

City of Bainbridge, Georgia

Financial Report

For the Fiscal Year Ended

September 30, 2016

City of Bainbridge, Georgia

Financial Report

For the Fiscal Year Ended September 30, 2016

Prepared by:

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

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CITY OF BAINBRIDGE, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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INTRODUCTORY SECTION

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City of
BAINBRIDGE
GEORGIA

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

March 20, 2017

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, 2016.

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.

City of
BAINBRIDGE
GEORGIA

The City of Bainbridge, Georgia's financial statements have been audited by Nichols, Cauley & Associates, 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, 2016, 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, 2016, 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 slow to declining growth area of the state. The City of Bainbridge, Georgia, currently occupies a land area of six square miles and serves a population of approximately 13,000 people. 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.

City of
BAINBRIDGE
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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.

Beginning with Fiscal Year 2017, the City Council adopted a new management strategy that relies more on transfers from the city's enterprise funds to fund general government operations. The City Council took this action in acknowledgement of the declining nature of more traditional revenue sources such as sales tax, automobile taxes and franchise fees. It is the stated goal of the city to rebuild the city's unrestricted reserves to an amount equal to six months of General Fund operations.

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 .15 to .65 percent.

Pension and other post employment benefits. The City of Bainbridge, Georgia sponsors a single-employer defined benefit plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of annual required contribution that the City of Bainbridge, Georgia makes to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City of Bainbridge, 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, 2016, funded 87.19 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.

City of
BAINBRIDGE
GEORGIA

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.

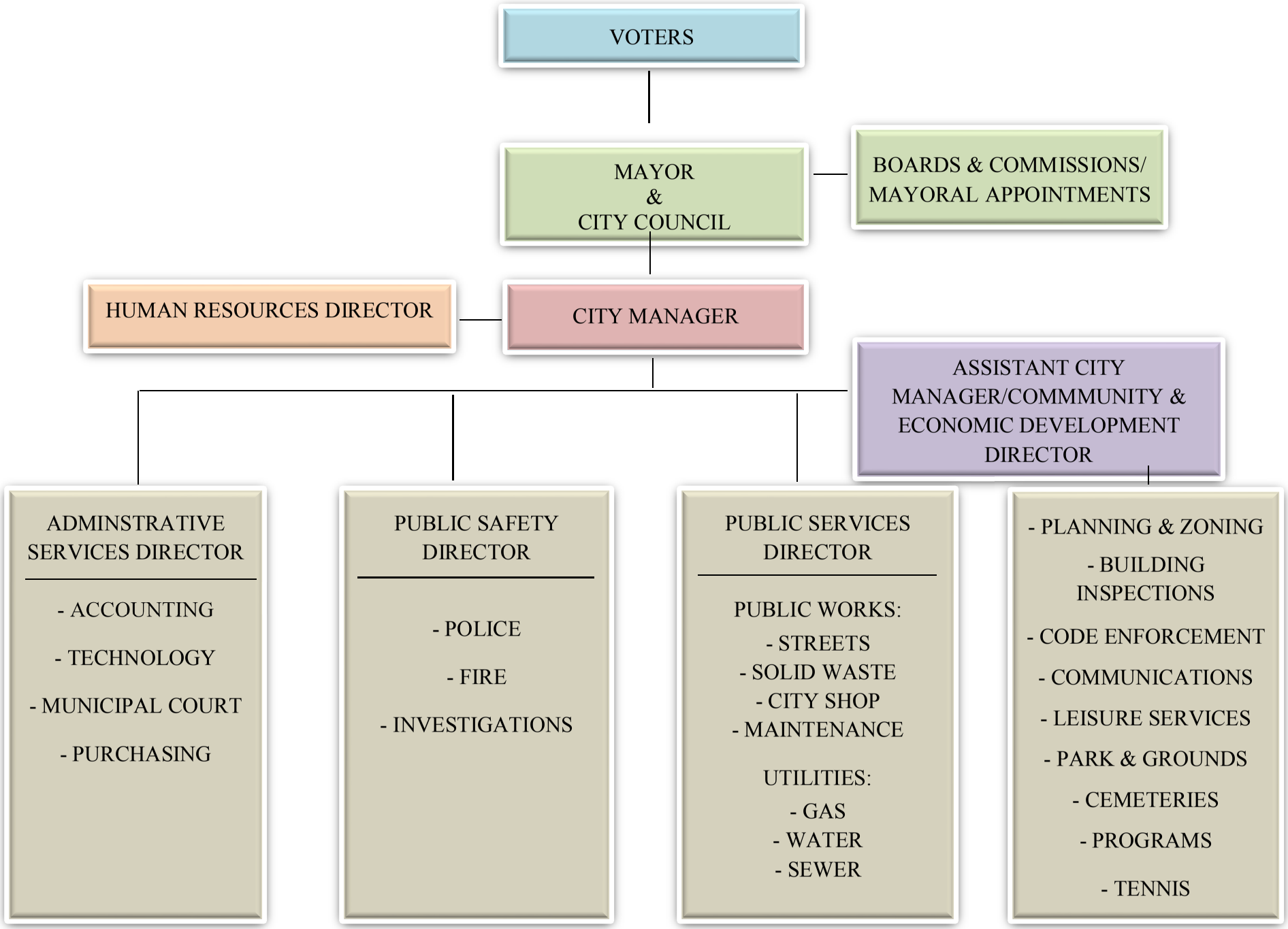
Respectfully submitted,

Chris M. Hobby, City Manager

Lisa H. Taylor, Director of Administrative Services

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CITY OF BAINBRIDGE ORGANIZATION CHART



City of Bainbridge, Georgia
List of Elected and Appointed Officials
September 30, 2016

Elected Officials

Edward Reynolds, Mayor

Board of Aldermen

Roslyn Palmer	Glennie Bench
Joe Sweet	Kregg Close
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	Jerry Carter
Director of Public Services	Steve Winburn

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bainbridge, Georgia, as of and for the year ended September 30, 2016, 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, 2016 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual fund statements and schedules, supplementary information, and the compliance section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic

financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, and the compliance section are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2017, 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.

Nichols, Cauley & Associates, LLC

Kennesaw, Georgia

March 20, 2017

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, 2016.

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

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $37,400,998 (net position). Of this amount, $1,163,485 may be used to meet the government's ongoing obligation to citizens and to creditors.

- The government's total net position decreased by $351,314. 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 $1,482,851 representing a decrease of $487,161. The shortfall is in general fund revenues.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $60,294 or 0.6% of total general fund expenditures.

- The City's total debt (net of premium) decreased by $1,123,854 during the current fiscal year. For additional information refer to Note 8 of this report.

- As of September 30, 2016, the City owes $15,506,074 of debt government wide net of premium.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 15-17 of this report.

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

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

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

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

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

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

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

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

Financial Analysis of the City as a Whole

City of Bainbridge -- Net Position

	2016			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current assets	$ 3,044,029	$ 2,445,119	$ 5,489,148	$ 3,622,934	$ 1,710,040	$ 5,332,974
Non-current assets	239,555	149,512	389,067	264,088	149,512	413,600
Capital assets	19,792,812	31,663,073	51,455,885	20,710,811	32,249,513	52,960,324
Total assets	23,076,396	34,257,704	57,334,100	24,597,833	34,109,065	58,706,898
Deferred outflows of resources	941,599	284,524	1,226,123	383,981	128,669	512,650
Liabilities:						
Current liabilities	664,423	497,465	1,161,888	685,430	351,458	1,036,888
Non-current liabilities	18,760,752	1,056,242	19,816,994	19,144,980	815,197	19,960,177
Total liabilities	19,425,175	1,553,707	20,978,882	19,830,410	1,166,655	20,997,065
Deferred inflows of resources	139,647	40,696	180,343	368,284	101,887	470,171
Net position:						
Net investment in capital assets	4,465,867	31,483,944	35,949,811	4,418,713	32,052,494	36,471,207
Restricted	287,702	-	287,702	342,970	-	342,970
Unrestricted	(300,396)	1,463,881	1,163,485	21,437	916,698	938,135
Total net position	$ 4,453,173	$32,947,825	$37,400,998	$ 4,783,120	$32,969,192	$37,752,312

The City's assets exceed liabilities by $37,400,998 at the close of the most recent fiscal year. Of this amount $4,453,173 came from governmental activities, and $32,947,825 came from business-type activities.

By far the largest portion of the City's net position was comprised of Net Investment In Capital Assets with a balance of $35,949,811 or 96% 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 $287,702 or 1% of total net position. The vast majority of this amount represents resources that are designated for construction projects.

The remaining balance of $1,163,485 or 3% of total net position represents unassigned net position. This may be used to meet the City's obligations to citizen's and creditors in accordance with the finance-related legal requirements. At the end of the current fiscal year, the City reports positive balances in two of the three categories of net position, the government as a whole and business-type activities.

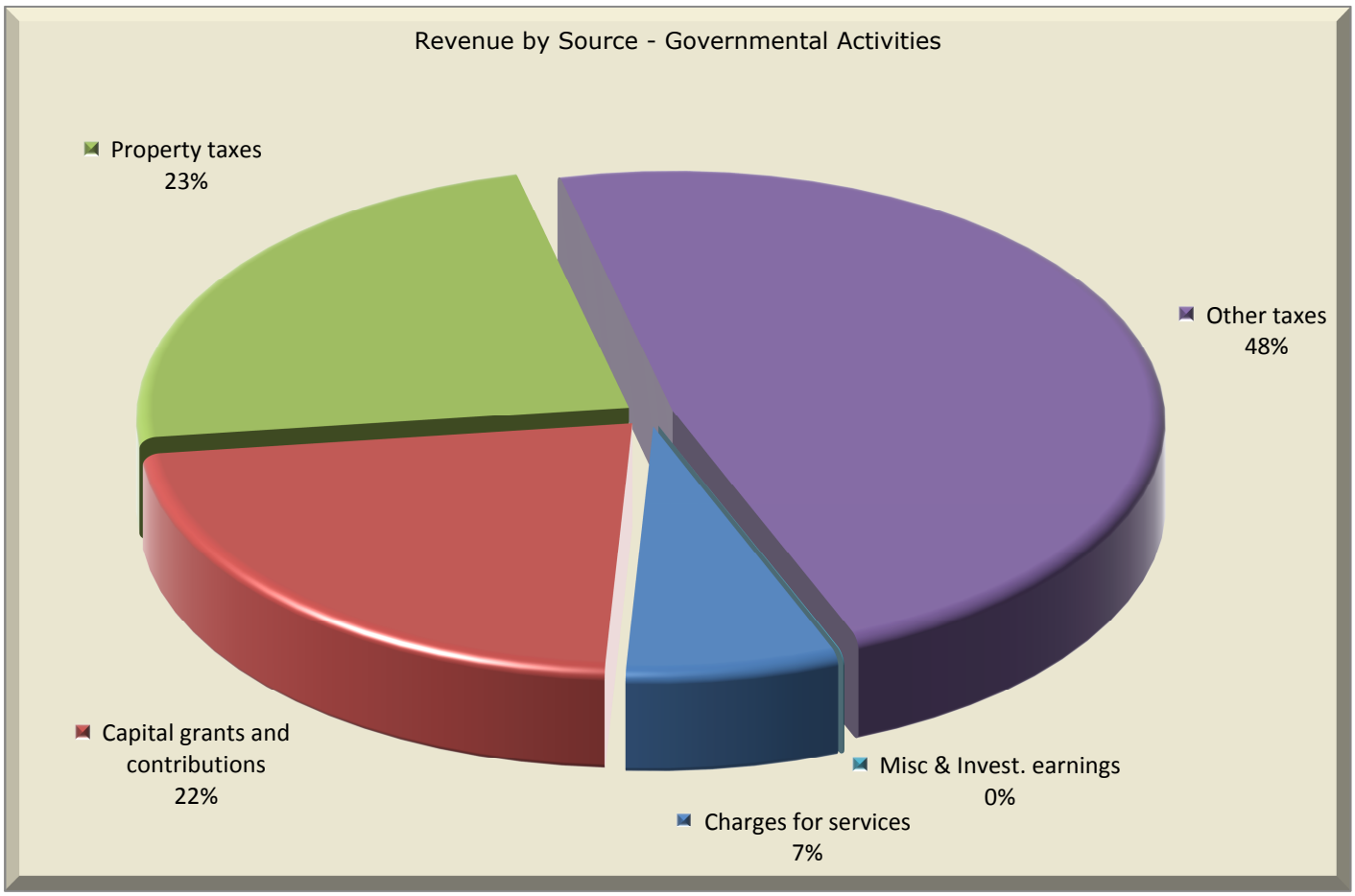
City of Bainbridge - Statement of Activities

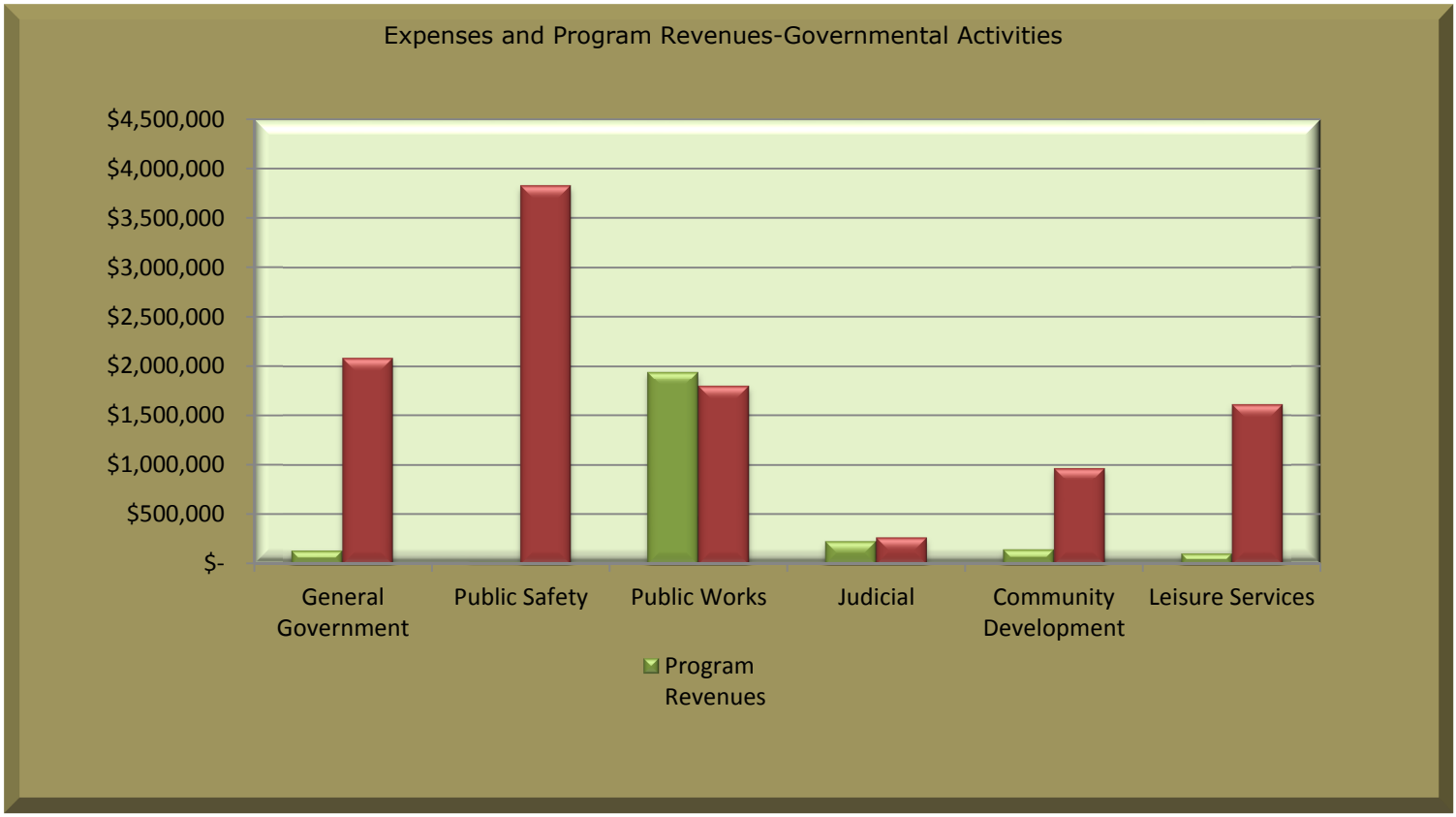
	2016			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	$ 625,273	$ 8,378,056	$ 9,003,329	$ 357,908	$ 7,645,445	$ 8,003,353
Capital grants and contributions	1,975,018	-	1,975,018	1,863,648	-	1,863,648
General revenues:						
Property taxes	2,071,993	-	2,071,993	1,902,144	-	1,902,144
Other taxes	4,249,186	-	4,249,186	4,259,349	-	4,259,349
Other	2,459	670	3,129	2,109	737	2,846
Total revenues	8,923,929	8,378,726	17,302,655	8,385,158	7,646,182	16,031,340
Expense:						
General government	2,087,485	-	2,087,485	2,152,181	-	2,152,181
Public safety	3,826,400	-	3,826,400	3,629,895	-	3,629,895
Public works	1,797,738	-	1,797,738	1,599,391	-	1,599,391
Judicial	270,946	-	270,946	331,161	-	331,161
Community development	971,875	-	971,875	734,313	-	734,313
Leisure services	1,611,504	-	1,611,504	1,790,160	-	1,790,160
Water & sewer	-	3,111,525	3,111,525	-	2,587,812	2,587,812
Natural gas	-	1,292,783	1,292,783	-	1,528,256	1,528,256
Sanitation	-	1,560,565	1,560,565	-	1,408,159	1,408,159
Marina	-	140,671	140,671	-	132,503	132,503
Telecommunications	-	551,565	551,565	-	518,911	518,911
Interest and fiscal charges on long-term debt	437,779	-	437,779	470,939	-	470,939
Total expenses	11,003,727	6,657,109	17,660,836	10,708,040	6,175,641	16,883,681
Increase (Decrease) in net position before transfers	(2,079,798)	1,721,617	(358,181)	(2,322,882)	1,470,541	(852,341)
Transfers	1,742,994	(1,742,994)	-	1,678,333	(1,678,333)	-
Gain on sale of capital assets	6,857	10	-	-	-	-
Change in net position	(329,947)	(21,367)	(351,314)	(644,549)	(207,792)	(852,341)
Net position, beginning of year, before restatement	4,783,120	32,969,192	37,752,312	7,618,629	33,767,246	41,385,875
Restatement			-	(2,190,960)	(590,262)	(2,781,222)
Net position - beginning, after restatement			-	5,427,669	33,176,984	38,604,653
Net position, end of year, as restated	4,453,173	32,947,825	37,400,998	4,783,120	32,969,192	37,752,312

Governmental activities.

The above statement shows the revenues and expenses by activities. Total revenue from governmental activities was $8,923,929 while expenses were $11,003,727.

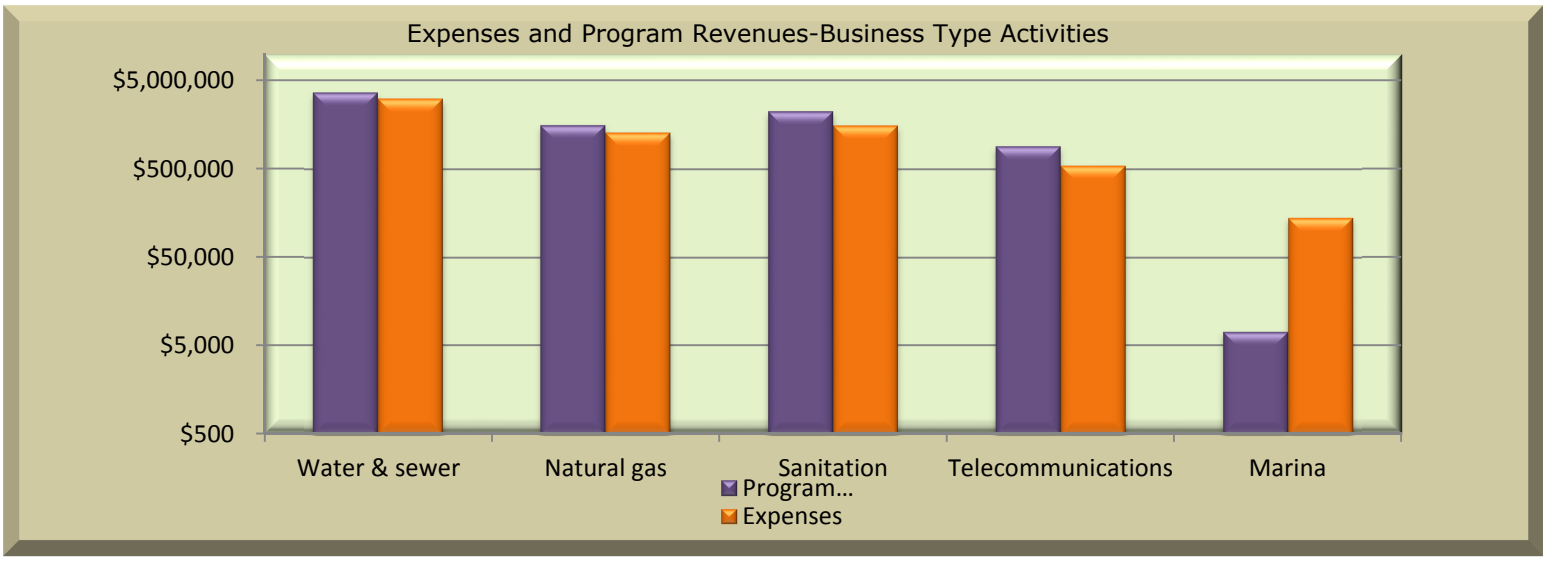
	2016	2015
Program Revenues:		
General Government	$ 138,324	$ 115,286
Public Safety	24,980	11,597
Public Works	1,942,926	1,837,790
Judicial	232,397	53,761
Community Development	149,986	42,904
Leisure Services	111,678	160,218
Total	$2,600,291	$2,221,556


Revenue by Source - Governmental Activities
Property taxes
23%
Other taxes
48%
Capital grants and
contributions
22%
Misc & Invest. earnings
0%
Charges for services
7%


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

Business-type activities

Revenues from business-type activities totaled $8,378,726 and expenses totaled $6,657,109. The following graph displays the expenses and program revenues for business-type activities:



Financial Analysis of the Government's Funds

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

Governmental Funds.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $1,482,851 a decrease of $487,161. Approximately 4%, or $59,838, of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either non-spendable or restricted to indicate that it is not available for new spending because it has already been restricted for other purposes or is not in a spendable form.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $60,294 while the total fund balance reached $1,064,336. The fund balance in the City's general fund decreased by $427,287 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:

- $1,794,812 for the Water & Sewer fund.
- $252,579 for the Natural Gas fund.
- $145,020 for the Solid Waste (Sanitation) fund.
- $(707,997) for the Telecommunications fund.
- $1,769 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, 2016 can be found in the Required Supplementary Information.

During September 2015, the City adopted a General Fund budget of $9,430,000 for FY2016. At the end of the fiscal year, the final actual expenditures were $9,440,917 which was an increase of $10,917 from the original adopted budget. The final amended budget expenditures were $9,440,917.

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, 2016 amounts to $51,455,885 (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 3% (a 4% decrease for governmental activities and a 2% decrease for business-type activities).

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

- $67,540 current year addition 2006 Volvo Roll off Truck Sanitation.
- $112,897 current year addition 2017 Peterbilt Garbage Truck Sanitation.
- $182,000 current year addition Tiger Shark Multi Rake Screen Sewer Treatment.
- $115,608 current year addition 28' Pipe with stabilization Sewer Treatment.

Government Wide Capital Assets

	Governmental Activities	Business-type Activities	Total
Land	$ 2,232,103	$ 218,303	$ 2,450,406
Building and improvements	15,541,524	42,096,726	57,638,250
Machinery and equipment	7,563,001	5,946,932	13,509,933
Infrastructure	5,881,046	2,650,067	8,531,113
Construction in progress	320,696	-	320,696
Accumulated depreciation	(11,745,558)	(19,248,955)	(30,994,513)
Total	$ 19,792,812	$ 31,663,073	$ 51,455,885

Long-term debt

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

The City's total debt government wide is $15,506,074 which decreased by $1,123,854 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 6.4%, which decreased from a rate of 6.6% a year ago. This is above the state's average unemployment rate of 5.4% and the national average unemployment rate of 4.9%.
- The occupancy rate of the City's central business district is 93%, slightly higher than the prior year.

All of these factors were considered in preparing the City's budget for the 2015-2016 fiscal year.

Requests for Information

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



BASIC FINANCIAL STATEMENTS

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CITY OF BAINBRIDGE, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Convention and Visitor's Bureau	Total
Assets:						
Cash and cash equivalents	$ 326,045	$ 51,097	$ 377,142	$ -	$ -	$ -
Investments	439,762	2,567	442,329	-	-	-
Receivables, net	2,897,606	1,062,278	3,959,884	-	-	-
Due from other governments	282,985	1,270	284,255	-	-	-
Due from primary government	-	-	-	190,626	37,471	228,097
Due from component unit	-	1,427	1,427	-	-	-
Internal balances	(1,120,322)	1,120,322	-	-	-	-
Inventories	137,441	135,914	273,355	-	-	-
Prepaid items	80,512	70,244	150,756	-	85	85
Restricted assets	239,555	149,512	389,067	-	-	-
Capital assets, non depreciated	2,552,799	218,303	2,771,102	147,998	-	147,998
Capital assets, depreciated, net	17,240,013	31,444,770	48,684,783	-	-	-
Total assets	23,076,396	34,257,704	57,334,100	338,624	37,556	376,180
Deferred outflows of resources:						
Deferred outflows related to pension	941,599	284,524	1,226,123	-	1,391	1,391
Liabilities:						
Accounts payable and other current liabilities	437,876	230,958	668,834	-	320	320
Due to other government	-	4,158	4,158			
Due to primary government	-	-	-	-	2,977	2,977
Due to component unit	226,547	-	226,547	-	-	-
Customer deposits	-	253,006	253,006	-	-	-
Unearned revenue	-	9,343	9,343	-	-	-
Noncurrent liabilities:						
Due within one year	1,231,204	73,579	1,304,783	-	-	-
Due in more than one year	17,529,548	982,663	18,512,211	-	6,311	6,311
Total liabilities	19,425,175	1,553,707	20,978,882	-	9,608	9,608
Deferred inflows of resources:						
Deferred inflows related to pension	139,647	40,696	180,343	-	311	311
Net position:						
Net investment in capital assets	4,465,867	31,483,944	35,949,811	-	-	-
Restricted for:						
Public safety	21,581	-	21,581	-	-	-
Capital projects	266,121	-	266,121	-	-	-
Unrestricted	(300,396)	1,463,881	1,163,485	338,624	29,028	367,652
Total net position	$ 4,453,173	$ 32,947,825	$ 37,400,998	$ 338,624	$ 29,028	$ 367,652

See accompanying notes to financial statements.

CITY OF BAINBRIDGE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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	$ 2,087,485	$ 138,324	$ -	$ -	$ (1,949,161)	$ -	$ (1,949,161)			
Judicial	270,946	232,397	-	-	(38,549)	-	(38,549)			
Public works	1,797,738	-	-	1,942,926	145,188	-	145,188			
Leisure services	1,611,504	111,678	-	-	(1,499,826)	-	(1,499,826)			
Public safety	3,826,400	4,488	-	20,492	(3,801,420)	-	(3,801,420)			
Community development	971,875	138,386	-	11,600	(821,889)	-	(821,889)			
Interest & fiscal charges on long-term debt	437,779	-	-	-	(437,779)	-	(437,779)			
Total governmental activities	11,003,727	625,273	-	1,975,018	(8,403,436)	-	(8,403,436)			
Business-type activities:										
Water and sewer	3,111,525	3,644,789	-	-	-	533,264	533,264			
Natural gas	1,292,783	1,571,235	-	-	-	278,452	278,452			
Sanitation	1,560,565	2,241,183	-	-	-	680,618	680,618			
Telecommunications	551,565	913,711	-	-	-	362,146	362,146			
Marina	140,671	7,138	-	-	-	(133,533)	(133,533)			
Total business-type activities	6,657,109	8,378,056	-	-	-	1,720,947	1,720,947			
Total Primary Government	$ 17,660,836	$ 9,003,329	$ -	$ 1,975,018	(8,403,436)	1,720,947	(6,682,489)			
Component Units:										
Downtown Development Authority	$ 14,311	$ -	$ 11,550	$ -				$ (2,761)	$ -	$ (2,761)
Convention and Visitor's Bureau	72,778	-	80,066	-				-	7,288	7,288
Component units	$ 87,089	$ -	$ 91,616	$ -				(2,761)	7,288	4,527
General Revenues:										
Property taxes					2,071,993	-	2,071,993	-	-	-
Sales tax					1,615,279	-	1,615,279	-	-	-
Insurance premium tax					792,472	-	792,472	-	-	-
Alcohol taxes					339,911	-	339,911	-	-	-
Hotel/motel tax					194,620	-	194,620	-	-	-
Franchise taxes					944,279	-	944,279	-	-	-
Financial institution tax					-	-	-	-	-	-
Business taxes					362,625	-	362,625	-	-	-
Contributions not restricted to a specific program					-	-	-	-	-	-
Operating grants not restricted to a specific program					-	-	-	-	-	-
Insurance proceeds					-	-	-	-	-	-
Unrestricted investment earnings					2,459	670	3,129	-	-	-
Gain on sale of capital assets					6,857	10	6,867	-	-	-
Transfers					1,742,994	(1,742,994)	-	-	-	-
Total general revenues and transfers					8,073,489	(1,742,314)	6,331,175	-	-	-
Change in net position					(329,947)	(21,367)	(351,314)	(2,761)	7,288	4,527
Net position - beginning					4,783,120	32,969,192	37,752,312	341,385	21,740	363,125
Net position - ending					$ 4,453,173	$ 32,947,825	$ 37,400,998	$ 338,624	$ 29,028	$ 367,652

See accompanying notes to financial statements

CITY OF BAINBRIDGE, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 352,220	$ 224,483	$ 576,703
Investments	439,762	-	439,762
Receivables, net	2,879,712	15,845	2,895,557
Prepaid items	78,133	-	78,133
Due from other funds	999,405	-	999,405
Advances to other funds	860,160	-	860,160
Inventories	65,749	-	65,749
Due from component unit	-	-	-
Due from other governments	56,555	226,430	282,985
Total assets	$ 5,731,696	$ 466,758	$ 6,198,454
Liabilities			
Accounts payable	$ 141,911	$ 456	$ 142,367
Accrued liabilities	-	-	-
Due to other funds	2,874,089	34,548	2,908,637
Due to component unit	213,308	13,239	226,547
Total liabilities	3,229,308	48,243	3,277,551
Deferred inflows of resources			
Unavailable revenue	1,438,052	-	1,438,052
Fund Balances			
Non-Spendable for:			
Prepaids	78,133	-	78,133
Inventories	65,749	-	65,749
Advances	860,160	-	860,160
Restricted for:			
Debt service	-	131,269	131,269
Capital projects	-	266,121	266,121
Public safety	-	21,581	21,581
Unassigned	60,294	(456)	59,838
Total fund balances	1,064,336	418,515	1,482,851
Total liabilities, deferred inflows of resources, and fund balances	$ 5,731,696	$ 466,758	

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.	19,792,812
Revenue earned but unavailable is not reported in the funds.	1,438,052
Deferred outflows of resources are not an available resource and, therefore, are not reported in the funds.	941,599
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.	(301,742)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Unamortized bond premium	(132,277)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Unmatured notes, bonds and leases	(15,194,668)
Accrued interest payable	(171,723)
Accrued compensated absences	(204,946)
Net pension liability	(2,819,830)
Deferred inflows related to pension	(139,647)
Landfill post-closure care obligation	(237,308)
Net position of governmental activities	$ 4,453,173

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, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	$ 6,118,695	$ 194,620	$ 6,313,315
Licenses and permits	90,986	-	90,986
Intergovernmental	457,168	1,523,338	1,980,506
Charges for services	157,290	-	157,290
Fines and forfeitures	298,163	-	298,163
Investment earnings	2,081	57	2,138
Contributions and donations	-	17,000	17,000
Other	85,203	219	85,422
Total revenues	7,209,586	1,735,234	8,944,820
Expenditures:			
Current:			
General government	1,728,313	-	1,728,313
Public safety	3,790,464	4,997	3,795,461
Public works	1,554,456	-	1,554,456
Community development	908,603	-	908,603
Judicial	270,946	-	270,946
Leisure services	1,213,860	78,031	1,291,891
Capital projects	-	55,911	55,911
Debt service	37,170	1,539,081	1,576,251
Total expenditures	9,503,812	1,678,020	11,181,832
Excess (deficiency) of revenues over (under) expenditures	(2,294,226)	57,214	(2,237,012)
Other financing sources (uses):			
Transfers in	1,860,082	1,058,022	2,918,104
Transfers out	-	(1,175,110)	(1,175,110)
Sale of capital assets	6,857	-	6,857
Total other financing sources (uses)	1,866,939	(117,088)	1,749,851
Net change in fund balance	(427,287)	(59,874)	(487,161)
Fund balance at beginning of year	1,491,623	478,389	1,970,012
Fund balance at end of year	$ 1,064,336	$ 418,515	$ 1,482,851

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, 2016

Net change in fund balances - total governmental funds		$ (487,161)
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	(1,064,929)	
Capital outlays	146,930	(917,999)
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.		
Matured principal on notes payable	110,955	
Matured principal on revenue bonds	706,620	
Matured principal on capital leases	279,855	1,097,430
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.		(69,002)
Internal Service Funds are used by management to charge the costs of employee health care self-insurance and the city shop to individual funds.		(26,268)
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	18,805	
Accrued compensated absences	32,765	
Net pension liability	(773,306)	
Deferred outflows of resources related to pensions	557,618	
Deferred inflows of resources related to pensions	228,637	64,519
Change in net position of governmental activities		$ (329,947)

See accompanying notes to financial statements.

CITY OF BAINBRIDGE, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Enterprise Funds						
	Major				Nonmajor		
	Water Sewer	Natural Gas	Sanitation	Telecommunications	Marina	Totals	Internal Service Funds
ASSETS							
Current assets:							
Cash	$ 10,816	$ -	$ -	$ 40,131	$ 150	$ 51,097	$ -
Investments	2,229	338	-	-	-	2,567	-
Restricted assets:							
Investments	119,613	29,899	-	-	-	149,512	-
Receivables, net							
Utility accounts	542,816	136,450	210,980	-	-	890,246	-
Other	10,904	-	-	161,036	92	172,032	2,049
Due from other funds	1,822,793	487,435	719,834	252,960	1,527	3,284,549	678,719
Due from other governments	-	1,270	-	-	-	1,270	-
Due from component unit	1,427	-	-	-	-	1,427	-
Inventory	88,877	25,905	8,932	12,200	-	135,914	71,692
Prepaid expenses	56,332	3,023	9,180	1,709	-	70,244	2,379
Total current assets	2,655,807	684,320	948,926	468,036	1,769	4,758,858	754,839
Noncurrent assets:							
Property, plant and equipment, net	24,904,986	2,568,997	1,775,727	724,243	1,689,120	31,663,073	33,449
Total assets	27,560,793	3,253,317	2,724,653	1,192,279	1,690,889	36,421,931	788,288
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pension	146,004	35,588	91,613	11,319	-	284,524	52,912
LIABILITIES							
Current liabilities:							
Bank overdraft	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,103
Accounts and claims payable	53,264	122,047	40,571	4,427	-	220,309	279,981
Customer deposits	219,136	33,870	-	-	-	253,006	-
Accrued liabilities	10,649	-	-	-	-	10,649	-
Accrued compensated absences	24,605	12,957	17,789	-	-	55,351	15,528
Unearned revenue	9,343	-	-	-	-	9,343	-
Due to other funds	253,113	182,560	563,491	282,601	-	1,281,765	772,271
Due to other governments	2,762	1,396	-	-	-	4,158	-
Capital leases - current	18,228	-	-	-	-	18,228	-
Total current liabilities	591,100	352,830	621,851	287,028	-	1,852,809	1,078,883
Long-term liabilities (net of current portion):							
Net pension liability	413,642	109,096	260,755	38,269	-	821,762	157,183
Advances from other funds	-	-	-	860,160	-	860,160	-
Capital lease obligations	160,901	-	-	-	-	160,901	-
Total long-term liabilities	574,543	109,096	260,755	898,429	-	1,842,823	157,183
Total liabilities	1,165,643	461,926	882,606	1,185,457	-	3,695,632	1,236,066
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pension	20,485	5,403	12,913	1,895	-	40,696	7,784
NET POSITION							
Net investment in capital assets	24,725,857	2,568,997	1,775,727	724,243	1,689,120	31,483,944	33,449
Unrestricted	1,794,812	252,579	145,020	(707,997)	1,769	1,486,183	(436,099)
Total net position	$ 26,520,669	$ 2,821,576	$ 1,920,747	$ 16,246	$ 1,690,889	32,970,127	$ (402,650)
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds						(22,302)	
Net position of business-type activities						$ 32,947,825	

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, 2016

	Enterprise Funds						
	Major				Nonmajor		
	Water Sewer	Natural Gas	Sanitation	Telecommunications	Marina	Totals	Internal Service Funds
Operating revenues:							
Charges for services	$ 3,244,633	$ 1,496,138	$ 2,241,183	$ 271,154	$ (986)	$ 7,252,122	$ 745,807
Contributions	-	-	-	-	-	-	2,942,717
Lease income	-	-	-	642,540	8,124	650,664	-
Other	400,156	75,097	-	17	-	475,270	6,656
Total operating revenues	3,644,789	1,571,235	2,241,183	913,711	7,138	8,378,056	3,695,180
Operating expenses:							
Personal services	1,002,032	239,506	610,059	47,336	-	1,898,933	347,255
Operating	1,335,175	972,327	776,759	450,274	-	3,534,535	394,117
Depreciation	751,655	80,950	173,747	53,955	140,671	1,200,978	8,265
Benefits and claims	-	-	-	-	-	-	2,991,907
Total operating expenses	3,088,862	1,292,783	1,560,565	551,565	140,671	6,634,446	3,741,544
Operating income (loss)	555,927	278,452	680,618	362,146	(133,533)	1,743,610	(46,364)
Nonoperating revenues (expenses):							
Gain (loss) on sale of capital assets	-	-	-	10	-	10	-
Interest income	579	-	-	91	-	670	335
Interest expense	(8,396)	-	-	-	-	(8,396)	-
Total nonoperating revenues (expenses)	(7,817)	-	-	101	-	(7,716)	335
Income (loss) before contributions and transfers	548,110	278,452	680,618	362,247	(133,533)	1,735,894	(46,029)
Transfers in	50,031	-	-	-	-	50,031	-
Transfers out	(760,631)	(185,547)	(471,847)	(375,000)	-	(1,793,025)	-
Increase (decrease) in net position	(162,490)	92,905	208,771	(12,753)	(133,533)	(7,100)	(46,029)
Net position, beginning of year	26,683,159	2,728,671	1,711,976	28,999	1,824,422		(356,621)
Net position at end of year	$ 26,520,669	$ 2,821,576	$ 1,920,747	$ 16,246	$1,690,889		$ (402,650)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(14,267)	
Change in net position of business-type activities						$ (21,367)	

See accompanying notes to financial statements.

CITY OF BAINBRIDGE, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	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	$ 3,286,136	$1,312,079	$1,852,041	$ 803,528	$ 8,124	$ 7,261,908	$ 3,409,560
Cash payments for goods and services	(1,271,549)	(833,271)	(523,093)	(395,930)	(8,124)	(3,031,967)	(125,578)
Cash payments for claims and benefits	-	-	-	-	-	-	(3,042,948)
Cash payments for employee services and fringe benefits	(965,679)	(247,822)	(600,666)	(46,990)	-	(1,861,157)	(342,503)
Net cash from (to) operating activities	1,048,908	230,986	728,282	360,608	-	2,368,784	(101,469)
Cash flows from (to) noncapital financing activities:							
Transfers in	50,031	-	-	-	-	50,031	-
Transfers out	(760,631)	(185,547)	(471,847)	(375,000)	-	(1,793,025)	-
Net cash from (to) noncapital financing activities	(710,600)	(185,547)	(471,847)	(375,000)	-	(1,742,994)	-
Cash flows from (to) capital and related financing activities:							
Interest paid	(8,396)	-	-	-	-	(8,396)	-
Payments for capital acquisitions	(312,022)	(45,296)	(256,435)	(785)	-	(614,538)	(6,601)
Principal payments on long-term obligations	(17,890)	-	-	-	-	(17,890)	-
Proceeds from sale of assets	-	-	-	10	-	10	-
Net cash from (to) capital and related financing activities	(338,308)	(45,296)	(256,435)	(775)	-	(640,814)	(6,601)
Cash flows from (to) investing activities:							
Proceeds from sale of investments	-	-	-	-	-	-	50
Investment purchases	(574)	(143)	-	-	-	(717)	-
Interest received from investments	579	-	-	91	-	670	335
Net cash from (to) investing activities	5	(143)	-	91	-	(47)	385
Net increase (decrease) in cash	5	-	-	(15,076)	-	(15,071)	(107,685)
Cash at beginning of year	10,811	-	-	55,207	150	66,168	96,582
Cash (bank overdraft) at end of year	$ 10,816	$ -	$ -	$ 40,131	$ 150	$ 51,097	$ (11,103)

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, 2016

	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)	$ 555,927	$278,452	$ 680,618	$ 362,146	$(133,533)	$1,743,610	$ (46,364)
Adjustments to reconcile operating income to net cash from operating activities:							
Depreciation	751,655	80,950	173,747	53,955	140,671	1,200,978	8,265
Change in assets and liabilities:							
(Increase) decrease in accounts receivable	(177,714)	6,734	14,025	6,364	986	(149,605)	(1,755)
(Increase) decrease in prepaid expenses	(8,173)	6,670	(2,124)	(217)	-	(3,844)	(827)
(Increase) decrease in inventory	(3,261)	78	(5,203)	7,928	-	(458)	(8,087)
(Increase) decrease in due from other funds	(278,751)	(266,881)	(403,167)	(116,547)	(1,527)	(1,066,873)	(283,865)
(Increase) decrease in due from other governments	-	(1,270)	-	-	-	(1,270)	-
(Increase) decrease in deferred outflows related to pension	(77,477)	(19,107)	(51,422)	(7,849)	-	(155,855)	(30,937)
Increase (decrease) in accounts payable	(38,031)	54,594	21,698	2,857	-	41,118	(37,088)
Increase (decrease) in accrued interest payable	1,443	1,246	655	-		3,344	-
Increase (decrease) in accrued liabilities	2,592	-	(3,361)	-	-	(769)	922
Increase (decrease) in due to other funds	108,886	75,072	238,640	43,776	(6,597)	459,777	263,500
Increase (decrease) in due to other governments	2,762	1,396	-	-	-	4,158	-
Increase (decrease) in net pension liability	139,997	21,205	83,213	11,176	-	255,591	46,840
Increase (decrease) in customer deposits	99,239	2,261	-	-	-	101,500	-
Increase (decrease) in deferred inflows related to pension	(28,759)	(10,414)	(19,037)	(2,981)	-	(61,191)	(12,073)
Net cash from (to) operating activities	$1,048,908	$230,986	$ 728,282	$ 360,608	$ -	$2,368,784	$ (101,469)
Supplemental disclosure of cash flow information:							
Cash paid during the year for interest	$ 8,396	$ -	$ -	$ -	$ -	$ 8,396	$ -

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

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

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

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

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

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

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

citizens by the City Manager.

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

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, 2016.

E. Cash and Investments

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

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

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

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify as deferred inflows of resources. The first item, which only arises under the

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

M. Nature and Purpose of Classifications of Fund Equity

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

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

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

N. Use of Estimates

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

(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, 2016, 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, 2016, the City had the following investments:

	Total Fair Value	Weighted Average Maturity (years)
Primary Government		
Money Market Accounts	$ 591,841	N/A

$149,512 of the investments of the primary government are grouped in restricted assets.

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

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

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

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

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

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

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

Concentration of credit risk

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

(3) RECEIVABLES

Receivables at September 30, 2016 consist of the following:

	Taxes and Fines	Utility Accounts	Other	Allowance for Uncollectibles	Net Receivables
General Fund	$ 2,935,741	$ -	$ 1,735	$ (57,764)	$ 2,879,712
Water and Sewer Fund	-	667,816	10,904	(125,000)	553,720
Natural Gas Fund	-	145,450	-	(9,000)	136,450
Sanitation Fund	-	260,980	-	(50,000)	210,980
Telecommunications Fund	-	-	161,036	-	161,036
Nonmajor Funds	15,845	92	2,049	-	17,986
Total	$ 2,951,586	$ 1,074,338	$ 175,724	$ (241,764)	$ 3,959,884

(4) DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at September 30, 2016 consist of the following:

	Decatur County, GA
Governmental Funds:	
General Fund	$ 56,555
SPLOST 6 Fund	226,430
Total Governmental Funds	$ 282,985
Proprietary Funds:	
Natural Gas Fund	$ 1,270

(5) INTERFUND RECEIVABLES, ADVANCES, AND TRANSFERS

Interfund receivable and payable balances for the fiscal year ended September 30, 2016 are summarized as follows:

	RECEIVABLE TO						
PAYABLE FROM	General Fund	Water and Sewer Fund	Natural Gas Fund	Sanitation Fund	Telecommunication Fund	Nonmajor Funds	Total
General Fund	$ -	$1,726,790	$ 397,435	$ 712,845	$ -	$ 37,019	$ 2,874,089
Water and Sewer Fund	-	-	-	-	117,059	136,054	253,113
Natural Gas Fund	-	93,170	-	6,989	61,944	20,457	182,560
Sanitation Fund	-	2,833	-	-	73,957	486,701	563,491
Telecommunication Fund	282,586	-	-	-	-	15	282,601
Nonmajor Funds	716,819	-	90,000	-	-	-	806,819
Total	$999,405	$1,822,793	$ 487,435	$ 719,834	$ 252,960	$ 680,246	$ 4,962,673

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

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

ADVANCES FROM	ADVANCES TO Telecom Fund
General Fund	$ 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	Water and Sewer Fund	Natural Gas Fund	Sanitation Fund	Telecom Fund	Nonmajor Funds	Total
General Fund	$ 760,631	$135,516	$471,847	$375,000	$ 117,088	$ 1,860,082
Water and Sewer Fund	-	50,031	-	-	-	50,031
Nonmajor Funds	-	-	-	-	1,058,022	1,058,022
Total	$ 760,631	$185,547	$471,847	$375,000	$ 1,175,110	$ 2,968,135

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

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

(6) RESTRICTED ASSETS

The City's restricted assets at September 30, 2016 consist of the following:

Governmental Activities:	Total
General Fund:	
Appearance bond deposits	$ 14,572
CDBG cash	500
Capital Projects Funds:	
SPLOST 6 cash	39,691
Sinking fund cash	131,269
Nonmajor governmental funds:	
Hotel/Motel tax	29,036
Confiscated assets	24,487
Total governmental activities	$ 239,555
Proprietary Funds / Business Type Activities:	
Water and Sewer Fund:	
Customer deposits	$ 119,613
Natural Gas Fund:	
Customer deposits	29,899
Total proprietary funds / business type activities	$ 149,512

(7) CAPITAL ASSETS

Capital asset activity for the period ended September 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 2,232,103	$ -	$ -	$ 2,232,103
Construction in progress	289,067	183,677	(152,048)	320,696
Total capital assets not being depreciated	2,521,170	183,677	(152,048)	2,552,799
Capital assets, being depreciated:				
Buildings and improvements	15,541,524	-	-	15,541,524
Machinery and equipment	7,447,700	115,301	-	7,563,001
Infrastructure	5,881,046	-	-	5,881,046
Total capital assets being depreciated	28,870,270	115,301	-	28,985,571
Less accumulated depreciation for:				
Buildings and improvements	(3,712,819)	(470,410)	-	(4,183,229)
Machinery and equipment	(5,349,217)	(346,494)	-	(5,695,711)
Infrastructure	(1,618,593)	(248,025)	-	(1,866,618)
Total accumulated depreciation	(10,680,629)	(1,064,929)	-	(11,745,558)
Total capital assets being depreciated, net	18,189,641	(949,628)	-	17,240,013
Governmental activities capital assets, net	$ 20,710,811	$ (765,951)	$ (152,048)	$ 19,792,812
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 218,303	$ -	$ -	$ 218,303
Construction in progress	17,411	-	(17,411)	-
Total capital assets not being depreciated	235,714	-	(17,411)	218,303
Capital assets, being depreciated:				
Buildings and plant in service	41,917,629	179,097	-	42,096,726
Machinery and equipment	5,494,080	452,852	-	5,946,932
Infrastructure	2,650,067	-	-	2,650,067
Total capital assets being depreciated	50,061,776	631,949	-	50,693,725
Less accumulated depreciation for:				
Buildings and plant in service	(13,213,267)	(787,920)	-	(14,001,187)
Machinery and equipment	(3,872,726)	(280,555)	-	(4,153,281)
Infrastructure	(961,984)	(132,503)	-	(1,094,487)
Total accumulated depreciation	(18,047,977)	(1,200,978)	-	(19,248,955)
Total capital assets being depreciated, net	32,013,799	(569,029)	-	31,444,770
Business-type activities capital assets, net	$ 32,249,513	$ (569,029)	$ (17,411)	$ 31,663,073

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

Governmental activities:	
General government	$ 333,782
Public safety	189,555
Public works, including depreciation of general infrastructure	213,714
Leisure services	319,613
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	8,265
Total depreciation expense - governmental activities	$ 1,064,929
Business-type activities:	
Water and sewer	$ 751,655
Sanitation	173,747
Gas	80,950
Telecommunications	53,955
Marina	140,671
Total depreciation expense - business-type activities	$ 1,200,978

(8) LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities for the year ended September 30, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Note payable	$ 2,750,471	$ -	$ (110,955)	$ 2,639,516	$ 114,684
Revenue bonds	12,533,112	-	(706,620)	11,826,492	718,304
Leases payable	1,008,515	-	(279,855)	728,660	180,474
Premium	140,811	-	(8,534)	132,277	-
Landfill post closure care	237,308	-	-	237,308	12,853
Accrued interest payable	190,528	454,606	(473,411)	171,723	171,723
Net pension liability	2,046,524	1,157,287	(383,981)	2,819,830	-
Compensated absences	237,711	252,488	(285,253)	204,946	33,166
Governmental activities long-term liabilities	$ 19,144,980	$ 1,864,381	$ (2,248,609)	$ 18,760,752	$ 1,231,204
Business-type activities:					
Leases payable	$ 197,019	$ -	$ (17,890)	$ 179,129	$ 18,228
Net pension liability	566,171	384,260	(128,669)	821,762	-
Compensated absences	52,007	65,752	(62,408)	55,351	55,351
Business-type activities long-term liabilities	$ 815,197	$ 450,012	$ (208,967)	$ 1,056,242	$ 73,579
Component Units:					
Net pension liability	$ 5,122	2,056	$ (867)	$ 6,311	$ -

For governmental activities, compensated absences and pension liabilities 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
2017	$ 114,684	$ 85,638	$ 200,322
2018	118,538	81,784	200,322
2019	122,522	77,800	200,322
2020	126,639	73,683	200,322
2021	130,895	69,427	200,322
2022-2026	723,393	278,217	1,001,610
2027-2031	853,515	148,095	1,001,610
2032-2035	449,330	18,192	467,522
Total	$ 2,639,516	$ 832,836	$ 3,472,352

Revenue Bonds

On July 30, 2013, the Downtown Bainbridge Development Authority issued Revenue Bonds in the amount of $4,291,327 to provide financing to refund series 2011 Downtown Bainbridge Development Authority Bonds and to provide financing for the cost of construction, remodeling and altering a City administrative building. The bonds will be serviced through biannual payments from the City, commencing on June 1, 2014 of $140,135 to $186,046 through December 1, 2026 and one payment of $78,000 on December 1, 2013; interest at 2.28% ($3,788,112 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% ($8,745,000 outstanding).

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

Governmental - Revenue bonds

Year Ending September 30,	Principal	Interest	Total
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	764,299	287,198	1,051,497
2021	786,620	273,201	1,059,821
2022-2026	4,273,938	1,029,269	5,303,207
2027-2031	3,146,044	459,810	3,605,854
2032-2036	655,000	26,200	681,200
Total	$ 11,826,492	$ 3,051,301	$ 14,877,793

Leases Payable

The City leases equipment and vehicles with original costs totaling $1,659,483 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, 2016 is $745,047. This year $145,949 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
2017	$ 180,474	$ 21,288	$ 201,762
2018	185,796	15,966	201,762
2019	191,282	10,480	201,762
2020	32,345	4,825	37,170
2021	33,257	3,913	37,170
2022-2024	105,506	6,006	111,512
Total	$ 728,660	$ 62,478	$ 791,138

Business-type Activities:

Leases Payable

The City leased equipment and vehicles with original costs totaling $681,650 through the Georgia Municipal Association Lease Pool and Gardener Associates, Inc. Interest rates on the leases are 3.2% to 3.6%. Accumulated depreciation related to these assets at September 30, 2016 is $216,932. This year $35,999 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
2017	$ 18,228	$ 5,467	$ 23,695
2018	18,820	4,874	23,694
2019	19,431	4,264	23,695
2020	20,062	3,633	23,695
2021	20,714	2,981	23,695
2022-2025	81,874	5,009	86,883
Total	$ 179,129	$ 26,228	$ 205,357

(9) LANDFILL POST CLOSURE CARE

State and federal laws and regulations require that the City of Bainbridge place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. A liability has been recognized based on the expected future post-closure care costs that will be incurred. The recognition of these landfill post-closure care costs has been accrued in full because the landfill is no longer accepting waste. The estimated liability for landfill post-closure care costs is $237,308 as of September 30, 2016, which is based on 100% usage (filled) of the landfill. This landfill was operated and accounted for in the general fund prior to the City's creation of the sanitation enterprise fund.

The estimated total current cost of the landfill post-closure care of $237,308 is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of September 30, 2016. 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, 2015 were $321,038,924.

Based on the 2015 millage levy of 5.575, a property tax owner would pay $5.575 per $1,000 of assessed valuation. Current tax collections of $1,663,023 for the fiscal year ended September 30, 2016 were 99% 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. The Plan also provides for death benefits for early retirees. The benefit provisions and all other requirements are established and amended by the System and the Adoption Agreement executed by the City.

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

Employees covered by benefit terms. At September 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	62
Inactive employees entitled to but not yet receiving benefits	42
Active employees	133
Total	237

Contributions. Contributions are determined under the projected unit credit actuarial cost method. The GMEBS Board of Trustees has adopted an actuarial funding policy for determination of annual contributions. For the year ended September 30, 2016, the actuarially determined rate was 8.74% of annual pay. The City's contributions to the Plan totaled $423,714 for the year ended September 30, 2016.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

Actuarial assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.75% plus age and service based merit increases
Investment rate of return	7.75%
Post-retirement benefit increases	Not applicable

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

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	50%	5.95%
International equity	15%	6.45%
Fixed income	25%	1.55%
Real estate	10%	3.75%
Total	100%	

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/2014*	$11,669,326	$ 9,051,509	$ 2,617,817
Changes for the year:			
Service cost	131,037	-	131,037
Interest	874,344	-	874,344
Differences between expected and actual experience	630,372	-	630,372
Contributions - employer	-	513,517	(513,517)
Contributions - employee	-	-	-
Net investment income	-	112,520	(112,520)
Benefit payments, including refunds of employee contributions	(774,930)	(774,930)	-
Administrative expense	-	(20,370)	20,370
Net changes	860,823	(169,263)	1,030,086
Balances at 9/30/2015**	$12,530,149	$ 8,882,246	$ 3,647,903

* Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2015 are used to measure TPL as of September 30, 2014. The balances as of September 30, 2014 constitute measurements of the NPL for the fiscal year ending September 30, 2015.

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

Changes in Assumptions

Based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014, the following assumptions were changed:

- The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.
- The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
- The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.
- The inflation assumption was decreased from 3.50% to 3.25%.
- The salary increase assumption was changed from select period rates during the first

five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4% to 11% and included an inflation assumption of 3.5%. Under the new assumption, the salary increases range from 3.75% to 8% and include an inflation assumption of 3.25%.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 %) or 1-percentage-point higher (8.75 %) than the current rate:

	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
Net pension liability	$5,069,784	$3,647,903	$ 2,446,611

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

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

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of resources Related to Pensions

For the year ended September 30, 2016, the City recognized pension expense of $449,367. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 525,310	$ (125,354)
Changes of assumptions	-	(55,300)
Net difference between projected and actual earnings on pension plan investments	278,490	-
Employer contributions to the pension plan subsequent to the measurement date of the net pension liability	423,714	-
Total	$ 1,227,514	$ (180,654)

$423,714 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2017	$ (114,191)
2018	(114,191)
2019	(114,191)
2020	(175,509)
2021	(105,064)
	$ (623,146)

(12) POST EMPLOYMENT HEALTHCARE PLAN

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

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,

2016 the City contributed $99,395 to the plan.

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	OPEB Obligation (Asset)	Amount Contributed
9/30/16	$ 49,613	200%	$ (370,676)	$ 99,395
9/30/15	32,919	414%	(320,894)	136,369
9/30/14	30,169	361%	(217,444)	108,833

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)
01/01/16	$ -	$ 716,574	$ 716,574	0.0%	N/A	N/A

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

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

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

Required contribution	$ 44,599
Interest on net OPEB obligation	(9,307)
Adjustment to required contribution	14,321
OPEB cost	49,613
Contributions made	99,395
Increase (decrease) in net OPEB obligation (asset)	(49,782)
Net OPEB obligation (asset), beginning of period	(320,894)
Net OPEB obligation (asset), end of period	$ (370,676)

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	1/1/2016
Actuarial cost method	Projected unit credit
Amortization method	25-year level dollar amortization open
Remaining amortization period	25 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment return	4%
Discount rate	4.0%
Inflation rate	N/A
Medical and drug cost trend rate	8.5% graded to 4.5% over 8 years

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

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

The plan does not issue separate financial statements.

(13)RISK MANAGEMENT

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

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

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.

(14)JOINT VENTURE

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

(15)GROUP INSURANCE

The City maintains a partially self-funded group insurance plan for City employees with stop-loss coverage provided by QBE Insurance Group Limited. Paragon Benefits, Inc. of Columbus, 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, 2016	Year Ending September 30, 2015
Claims payable, beginning of year	$ 312,148	$ 331,531
Incurred claims	2,326,744	1,503,700
Claims paid	(2,408,203)	(1,523,083)
Claims payable, end of year	$ 230,689	$ 312,148

(16) FUND BALANCE/NET POSITION DEFICIT

The following funds had deficits in fund balance/net position for the fiscal year ended September 30, 2016:

Hotel/Motel Fund	$ (456)
Employee Benefits Fund	(325,235)
City Shop Fund	(77,415)
Total fund balance/net position deficit	$(403,106)

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

(17) GUARANTEES

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

On August 8, 2013, the City entered into an intergovernmental contract with the Development Authority of Bainbridge & Decatur County. The Authority issued $1,200,000 Development Authority of Bainbridge and Decatur County Taxable Revenue Bonds (Industrial Building Project), Series 2013 for the purpose of financing the acquisition of property. Payment for the bonds is secured by a pledge of tax revenues by the County and the intergovernmental contract with the City beginning December 1, 2013 through December 1, 2028. At September 30, 2016, the outstanding principal amount of the guaranteed debt is $1,040,861. In the event the Authority is unable to make a required payment on the bonds, the City would be required to make that payment. Under the intergovernmental agreement, if the City makes a payment, the Authority will reimburse the City as soon as such other moneys become available.

On May 13, 2016, the Development Authority of Bainbridge & Decatur County signed a promissory note with a local financial institution for the purpose of financing the acquisition of property. The original note amount was $708,342 and will mature August 10, 2026. Payment for the note is secured by a guaranty agreement with the City. At September 30, 2016, the outstanding principal amount of the loan was $137,923. In

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

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REQUIRED SUPPLEMENTARY INFORMATION

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

	9/30/2015	9/30/2016
Total pension liability		
Service cost	$ 155,977	$ 131,037
Interest	872,039	874,344
Differences between expected and actual experience	(188,034)	630,372
Changes of assumptions	(82,949)	-
Benefit payments, including refunds of employee contributions	(679,640)	(774,930)
Net change in total pension liability	77,393	860,823
Total pension liability - beginning	11,591,933	11,669,326
Total pension liability - ending (a)	$ 11,669,326	$ 12,530,149
Plan fiduciary net position		
Contributions - employer	$ 508,312	$ 513,517
Contributions - employee	-	-
Net investment income	942,322	112,520
Benefit payments including refunds of employee contributions	(679,640)	(774,930)
Administrative expense	(16,261)	(20,370)
Net change in plan fiduciary net position	754,733	(169,263)
Plan fiduciary net position - beginning	8,296,776	9,051,509
Plan fiduciary net position - ending (b)	$ 9,051,509	$ 8,882,246
Association's net pension liability - ending (a) - (b)	$ 2,617,817	$ 3,647,903
Plan fiduciary net position as a percentage of the total pension liability	77.57%	70.89%
Covered employee payroll	$ 4,742,203	$ 4,902,829
Association's net pension liability as a percentage of covered employee payroll	55.20%	74.40%

Notes to Schedule:

Benefit changes: Effective January 1, 2015, the Plan was amended to provide for immediate participation for Employees. This change has no impact on service credited under the Plan and has no impact on benefits.

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

CITY OF BAINBRIDGE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS

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

Notes to Schedule:
Valuation Date:
The actuarially determined contribution rate was determined as of January 1, 2016, with an interest adjustment to the fiscal year.

Methods and assumptions to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Varies for the bases, with a net effective amortization period of 10 years.
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Inflation	3.25%
Salary increases	3.75% plus age and service based merit increases
Investment rate of return	7.75%
Retirement age	65
Mortality	RP-2000 Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

Benefit changes: Effective January 1, 2015, the Plan was amended to provide for immediate participation for Employees. This change has no impact on service credited under the Plan and has no impact on benefits.

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

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

Post Employment Healthcare Plan:

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

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

CITY OF BAINBRIDGE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	$ 6,228,015	$ 6,228,015	$ 6,118,695	$ (109,320)
Licenses and Permits	32,325	32,325	90,986	58,661
Intergovernmental	383,760	383,760	445,168	61,408
Charges for Services	147,482	147,482	157,666	10,184
Fines and Forfeitures	647,000	647,000	298,163	(348,837)
Investment Earnings	2,000	2,000	2,081	81
Other	103,016	103,016	85,203	(17,813)
Total Revenues	7,543,598	7,543,598	7,197,962	(345,636)
Expenditures:				
General Government:				
Mayor and council	477,762	344,624	344,624	-
City manager	229,801	239,006	239,006	-
Human resources	183,759	157,319	157,319	-
Finance, budget and accounting	870,440	849,373	849,373	-
Purchasing	138,439	133,158	133,158	-
City attorney	15,000	5,209	5,209	-
Total general government	1,915,201	1,728,689	1,728,689	-
Judicial:				
City court	330,242	270,946	270,946	-
Total judicial	330,242	270,946	270,946	-
Community Development:				
Mainstreet tourism	322,143	329,183	329,183	-
Building code enforcement	15,350	14,575	14,575	-
Communications	86,848	106,805	106,805	-
Code enforcement	407,515	458,040	458,040	-
Total community development	831,856	908,603	908,603	-
Public Works:				
Maintenance	47,007	54,452	54,452	-
Streets	1,455,043	1,436,733	1,436,733	-
Total public works	1,502,050	1,491,185	1,491,185	-
Public Safety:				
Services	3,645,737	3,790,464	3,790,464	-
Total public safety	3,645,737	3,790,464	3,790,464	-
Leisure services:				
Administration	66,331	59,043	59,043	-
Parks and cemeteries	817,929	843,683	843,683	-
Programs	184,015	213,367	213,367	-
Tennis center	99,469	97,767	97,767	-
Total leisure services	1,167,744	1,213,860	1,213,860	-
Debt Service:				
Principal	28,940	28,940	28,940	-
Interest	8,230	8,230	8,230	-
Total debt service	37,170	37,170	37,170	-
Total Expenditures	9,430,000	9,440,917	9,440,917	-
Excess (deficiency) of Revenues over Expenditures	(1,886,402)	(1,897,319)	(2,242,955)	(345,636)

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CITY OF BAINBRIDGE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Other Financing Sources (Uses):				
Transfers In	1,851,402	1,800,129	1,860,082	59,953
Sale of capital assets	35,000	35,000	6,857	(28,143)
Total Other Financing Sources (Uses)	1,886,402	1,835,129	1,866,939	31,810
Net Change in Fund Balance	$ -	$ -	(376,016)	$ (376,016)
Reconciliation to GAAP Basis:				
Unbudgeted intergovernmental revenue			12,000	
Unbudgeted expenditures			(63,271)	
Fund Balance at Beginning of Year			1,491,623	
Fund Balance at End of Year			$ 1,064,336	

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OTHER SUPPLEMENTAL INFORMATION

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CITY OF BAINBRIDGE, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2016

	Special Revenue Funds		Capital Project Funds			
	Hotel/Motel Tax	Confiscated Assets	Downtown Bainbridge Development Authority	Bainbridge Public Facilities Authority	SPLOST 6	Total Nonmajor
ASSETS						
Cash	$ 29,036	$ 24,487	$ -	$ 131,269	$ 39,691	$ 224,483
Receivables	15,845	-	-	-	-	15,845
Due from other governments	-	-	-	-	226,430	226,430
Total assets	$ 44,881	$ 24,487	$ -	$ 131,269	$ 266,121	$ 466,758
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 456	$ -	$ -	$ -	$ -	$ 456
Due to other funds	31,642	2,906	-	-	-	34,548
Due to component unit	13,239	-	-	-	-	13,239
Total liabilities	45,337	2,906	-	-	-	48,243
Fund balances:						
Restricted for:						
Debt service	-	-	-	131,269	-	131,269
Capital projects	-	-	-	-	266,121	266,121
Public safety	-	21,581	-	-	-	21,581
Unassigned	(456)	-	-	-	-	(456)
Total fund balances	(456)	21,581	-	131,269	266,121	418,515
Total liabilities and fund balances	$ 44,881	$ 24,487	$ -	$ 131,269	$ 266,121	$ 466,758

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, 2016

	Special Revenue Funds		Capital Project Funds			
	Hotel/Motel Tax	Confiscated Assets	Downtown Bainbridge Development Authority	Bainbridge Public Facilities Authority	SPLOST 6	Total Nonmajor
Revenues:						
Taxes	$ 194,620	$ -	$ -	$ -	$ -	$ 194,620
Intergovernmental	-	20,478	-	-	1,502,860	1,523,338
Investment earnings	43	14	-	-	-	57
Contributions and donations	-	-	-	-	17,000	17,000
Other	-	-	-	-	219	219
Total revenues	194,663	20,492	-	-	1,520,079	1,735,234
Expenditures:						
Current:						
Public safety	-	4,997	-	-	-	4,997
Leisure services	78,031	-	-	-	-	78,031
Capital projects	-	-	-	-	55,911	55,911
Debt service	-	-	376,334	685,838	476,909	1,539,081
Total expenditures	78,031	4,997	376,334	685,838	532,820	1,678,020
Excess (deficiency) of revenues over (under) expenditures	116,632	15,495	(376,334)	(685,838)	987,259	57,214
Other financing sources (uses):						
Transfers in	-	-	376,334	681,688	-	1,058,022
Transfers out	(117,088)	-	-	-	(1,058,022)	(1,175,110)
Total other financing sources (uses)	(117,088)	-	376,334	681,688	(1,058,022)	(117,088)
Net change in fund balance	(456)	15,495	-	(4,150)	(70,763)	(59,874)
Fund balance at beginning of year	-	6,086	-	135,419	336,884	478,389
Fund balance at end of year	$ (456)	$ 21,581	$ -	$ 131,269	$ 266,121	$ 418,515

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, 2016

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	$185,833	$194,620	$ 8,787
Investment earnings	25	43	18
Total revenues	185,858	194,663	8,805
Expenditures:			
Current:			
Leisure services	74,343	78,031	(3,688)
Excess of revenues over expenditures	111,515	116,632	5,117
Other financing sources (uses):			
Transfers out	(111,515)	(117,088)	(5,573)
Net change in fund balance	$ -	(456)	$ (456)
Fund balance at beginning of year		-	
Fund balance at end of year		$ (456)	

CITY OF BAINBRIDGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Employee Benefits	City Shop	Total
ASSETS			
Current assets:			
Cash	$ -	$ -	$ -
Investments	-	-	-
Accounts receivable	1,483	566	2,049
Prepaid items	-	2,379	2,379
Inventories	-	71,692	71,692
Due from other funds	35,492	643,227	678,719
Total current assets	36,975	717,864	754,839
Property, plant and equipment, net	-	33,449	33,449
Total assets	36,975	751,313	788,288
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	-	52,912	52,912
LIABILITIES			
Current liabilities:			
Bank overdraft	$ 11,103	$ -	$ 11,103
Accounts and claims payable	261,107	18,874	279,981
Due to other funds	90,000	682,271	772,271
Accrued compensated absences	-	15,528	15,528
Total current liabilities	362,210	716,673	1,078,883
Long-term liabilities:			
Net pension liability	-	157,183	157,183
Total liabilities	362,210	873,856	1,236,066
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	-	7,784	7,784
NET POSITION			
Net investment in capital assets	-	33,449	33,449
Unrestricted	(325,235)	(110,864)	(436,099)
Total net position	$ (325,235)	$ (77,415)	$ (402,650)

CITY OF BAINBRIDGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Employee Benefits	City Shop	Total
Operating revenues:			
Contributions	$ 2,942,717	$ -	$ 2,942,717
Charges for services	-	745,807	745,807
Other	6,656	-	6,656
Total operating revenues	2,949,373	745,807	3,695,180
Operating expenses:			
Personal services	-	347,255	347,255
Operating	-	394,117	394,117
Depreciation	-	8,265	8,265
Benefits and claims	2,991,907	-	2,991,907
Total operating expenses	2,991,907	749,637	3,741,544
Operating income (loss)	(42,534)	(3,830)	(46,364)
Nonoperating revenues (expenses):			
Investment earnings	335	-	335
Increase (decrease) in net position	(42,199)	(3,830)	(46,029)
Net position at beginning of year	(283,036)	(73,585)	(356,621)
Net position at end of year	$ (325,235)	$ (77,415)	$ (402,650)

CITY OF BAINBRIDGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Employee Benefits	City Shop	Totals
Cash flows from (to) operating activities:			
Cash received from contributions and services provided	$ 2,934,928	$ 474,632	$ 3,409,560
Cash payments for goods and services	-	(125,578)	(125,578)
Cash payments for claims and benefits	(3,042,948)	-	(3,042,948)
Cash payments for employee services and fringe benefits	-	(342,503)	(342,503)
Net cash from (to) operating activities	(108,020)	6,551	(101,469)
Cash flows from (to) capital and related financing activities:			
Payments for capital acquisitions	-	(6,601)	(6,601)
Cash flows from (to) investing activities:			
Proceeds from sale of investments	-	50	50
Interest received	335	-	335
Net cash from (to) noncapital financing activities	335	50	385
Net increase (decrease) in cash	(107,685)	-	(107,685)
Cash at beginning of year	96,582	-	96,582
Cash (bank overdraft) at end of year	$ (11,103)	$ 50	$ (11,103)
Reconciliation of operating income (loss) to net cash from (to) operating activities:			
Operating income (loss)	$ (42,534)	$ (3,830)	$ (46,364)
Adjustments to reconcile operating income (loss) to net cash from (to) operating activities:			
Depreciation	-	8,265	8,265
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(1,189)	(566)	(1,755)
(Increase) decrease in prepaid expenses	-	(827)	(827)
(Increase) decrease in due from other funds	(13,256)	(270,609)	(283,865)
(Increase) decrease in inventories	-	(8,087)	(8,087)
(Increase) decrease in deferred outflows related to pension	-	(30,937)	(30,937)
Increase (decrease) in accounts and claims payable	(51,041)	13,953	(37,088)
Increase (decrease) in accrued liabilities	-	922	922
Increase (decrease) in due to other funds	-	263,500	263,500
Increase (decrease) in net pension liability	-	46,840	46,840
Increase (decrease) in deferred inflows related to pension	-	(12,073)	(12,073)
Net cash from (to) operating activities	$ (108,020)	$ 6,551	$ (101,469)

CITY OF BAINBRIDGE, GEORGIA
NON-MAJOR DISCRETELY PRESENTED COMPONENT UNIT
BALANCE SHEET
SEPTEMBER 30, 2016

	Convention and Visitor's Bureau
ASSETS	
Due from primary government	$ 37,471
Prepaid items	85
Total assets	$ 37,556
LIABILITIES	
Accounts payable	$ 320
Due to primary government	2,977
Total liabilities	3,297
FUND BALANCE	
Unassigned	34,259
Total fund balance	34,259
Total liabilities and fund balance	$ 37,556
Total fund balance	$ 34,259
Deferred outflows of resources are not an available resource and, therefore, are not reported in the fund.	1,391
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund:	
Net pension liability	(6,311)
Deferred inflows related to pension	(311)
Net position of component unit	$ 29,028

CITY OF BAINBRIDGE, GEORGIA
NON-MAJOR DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Convention and Visitor's Bureau
Revenues:	
Intergovernmental	$ 78,030
Contributions	2,000
Investment earnings	36
Total revenues	80,066
Expenditures:	
Culture and recreation	72,723
Total expenditures	72,723
Excess (deficiency) of revenues over (under) expenditures	7,343
Net change in fund balance	7,343
Fund balance at beginning of year	26,916
Fund balance at end of year	$ 34,259
Amounts reported for the component unit in the statement of activities are different because:	
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the fund.	
Net pension liability	$ (1,189)
Deferred outflows of resources related to pensions	524
Deferred inflows of resources related to pensions	610
	(55)
Net change in fund balance	7,343
Change in net position of component unit on the statement of activities	$ 7,288

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bainbridge, Georgia, as of and for the year ended September 30, 2016, 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 20, 2017.

Internal Control Over Financial Reporting

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

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

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

been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bainbridge, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we have reported to management of the City of Bainbridge, Georgia in a separate letter dated March 20, 2017.

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.

Nichols, Cauley & Associates, LLC

Kennesaw, Georgia

March 20, 2017

CITY OF BAINBRIDGE, GEORGIA
HOTEL/MOTEL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Revenues	Expenditures *	Percentage Expended
$194,663	$ 195,119	100%

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

CITY OF BAINBRIDGE, GEORGIA
Schedule of Projects Constructed with Special Option Sales Tax #6 Proceeds
As of September 30, 2016

	Project	Original Estimated Cost (1)	Prior Year	Current Year	Total
A.	Water and Sewer bond service	$ 6,500,000	$ 3,175	$ 2,688	$ 5,863
B.	General Fund bond service	3,000,000	2,688	2,688	5,376
C.	Road Construction and Improvements	1,700,000	4,684	-	4,684
D.	Recreation Improvements	1,000,000	7,220	28,655	35,875
G.	Public Safety Equipment	1,082,000	-	27,256	27,256
	Totals	$ 13,282,000	17,767	61,287	79,054
		Debt Service Expenditures	480,037	1,529,555	2,009,592
			$ 497,804	$ 1,590,842	$ 2,088,646

Notes:

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