306,403)
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds						(20,082)	
Net position of business-type activities						$ 33,767,246	

See accompanying notes to financial statements.

CITY OF BAINBRIDGE, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Enterprise Funds						
	Major				Nonmajor		
	Water Sewer	Natural Gas	Sanitation	Telecommunications	Marina	Totals	Internal Service Funds
Operating revenues:							
Charges for services	$ 3,020,115	$ 1,852,450	$ 2,109,185	$ 245,485	$ (1,612)	$ 7,225,623	$ 657,904
Contributions	-	-	-	-	-	-	2,694,181
Lease income	-	-	-	654,283	5,590	659,873	-
Other	1,549	92,406	202	31,277	262	125,696	24,997
Total operating revenues	3,021,664	1,944,856	2,109,387	931,045	4,240	8,011,192	3,377,082
Operating expenses:							
Personal services	860,020	293,049	616,633	72,826	-	1,842,528	323,365
Operating	918,546	1,546,187	789,666	399,626	360	3,654,385	332,112
Depreciation	751,713	82,629	175,260	55,804	132,504	1,197,910	4,631
Benefits and claims	-	-	-	-	-	-	2,843,354
Other	-	-	-	-	-	-	-
Total operating expenses	2,530,279	1,921,865	1,581,559	528,256	132,864	6,694,823	3,503,462
Operating income	491,385	22,991	527,828	402,789	(128,624)	1,316,369	(126,380)
Nonoperating revenues (expenses):							
Gain (loss) on sale of capital assets	(66,575)	410	(32,066)	1,731	-	(96,500)	-
Interest income	4,053	-	-	151	-	4,204	733
Interest expense	-	-	(3,360)	-	-	(3,360)	-
Total nonoperating revenues (expenses)	(62,522)	410	(35,426)	1,882	-	(95,656)	733
Income before contributions and transfers	428,863	23,401	492,402	404,671	(128,624)	1,220,713	(125,647)
Contributed capital	56,595	-	-	-	-	56,595	-
Transfers in	50,031	-	-	-	-	50,031	-
Transfers out	(766,997)	(285,548)	(471,846)	(400,000)	-	(1,924,391)	-
Increase (decrease) in net position	(231,508)	(262,147)	20,556	4,671	(128,624)	(597,052)	(125,647)
Net position at beginning of year	27,553,406	3,097,698	1,653,349	42,388	2,037,539		(180,756)
Net position at end of year	$ 27,321,898	$ 2,835,551	$ 1,673,905	$ 47,059	$1,908,915		$ (306,403)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(27,342)	
Change in net position of business-type activities						$ (624,394)	

See accompanying notes to financial statements.

CITY OF BAINBRIDGE, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	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	$ 2,163,367	$1,770,552	$2,209,411	$ 868,150	$ 7,802	$ 7,019,282	$ 3,281,431
Cash payments for goods and services	(972,144)	(1,465,003)	(493,786)	(401,013)	(8,721)	(3,340,667)	(234,014)
Cash payments for claims	-	-	-	-	-	-	(2,695,083)
Cash payments for employee services and fringe benefits	(860,020)	(293,049)	(619,886)	(72,826)	-	(1,845,781)	(334,923)
Net cash from (to) operating activities	331,203	12,500	1,095,739	394,311	(919)	1,832,834	17,411
Cash flows from (to) noncapital financing activities:							
Transfers in	50,031	-	-	-	-	50,031	-
Transfers out	(766,997)	(285,548)	(471,846)	(400,000)	-	(1,924,391)	-
Net cash from (to) noncapital financing activities	(716,966)	(285,548)	(471,846)	(400,000)	-	(1,874,360)	-
Cash flows from (to) capital and related financing activities:							
Interest paid	-	-	(3,360)	-	-	(3,360)	-
Payments for capital acquisitions	59,586	-	(575,539)	(21,152)	-	(537,105)	-
Principal payments on long-term obligations	-	-	(99,066)	-	-	(99,066)	-
Proceeds sale of assets	(66,575)	409	(32,066)	1,731	-	(96,501)	-
Net cash from (to) capital and related financing activities	(6,989)	409	(710,031)	(19,421)	-	(736,032)	-
Cash flows from (to) investing activities:							
Proceeds from investments	385,365	272,639	86,138	-	-	744,142	-
Investment purchases	-	-	-	21,528	-	21,528	-
Interest received from investments	4,053	-	-	151	-	4,204	733
Net cash from (to) investing activities	389,418	272,639	86,138	21,679	-	769,874	733
Net increase (decrease) in cash	(3,334)	-	-	(3,431)	(919)	(7,684)	18,144
Cash at beginning of year	14,140	-	-	29,981	4,911	49,032	57,046
Cash at end of year	$ 10,806	$ -	$ -	$ 26,550	$ 3,992	$ 41,348	$ 75,190

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, 2014

	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)	$ 491,385	$ 22,991	$ 527,828	$ 402,789	$(128,624)	$ 1,316,369	$ (126,380)
Adjustments to reconcile operating income to net cash from operating activities:							
Depreciation	751,713	82,629	175,260	55,804	132,504	1,197,910	4,631
Change in assets and liabilities:							
(Increase) decrease in accounts receivable	21,463	(60,551)	(41,733)	(43,644)	3,562	(120,903)	(102)
(Increase) decrease in due from component unit	(7)	-	-	-	-	(7)	-
(Increase) decrease in prepaid expenses	(4,272)	(2,933)	271	(90)	234	(6,790)	148
(Increase) decrease in inventory	3,212	3,879	(6,632)	(4,438)	-	(3,979)	(95,549)
(Increase) decrease in due from other funds	(878,212)	(114,178)	141,757	(19,251)	-	(869,884)	(4,901)
Increase (decrease) in accounts payable	(59,324)	143,558	32,569	(8,803)	-	108,000	73,479
Increase (decrease) in accrued liabilities	-	-	(3,253)	-	-	(3,253)	(11,558)
Increase (decrease) in deferred revenue	(3,337)	-	-	-	-	(3,337)	-
Increase (decrease) in due to other funds	13,000	(65,068)	273,532	11,944	(8,595)	224,813	177,643
Increase (decrease) in customer deposits	1,796	425	-	-	-	2,221	-
Net cash from (to) operating activities	$ 331,203	$ 12,500	$ 1,095,739	$ 394,311	$ (919)	$ 1,832,834	$ 17,411
Supplemental disclosure of cash flow information:							
Cash paid during the year for interest	$ -	$ -	$ 3,360	$ -	$ -	$ 3,360	$ -

Supplemental disclosure of noncash investing and financing activities:
Capital assets totaling $56,595 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 in accordance with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", the financial statements of its component units. The component units discussed below are included in the reporting entity because of the financial relationship with the City.

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

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

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

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

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

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

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to

meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

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.

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.

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, 2014.

E. Cash and Investments

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

Investments are stated at fair value. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's

Investors Services, Inc., non-negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, repurchase agreements when collateralized by U.S. Government or agency obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

All of the City's investments are held with banks in 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	15-50 years

J. Compensated Absences

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

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

K. Long-Term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no item that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents a part of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has no item that qualifies for reporting in this category.

M. Nature and Purpose of Classifications of Fund Equity

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

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

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

N. Use of Estimates

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

(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, 2014, 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, 2014, the City had the following investments:

	Total Fair Value	Weighted Average Maturity (years)
Money Market Accounts	$ 21,372	N/A
Certificate of Deposits	181,001	0.18
Total	$ 202,373	

$32,169 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, 2014 consist of the following:

	Taxes and Fines	Utility Accounts	Other	Allowance for Uncollectibles	Net Receivables
General Fund	$ 3,442,833	$ -	$ -	$ (212,800)	$ 3,230,033
Water and Sewer Fund	-	470,417	10,880	(44,000)	437,297
Sanitation Fund	-	248,803	-	(25,000)	223,803
Natural Gas Fund	-	179,574	-	(11,000)	168,574
Telecommunications Fund	-	-	194,244	-	194,244
Nonmajor Funds:					
Special Revenue Funds	12,389	-	-	-	12,389
Internal Service Funds	-	-	476	-	476
Marina Fund	-	1,430	-	-	1,430
Total	$ 3,455,222	$ 900,224	$205,600	$ (292,800)	$ 4,268,246

(4) DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at September 30, 2014 consist of the following:

	Decatur County, GA	Georgia Department of Natural Resources	Total
General Fund	$ 55,224	$ -	$ 55,224
SPLOST 5 Fund	225,955	26,899	252,854
	$281,179	$ 26,899	$ 308,078

(5) INTERFUND RECEIVABLES, ADVANCES, AND TRANSFERS

Interfund receivable and payable balances for the fiscal year ended September 30, 2014 are summarized as follows:

	RECEIVABLE TO							
PAYABLE FROM	General Fund	SPLOST 5 Fund	Water and Sewer Fund	Natural Gas Fund	Telecommunication Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
General Fund	$ -	$ -	$1,077,370	$ 24,166	$ -	$ 9,772	$ 9,143	$1,120,451
Water and Sewer Fund	-	-	-	-	7,810	-	5,190	13,000
Sanitation Fund	185,088	-	681	12	6,665	-	81,086	273,532
Natural Gas Fund	-	-	8,441	-	4,776	-	2,634	15,851
Telecommunication Fund	169,418	-	-	-	-	-	7	169,425
Internal Service Funds	104,826	-	-	90,000	-	-	-	194,826
Nonmajor Enterprise Funds	26,129	-	-	-	-	-	-	26,129
Nonmajor Governmental Funds	15,945	32,231	-	-	-	-	-	48,176
Total	$501,406	$ 32,231	$1,086,492	$ 114,178	$ 19,251	$ 9,772	$ 98,060	$1,861,390

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.

Balances outstanding between the SPLOST 5 Fund, the General Fund, and nonmajor governmental funds are for SPLOST related project expenditures that are being funded by general revenues or bond proceeds.

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

ADVANCES FROM	ADVANCES TO Telecom 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	Water and Sewer Fund	Sanitation Fund	Natural Gas Fund	Telecom Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 766,997	$471,846	$235,517	$400,000	$ 91,060	$ 1,965,420
SPLOST 5 Fund	-	-	-	-	-	158,016	158,016
Water and Sewer Fund	-	-	-	50,031	-	-	50,031
Nonmajor Governmental Funds	890,761	-	-	-	-	-	890,761
Total	$890,761	$ 766,997	$471,846	$285,548	$400,000	$ 249,076	$ 3,064,228

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

Transfers between the SPLOST 5 Fund and other Funds are for the receipt of bond proceeds and for the disbursement of funds for payment of debt service.

(6) RESTRICTED ASSETS

The City's restricted assets at September 30, 2014 consist of the following:

Governmental Activities:	Total
Appearance bond deposits	$ 11,333
SPLOST 5 cash	140,216
Unspent bond proceeds	109,777
Sinking fund cash	139,469
Hotel/Motel tax	14,161
Confiscated assets	46,814
Total governmental activities	$ 461,770
Proprietary Funds / Business Type Activities:	
Water and Sewer Fund:	
Customer deposits	$ 2,270
Natural Gas Fund:	
Customer deposits	29,899
Total proprietary funds / business type activities	$ 32,169

(7) CAPITAL ASSETS

Capital asset activity for the period ended September 30, 2014 was as follows:

	Beginning Balance (As Restated)	Additions	Transfers	Reductions	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 2,232,103	$ -	$ -	$ -	$ 2,232,103
Construction in progress	244,440	971,169	(56,595)	(779,379)	379,635
Total capital assets not being depreciated	2,476,543	971,169	(56,595)	(779,379)	2,611,738
Capital assets, being depreciated:					
Buildings and improvements	16,078,238	80,382	-	-	16,158,620
Machinery and equipment	6,888,890	414,438	-	(66,793)	7,236,535
Infrastructure	5,596,487	284,559	-	-	5,881,046
Total capital assets being depreciated	28,563,615	779,379	-	(66,793)	29,276,201
Less accumulated depreciation for:					
Buildings and improvements	(3,052,940)	(481,618)	-	-	(3,534,558)
Machinery and equipment	(4,664,024)	(418,375)	-	33,527	(5,048,872)
Infrastructure	(1,138,193)	(232,375)	-	-	(1,370,568)
Total accumulated depreciation	(8,855,157)	(1,132,368)	-	33,527	(9,953,998)
Total capital assets being depreciated, net	19,708,458	(352,989)	-	(33,266)	19,322,203
Governmental activities capital assets, net	$22,185,001	$ 618,180	$ (56,595)	$ (812,645)	$21,933,941
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 218,303	$ -	$ -	$ -	$ 218,303
Construction in progress	9,800	628,755	-	(638,555)	-
Total capital assets not being depreciated	228,103	628,755	-	(638,555)	218,303
Capital assets, being depreciated:					
Buildings and plant in service	41,295,642	622,329	56,595	(105,584)	41,868,982
Machinery and equipment	5,248,227	24,428	-	(23,829)	5,248,826
Infrastructure	2,650,067	-	-	-	2,650,067
Total capital assets being depreciated	49,193,936	646,757	56,595	(129,413)	49,767,875
Less accumulated depreciation for:					
Buildings and plant in service	(11,654,225)	(777,447)	-	5,733	(12,425,939)
Machinery and equipment	(3,338,749)	(287,959)	-	23,829	(3,602,879)
Infrastructure	(696,977)	(132,504)	-	-	(829,481)
Total accumulated depreciation	(15,689,951)	(1,197,910)	-	29,562	(16,858,299)
Total capital assets being depreciated, net	33,503,985	(551,153)	56,595	(99,851)	32,909,576
Business-type activities capital assets, net	$33,732,088	$ 77,602	$ 56,595	$ (738,406)	$33,127,879

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

Governmental activities:	
General government	$ 296,684
Public safety	282,467
Public works, including depreciation of general infrastructure	207,408
Leisure services	341,178
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	4,631
Total depreciation expense - governmental activities	$ 1,132,368
Business-type activities:	
Water and sewer	$ 751,713
Sanitation	175,260
Gas	82,629
Telecommunications	55,804
Marina	132,504
Total depreciation expense - business-type activities	$ 1,197,910

(8) LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities for the year ended September 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Note payable	$ 2,868,394	$ 59,044	$ (69,620)	$ 2,857,818	$ 107,347
Revenue bonds	13,751,327	-	(528,135)	13,223,192	690,081
Leases payable	1,263,787	320,000	(269,826)	1,313,961	305,447
Premium	157,879	-	(8,534)	149,345	-
Landfill post closure care	254,379	-	(11,028)	243,351	12,853
Accrued interest payable	111,100	384,740	(293,649)	202,191	202,191
Compensated absences	305,088	335,808	(366,106)	274,790	231,778
Governmental activities long-term liabilities	$18,711,954	$ 1,099,592	$ (1,546,898)	$18,264,648	$1,549,697
Business-type activities:					
Leases payable	$ 205,328	$ -	$ (99,066)	$ 106,262	$ 106,262
Compensated absences	61,525	65,504	(73,830)	53,199	53,199
Business-type activities long-term liabilities	$ 266,853	$ 65,504	$ (172,896)	$ 159,461	$ 159,461

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

Governmental activities:

Note Payable

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

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

Governmental - Note payable

Year Ending September 30,	Principal	Interest	Total
2015	$ 107,347	$ 92,975	$ 200,322
2016	110,955	89,367	200,322
2017	114,684	85,639	200,323
2018	118,538	81,784	200,322
2019	122,522	77,801	200,323
2020-2024	677,210	324,400	1,001,610
2025-2029	798,914	202,696	1,001,610
2030-2034	807,648	60,416	868,064
Total	$ 2,857,818	$ 1,015,078	$ 3,872,896

Revenue Bonds

On July 30, 2013, the Downtown Bainbridge Development Authority issued Revenue Bonds in the amount of $4,291,327 to provide financing to refund series 2011 Downtown Bainbridge Development Authority Bonds and to provide financing for the cost of construction, remodeling and altering a City administrative building. The bonds will be serviced through biannual payments from the City, commencing on June 1, 2014 of $140,135 to $186,046 through December 1, 2026 and one payment of $78,000 on December 1, 2013; interest at 2.28% ($4,073,192 outstanding). As a result of the refunding, the City increased its total debt service requirements by $435,602 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $37,410.

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

Intergovernmental Contract between the Authority and the City whereby the City has an absolute and unconditional obligation to make payments to the Authority sufficient to enable the Authority to pay the principal and interest on the bonds. The City has agreed to make payments directly to the Trustee. The bonds are due in annual installments commencing April 1, 2014 of $310,000 to $655,000 through April 1, 2032; interest rates at 2.0% to 4.0% ($9,150,000 outstanding).

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

Governmental – Revenue bonds

Year Ending September 30,	Principal	Interest	Total
2015	$ 690,081	$ 370,191	$ 1,060,272
2016	706,618	355,554	1,062,172
2017	718,304	340,568	1,058,872
2018	735,145	325,327	1,060,472
2019	747,142	309,730	1,056,872
2020-2024	4,041,408	1,256,449	5,297,857
2025-2029	3,689,495	675,328	4,364,823
2030-2032	1,895,000	150,575	2,045,575
Total	$ 13,223,193	$ 3,783,719	$ 17,006,912

Leases Payable

The City leases equipment and vehicles with original costs totaling $1,597,479 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, 2014 is $454,969. This year $129,918 was included in depreciation expense.

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

Governmental – Leases payable

Year Ending September 30,	Principal	Interest	Total
2015	$ 305,447	$ 36,991	$ 342,438
2016	279,856	28,490	308,346
2017	180,474	21,287	201,761
2018	185,796	15,966	201,762
2019	191,282	10,479	201,761
2020-2024	171,106	14,744	185,850
Total	$ 1,313,961	$ 127,957	$ 1,441,918

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, 2014 is $148,993. This year $31,940 was included in depreciation expense.

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

Business-type - Leases payable

Year Ending September 30,	Principal	Interest	Total
2015	$ 106,262	$ 3,361	$ 109,623
Total	$ 106,262	$ 3,361	$ 109,623

(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 $243,351 as of September 30, 2014, 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 $243,351 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, 2014. 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, 2013 were $308,789,786.

Based on the 2013 millage levy of 3.57, a property tax owner would pay $3.57 per $1,000 of assessed valuation. Current tax collections of $916,457 for the fiscal year ended September 30, 2014 were 83% 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, 2014, the City's payroll for employees covered by the System's defined benefit plan was $4,984,668. 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, 2013, the date of the most recent actuarial valuation, there were 231 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	57
Vested terminated employees not yet receiving benefits	34
Active employees	140
Total	231

Total pension contributions for the year ended September 30, 2014 were $508,312.

The net pension obligation was computed from information obtained from the actuarial valuation performed as of January 1, 2013. 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 11% to 4% a year, (c) inflation rate of 3.5%, and (d) 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 10.2% of current period covered payroll and were in accordance with actuarial recommendations. The normal contribution requirement was $508,312. Employees do not contribute to the plan.

Period Ended	Annual Pension Cost	Percentage Contributed	Net Pension Asset
9/30/14	$ 504,297	100%	$ 122,182
9/30/13	463,414	100%	118,167
9/30/12	427,032	100%	114,720

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

Required contribution	$ 508,312
Interest on net pension asset	9,158
Adjustment to required contribution	(13,173)
Pension cost	504,297
Contributions made	(508,312)
(Increase) in net pension asset	(4,015)
Net pension (asset), beginning of period	(118,167)
Net pension (asset), end of period	$ (122,182)

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)
01/01/13	$8,463,342	$10,286,931	$ 1,823,589	82.3%	$ 4,984,668	36.58%

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, 2013, there were 7 retirees and 3 spouses eligible for the benefits, and 140 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, 2014 the City contributed $108,833 to the plan.

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Asset)	Amount Contributed
9/30/14	$ 22,065	420%	$ (225,549)	$ 108,833
9/30/13	22,065	351%	(138,781)	92,610
9/30/12	19,089	525%	(72,592)	100,194

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)
01/01/13	$ -	$ 483,658	$ 483,658	0.0%	$ 4,941,982	9.8%

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

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

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

Required contribution	$ 26,117
Interest on net OPEB obligation	5,551
Adjustment to required contribution	(9,603)
OPEB cost	22,065
Contributions made	108,833
Increase (decrease) in net OPEB obligation (asset)	(86,768)
Net OPEB obligation (asset), beginning of period	(138,781)
Net OPEB obligation (asset), end of period	$ (225,549)

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	1/1/2013
Actuarial cost method	Projected unit credit
Amortization method	25-year level percent of pay amortization open
Remaining amortization period	23 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	8.5% graded to 5% over 8 years

The plan does not issue separate financial statements.

(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, 2014, employee contributions were $22,569. 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. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Regional Commission in Georgia. The Regional Commission Board membership includes the officials of political subdivisions and private citizens representing districts with the Southwest Georgia area. OCGA 50-8-39.1 provides that certain member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from 30 West Broad Street, Camilla, Georgia 31730.

(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, 2014	Year Ending September 30, 2013
Claims payable, beginning of year	$ 243,422	$ 203,849
Incurred claims	2,336,143	1,828,245
Claims paid	(2,248,034)	(1,788,672)
Claims payable, end of year	$ 331,531	$ 243,422

(17)FUND BALANCE/NET POSITION DEFICIT

Employee Benefits Fund	$ (336,722)

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

(18)COMMITTMENT

On August 8, 2013, the City entered into an Intergovernmental Contract with the Development Authority of Bainbridge and Decatur County. The Authority issued $1,200,000 Development Authority of Bainbridge and Decatur County Taxable Revenue Bonds (Industrial Building Project), Series 2013 for the purpose of financing the acquisition of property. Payment for the bonds is secured by a pledge of tax revenues by the County and the intergovernmental contract with the City.

(19)EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following fund had expenditures in excess of appropriations for the fiscal year ended June 30, 2014:

	Budget	Actual	Variance with Final Budget
General Fund:			
General Government:			
Mayor and council	$ 396,568	$ 422,241	$ (25,673)
Purchasing	132,554	137,922	(5,368)
Judicial:			
City court	340,329	372,006	(31,677)
Community Development:			
Mainstreet tourism	359,320	371,832	(12,512)
Communications	144,348	156,517	(12,169)
Code enforcement	-	84,130	(84,130)
Public Works:			
Streets	1,547,235	1,646,136	(98,901)
Leisure services:			
Parks and cemeteries	866,155	1,010,994	(144,839)

(20)RESTATEMENT

Equipment placed into service during fiscal year 2013 was recorded as prepaid expense at September 30, 2013. The financial statements have been restated and the effects of the restatement to the City's financial statements are listed below.

	Governmental Activities	SPLOST 5 Fund
Net Position/Fund Balance as previously reported	$ 8,560,329	$ 697,074
Restatement	(469,546)	(469,546)
Net Position/Fund Balance as restated	$ 8,090,783	$ 227,528
Change in net position/ fund balance as previously reported	$ (7,002,584)	$ (336,611)
Effect of restatement	(394,081)	(394,081)
Change in net position/fund balance as restated	$ (7,396,665)	$ (730,692)

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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)
01/01/13	$8,463,342	$10,286,931	$ 1,823,589	82.3%	$ 4,984,668	36.58%
01/01/12	8,123,971	9,742,573	1,618,602	83.4%	5,086,727	31.8%
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)
01/01/13	$ -	$ 483,658	$ 483,658	0.0%	$ 4,941,982	9.8%
01/01/10	-	252,540	252,540	0.0%	5,522,378	4.6%

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	$ 5,683,422	$ 5,869,928	$ 5,522,917	$ (347,011)
Licenses and Permits	45,140	45,140	40,780	(4,360)
Intergovernmental	383,031	383,031	126,766	(256,265)
Charges for Services	260,239	260,239	186,259	(73,980)
Fines and Forfeitures	660,526	660,526	474,459	(186,067)
Investment Earnings	1,545	1,545	2,251	706
Other	145,263	145,263	33,793	(111,470)
Total Revenues	7,179,166	7,365,672	6,387,225	(978,447)
Expenditures:				
General Government:				
Mayor and council	396,568	396,568	422,241	(25,673)
City manager	220,420	220,420	215,740	4,680
Finance, budget and accounting	837,114	837,114	792,975	44,139
Purchasing	132,554	132,554	137,922	(5,368)
City attorney	15,000	15,000	11,928	3,072
Total general government	1,601,656	1,601,656	1,580,806	20,850
Judicial:				
City court	282,885	340,329	372,006	(31,677)
Community Development:				
Mainstreet tourism	359,320	359,320	371,832	(12,512)
Building code enforcement	76,163	76,163	70,212	5,951
Communications	144,348	144,348	156,517	(12,169)
Code enforcement	-	-	84,130	(84,130)
Total community development	579,831	579,831	682,691	(102,860)
Public Works:				
Maintenance	148,747	148,747	132,364	16,383
Streets	1,547,235	1,547,235	1,646,136	(98,901)
Total public works	1,695,982	1,695,982	1,778,500	(82,518)
Public Safety:				
Services	3,731,341	4,051,341	3,780,100	271,241
Leisure services:				
Administration	136,260	136,260	95,679	40,581
Parks and cemeteries	737,093	866,155	1,010,994	(144,839)
Programs	249,009	249,009	239,955	9,054
Acquatic center	81,418	81,418	81,323	95
Tennis center	105,386	105,386	102,864	2,522
Total leisure services	1,309,166	1,438,228	1,530,815	(92,587)
Total Expenditures	9,200,861	9,707,367	9,724,918	6,371
Excess (deficiency) of Revenues over Expenditures	(2,021,695)	(2,341,695)	(3,337,693)	(984,818)

Continued on next page

CITY OF BAINBRIDGE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Other Financing Sources (uses):				
Transfers In	1,983,755	1,983,755	1,965,420	(18,335)
Sale of Capital Assets	35,985	35,985	33,447	(2,538)
Capital Lease Proceeds	-	320,000	320,000	-
Total Other Financing Sources (uses)	2,019,740	2,339,740	2,318,867	(20,873)
Net Change in Fund Balance	$ (1,955)	$ (1,955)	$ (1,018,826)	$ (1,005,691)
Fund Balance at Beginning of Year - GAAP Basis			2,787,862	
Fund Balance at End of Year - GAAP Basis			$ 1,769,036	

OTHER SUPPLEMENTAL INFORMATION

CITY OF BAINBRIDGE, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2014

	Special Revenue Funds		Capital Project Funds		
	Hotel/Motel Tax	Confiscated Assets	Downtown Bainbridge Development Authority	Bainbridge Public Facilities Authority	Total Nonmajor
ASSETS					
Cash	$ 14,161	$ 46,814	$ -	$ 249,246	$310,221
Receivables	12,389	-	-	-	12,389
Due from other funds	-	9,772	-	-	9,772
Total assets	$ 26,550	$ 56,586	$ -	$ 249,246	$332,382
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 8,527	$ 389	-	-	$ 8,916
Due to other funds	15,945	-	-	32,231	48,176
Due to component unit	2,078	-	-	-	2,078
Total liabilities	26,550	389	-	32,231	59,170
Fund balances:					
Restricted for:					
Debt service	-	-	-	139,469	139,469
Capital projects	-	-	-	77,546	77,546
Public safety	-	56,197	-	-	56,197
Total fund balances	-	56,197	-	217,015	273,212
Total liabilities and fund balances	$ 26,550	$ 56,586	$ -	$ 249,246	$332,382

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, 2014

	Special Revenue Funds		Capital Project Funds		
	Hotel/Motel Tax	Confiscated Assets	Downtown Bainbridge Development Authority	Bainbridge Public Facilities Authority	Total Nonmajor
Revenues:					
Taxes	$ 151,723	$ -	$ -	$ -	$ 151,723
Intergovernmental	-	25,184	-	-	25,184
Investment earnings	26	204	11	-	241
Total revenues	151,749	25,388	11	-	177,148
Expenditures:					
Current:					
Public safety	-	91,951	-	-	91,951
Leisure services	60,689	-	-	-	60,689
Debt service	-	-	298,751	523,060	821,811
Total expenditures	60,689	91,951	298,751	523,060	974,451
Excess (deficiency) of revenues over (under) expenditures	91,060	(66,563)	(298,740)	(523,060)	(797,303)
Other financing sources (uses):					
Transfers in	-	-	298,723	592,038	890,761
Transfers out	(91,060)	-	(125,785)	(32,231)	(249,076)
Total other financing sources (uses)	(91,060)	-	172,938	559,807	641,685
Net change in fund balance	-	(66,563)	(125,802)	36,747	(155,618)
Fund balance at beginning of year	-	122,760	125,802	180,268	428,830
Fund balance at end of year	$ -	$ 56,197	$ -	$ 217,015	$ 273,212

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, 2014

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	$182,285	$151,723	$ (30,562)
Investment earnings	40	26	(14)
Total revenues	182,325	151,749	(30,576)
Expenditures:			
Current:			
Leisure services	72,930	60,689	12,241
Excess of revenues over expenditures	109,395	91,060	(18,335)
Other financing sources (uses):			
Transfers out	(109,395)	(91,060)	18,335
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, 2014

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	$ 71,500	$ 25,184	$ (46,316)
Investment earnings	800	204	(596)
Total revenues	72,300	25,388	(46,912)
Expenditures:			
Current:			
Public safety	91,950	91,951	(1)
Total expenditures	91,950	91,951	(1)
Excess (deficiency) of revenues over (under) expenditures	(19,650)	(66,563)	(46,913)
Net change in fund balance	$ (19,650)	(66,563)	$ (46,913)
Fund balance at beginning of year		122,760	
Fund balance at end of year		$ 56,197	

CITY OF BAINBRIDGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Employee Benefits	City Shop	Total
ASSETS			
Current assets:			
Cash	$ 75,190	$ -	$ 75,190
Investments	-	50	50
Accounts receivable	476	-	476
Prepaid items	-	1,543	1,543
Inventories	-	45,327	45,327
Due from other funds	9,143	88,917	98,060
Total current assets	84,809	135,837	220,646
Property, plant and equipment, net	-	39,436	39,436
Total assets	84,809	175,273	260,082
LIABILITIES			
Current liabilities:			
Accounts and claims payable	331,531	21,153	352,684
Due to other funds	90,000	104,826	194,826
Accrued compensated absences	-	18,975	18,975
Total liabilities	421,531	144,954	566,485
NET POSITION			
Net investment in capital assets	-	39,436	39,436
Unrestricted	(336,722)	(9,117)	(345,839)
Total net position	$ (336,722)	$ 30,319	$ (306,403)

CITY OF BAINBRIDGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Employee Benefits	City Shop	Total
Operating revenues:			
Contributions	$ 2,694,181	$ -	$ 2,694,181
Charges for services	-	657,904	657,904
Other	24,997	-	24,997
Total operating revenues	2,719,178	657,904	3,377,082
Operating expenses:			
Personal services	-	323,365	323,365
Operating	-	332,112	332,112
Depreciation	-	4,631	4,631
Benefits and claims	2,843,354	-	2,843,354
Total operating expenses	2,843,354	660,108	3,503,462
Operating income (loss)	(124,176)	(2,204)	(126,380)
Nonoperating revenues (expenses):			
Investment earnings	733	-	733
Increase (decrease) in net position	(123,443)	(2,204)	(125,647)
Net position at beginning of year	(213,279)	32,523	(180,756)
Net position at end of year	$ (336,722)	$ 30,319	$ (306,403)

CITY OF BAINBRIDGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Employee Benefits	City Shop	Totals
Cash flows from (to) operating activities:			
Cash received from contributions and services provided	$ 2,712,494	$ 568,937	$ 3,281,431
Cash payments for goods and services	-	(234,014)	(234,014)
Cash payments for claims	(2,695,083)	-	(2,695,083)
Cash payments for employee services and fringe benefits	-	(334,923)	(334,923)
Net cash from (to) operating activities	17,411	-	17,411
Cash flows from (to) investing activities:			
Interest received	733	-	733
Net increase (decrease) in cash	18,144	-	18,144
Cash at beginning of year	57,046	-	57,046
Cash at end of year	$ 75,190	$ -	$ 75,190
Reconciliation of operating income (loss) to net cash from (to) operating activities:			
Operating income (loss)	$ (124,176)	$ (2,204)	$ (126,380)
Adjustments to reconcile operating income (loss) to net cash from (to) operating activities:			
Depreciation	-	4,631	4,631
Change in assets and liabilities:			
(Increase) decrease in prepaid expenses	-	148	148
(Increase) decrease in due from other funds	(6,632)	(88,917)	(95,549)
(Increase) decrease in inventories	-	(4,901)	(4,901)
Increase (decrease) in accounts and claims payable	58,271	15,208	73,479
Increase (decrease) in accrued liabilities	-	(11,558)	(11,558)
Increase (decrease) in due to other funds	90,000	87,643	177,643
Net cash from (to) operating activities	$ 17,463	$ 50	$ 17,411

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bainbridge, Georgia, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 27, 2015.

Internal Control Over Financial Reporting

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

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

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

been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bainbridge, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the previous section.

City of Bainbridge, Georgia's Response to Findings

City of Bainbridge, Georgia's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. City of Bainbridge, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Crace Galvis McGrath, LLC
Kennesaw, Georgia

March 27, 2015

City of Bainbridge, Georgia
Schedule of Findings and Responses
Year Ended September 30, 2014

Financial Statement Finding

FS14-01 *Condition:* During our testing of charges made to the City credit cards, we noted numerous instances where the charges were not supported by complete documentation.

Effect: Certain expenditures made with the City credit card were not supported by complete documentation.

Recommendation: Strict controls should be implemented so that charges made without detailed documentation cease.

Management Response: Management concurs with the finding and the recommendation.

CITY OF BAINBRIDGE, GEORGIA
HOTEL/MOTEL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Revenues	Expenditures *	Percentage Expended
$151,749	$151,749	100%

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

CITY OF BAINBRIDGE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL OPTION SALES TAX #5 PROCEEDS
As of September 30, 2014

	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	$ 10,613,072	$ 10,481,175	-$11,191	$10,469,984
B.	City Hall Renovation and associated General Fund Debt Service	1,825,000	4,658,472	4,598,312	168,831	4,767,143
C.	Road Construction and Maintenance	500,000	500,000	265,497	81,687	347,184
D.	Recreation Improvements	3,000,000	3,557,949	3,557,949	4,585	3,562,534
E.	Water System Improvements	480,000	480,000	274,008	-	274,008
F.	Storm Water Improvements	480,000	480,000	247,378	-	247,378
G.	Public Safety Equipment and Building Improvements	582,743	2,014,644	2,408,724 (3)	-	2,408,724
	Totals	$ 13,467,743	$ 22,304,137	21,833,043	243,912	22,076,955
		Debt Service Expenditures		2,428,448	1,359,539	3,787,987
		GEFA Loan Repaid from bond proceeds		8,581,385	-	8,581,385
				$32,842,876	$1,603,451	$34,446,327

Notes:

(1) Original Estimated Cost per 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) As restated