

City of Bainbridge, Georgia

Financial Report

For the Fiscal Year Ended

September 30, 2018

City of Bainbridge, Georgia

Financial Report

For the Fiscal Year Ended September 30, 2018

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, 2018

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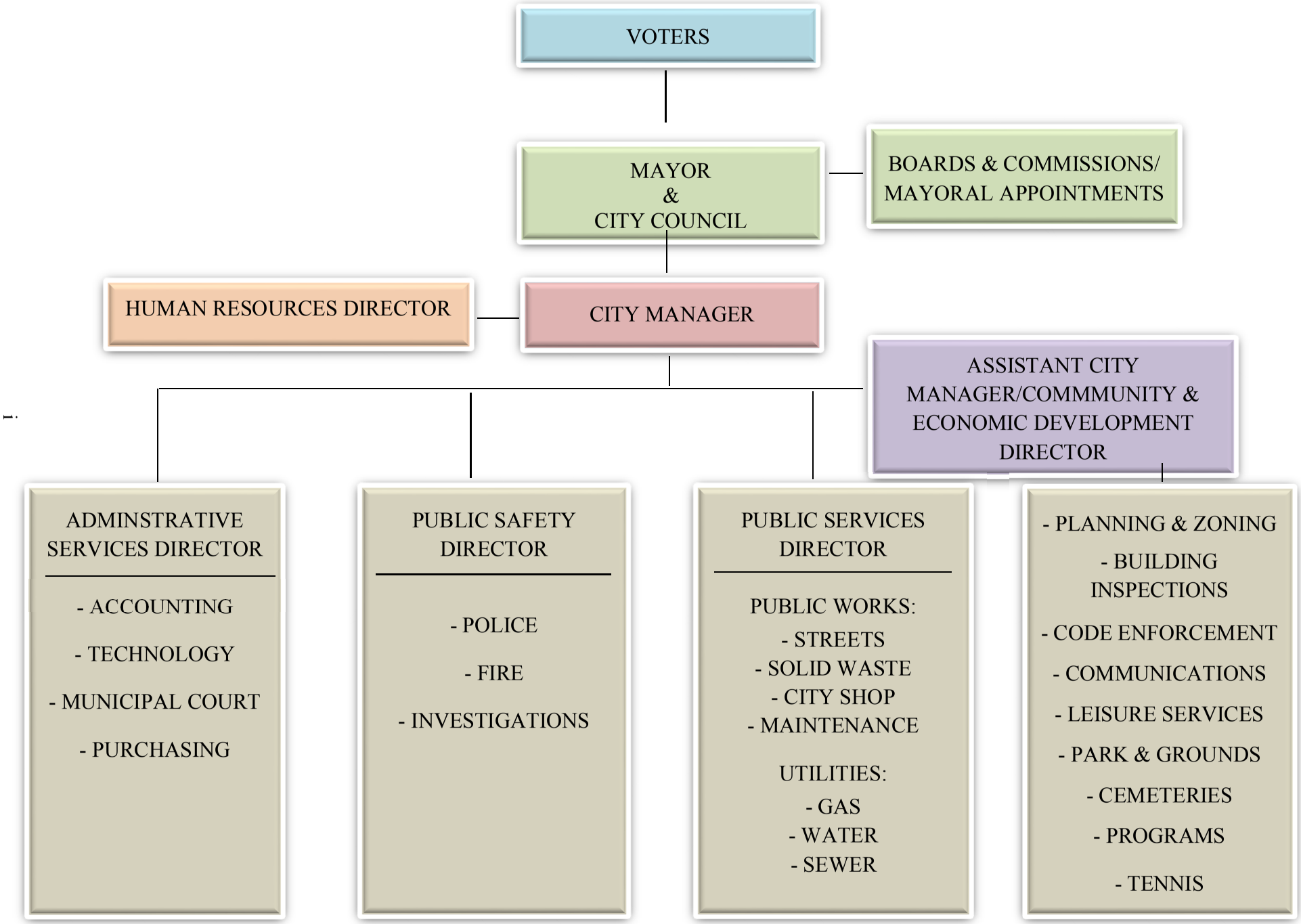
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INTRODUCTORY SECTION

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CITY OF BAINBRIDGE ORGANIZATION CHART



City of Bainbridge, Georgia
List of Elected and Appointed Officials
September 30, 2018

Elected Officials

Edward Reynolds, Mayor

Board of Aldermen

Roslyn Palmer	Glennie Bench
Derik McDowell	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



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, each major fund, and the aggregate remaining fund information of the City of Bainbridge, Georgia, as of and for the year ended September 30, 2018, 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 an opinion 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 opinion.

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, 2018 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, and budgetary comparison information on pages 4-12 and 49-52 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 an opinion 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 26, 2019, 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.



Kennesaw, Georgia
March 26, 2019

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, 2018.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $37,278,744 (net position). Of this amount, $1,029,949 may be used to meet the government's ongoing obligation to citizens and to creditors.

- The government's total net position decreased by $408,091, after a reduction of beginning net position due to restatements of $1,364,743.

- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $2,745,753 representing an increase of $807,289, after a reduction of beginning fund balance due to restatements of $246,901.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $354,661 or 3.35% of total general fund expenditures.

- The City's total debt (net of premium) decreased by $182,520 during the current fiscal year. For additional information refer to Note 8 of this report.

- As of September 30, 2018, the City owes $15,767,283 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, and Telecommunications 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 22-48 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 49-52 of this report.

Other supplemental information can be found on pages 53-63 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

	2018			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities (1)	Business-type Activities (1)	Total
Assets:						
Current assets	$ 4,570,486	$ 3,084,807	$ 7,655,293	$ 2,268,425	$ 3,032,156	$ 5,300,581
Non-current assets	-	-	-	34,083	149,512	183,595
Capital assets	21,718,225	29,144,182	50,862,407	21,806,178	29,519,571	51,325,749
Total assets	26,288,711	32,228,989	58,517,700	24,108,686	32,701,239	56,809,925
Deferred outflows of resources	872,055	260,749	1,132,804	687,228	225,056	912,284
Liabilities:						
Current liabilities	1,754,281	639,449	2,393,730	866,049	608,049	1,474,098
Non-current liabilities	17,689,160	1,458,699	19,147,859	18,127,934	1,377,022	19,504,956
Total liabilities	19,443,441	2,098,148	21,541,589	18,993,983	1,985,071	20,979,054
Deferred inflows of resources	647,498	182,673	830,171	321,269	99,794	421,063
Net position:						
Net investment in capital assets	6,764,715	28,330,409	35,095,124	6,471,445	28,904,501	35,375,946
Restricted	1,153,671	-	1,153,671	320,558	-	320,558
Unrestricted	(848,559)	1,878,508	1,029,949	(1,311,341)	1,936,929	625,588
Total net position	$ 7,069,827	$ 30,208,917	$ 37,278,744	$ 5,480,662	$ 30,841,430	$ 36,322,092

(1) As Restated

The City's assets exceed liabilities by $37,278,744 at the close of the most recent fiscal year. Of this amount $7,069,827 came from governmental activities, and $30,208,917 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 $35,095,124 or 94% of total net position. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

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

Restricted net position totaled $1,153,671 or 3% of total net position. The vast majority of this amount represents resources that are designated for construction projects.

The remaining balance of $1,029,949 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 all three categories of net position, the government as a whole and business-type activities.

City of Bainbridge - Statement of Activities

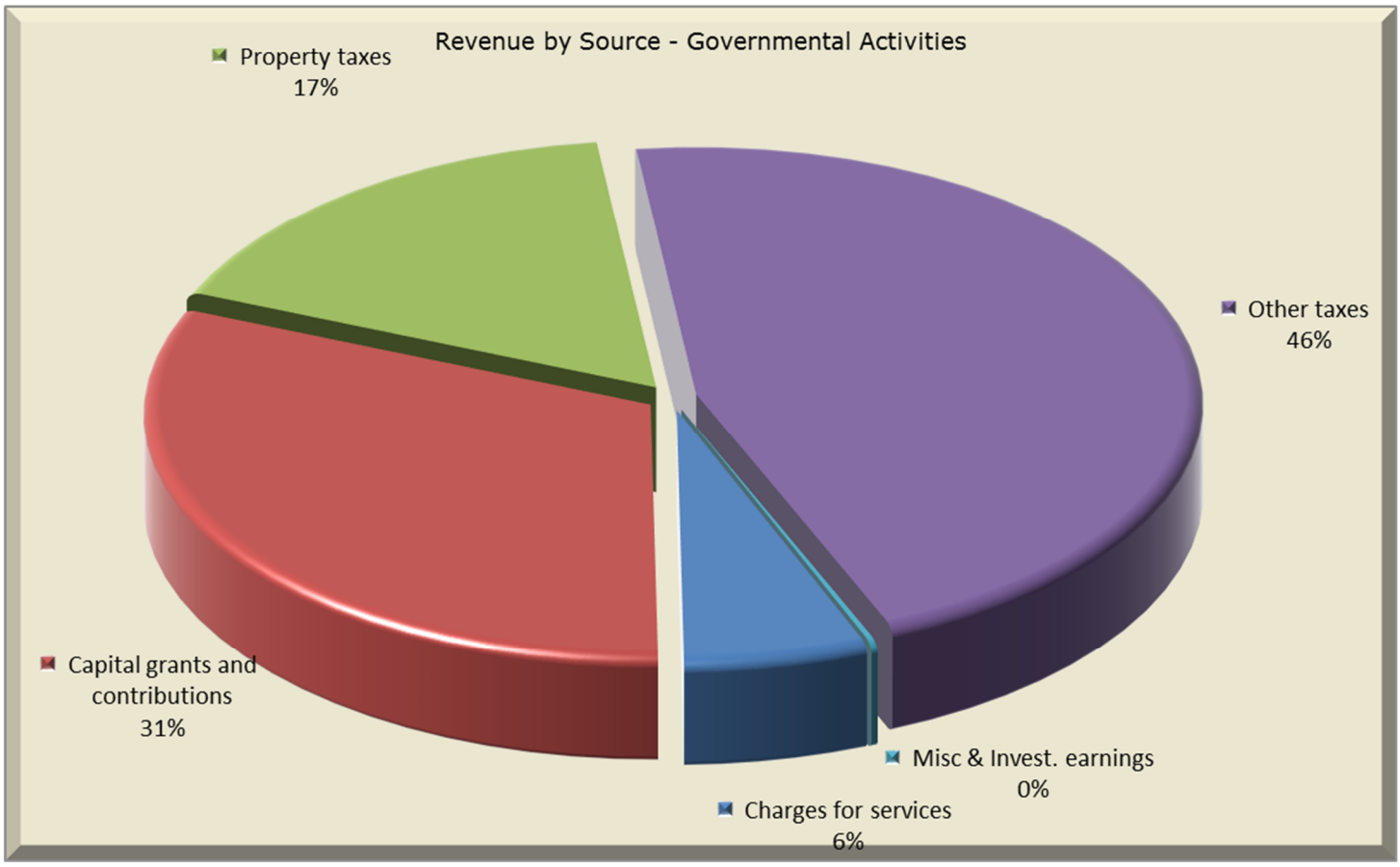
	2018			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities (1)	Business-type Activities (1)	Total
Revenues:						
Program revenues:						
Charges for services	$ 562,786	$ 9,811,044	$ 10,373,830	$ 546,426	$ 9,103,636	$ 9,650,062
Capital grants and contributions	3,008,502	-	3,008,502	2,543,717	-	2,543,717
General revenues:						
Property taxes	1,616,550	-	1,616,550	1,553,165	-	1,553,165
Other taxes	4,365,301	-	4,365,301	4,342,636	-	4,342,636
Other	19,663	2,852	22,515	6,767	851	7,618
Total revenues	9,572,802	9,813,896	19,386,698	8,992,711	9,104,487	18,097,198
Expense:						
General government	2,124,032	-	2,124,032	1,910,002	-	1,910,002
Public safety	4,191,799	-	4,191,799	3,604,205	-	3,604,205
Public works	1,901,675	-	1,901,675	1,714,265	-	1,714,265
Judicial	251,183	-	251,183	263,283	-	263,283
Community development	2,250,219	-	2,250,219	2,457,273	-	2,457,273
Leisure services	391,950	-	391,950	310,650	-	310,650
Water & sewer	-	2,986,563	2,986,563	-	2,902,396	2,902,396
Natural gas	-	1,479,527	1,479,527	-	1,401,019	1,401,019
Sanitation	-	2,007,389	2,007,389	-	1,882,192	1,882,192
Marina	-	-	-	-	140,671	140,671
Telecommunications	-	504,819	504,819	-	508,668	508,668
Interest and fiscal charges on long-term debt	399,772	-	- 399,772	421,771	-	- 421,771
Total expenses	11,510,630	6,978,298	18,488,928	10,681,449	6,834,946	17,516,395
Increase (Decrease) in net position before transfers	(1,937,828)	2,835,598	897,770	(1,688,738)	2,269,541	580,803
Transfers	3,484,574	(3,484,574)	-	2,821,572	(2,821,572)	-
Gain (loss) on sale of capital assets	42,419	16,463	-	(294,966)	-	-
Change in net position	1,589,165	(632,513)	956,652	837,868	(552,031)	285,837
Net position, beginning, before restatement	5,291,041	32,395,794	37,686,835	4,453,173	32,947,825	37,400,998
Restatement	189,621	(1,554,364)	(1,364,743)	-	-	-
Net position – beginning, after restatement	5,480,662	30,841,430	36,322,092	4,453,173	32,947,825	37,400,998
Net position, end of year	$ 7,069,827	$ 30,208,917	$ 37,278,744	$ 5,291,041	$ 32,395,794	$ 37,686,835

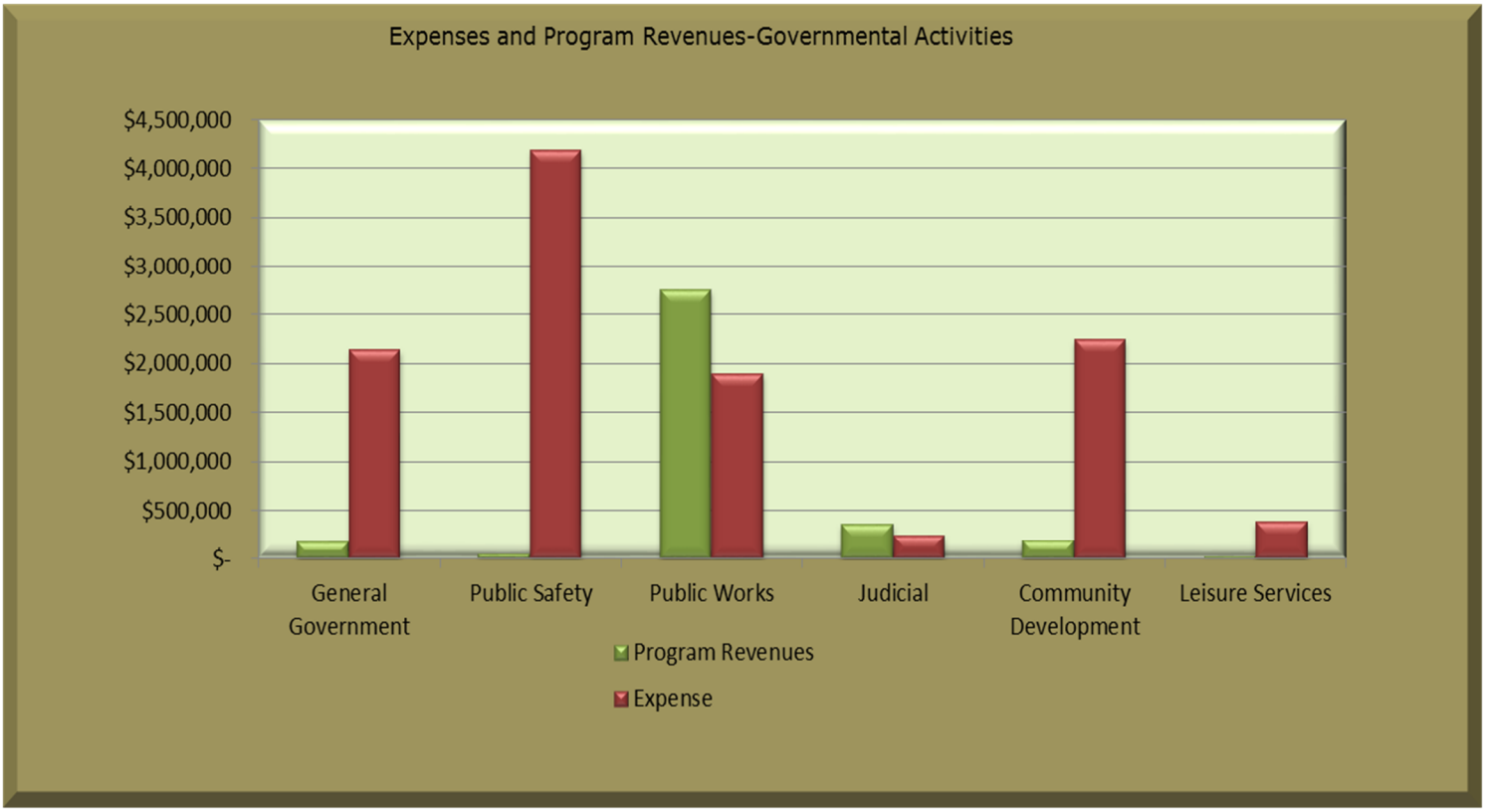
(1) The effects of the prior period restatements to previously reported changes in net position have not been determined.

Governmental activities.

The above statement shows the revenues and expenses by activities. Total revenue from governmental activities was $9,572,802 while expenses were $11,510,630.

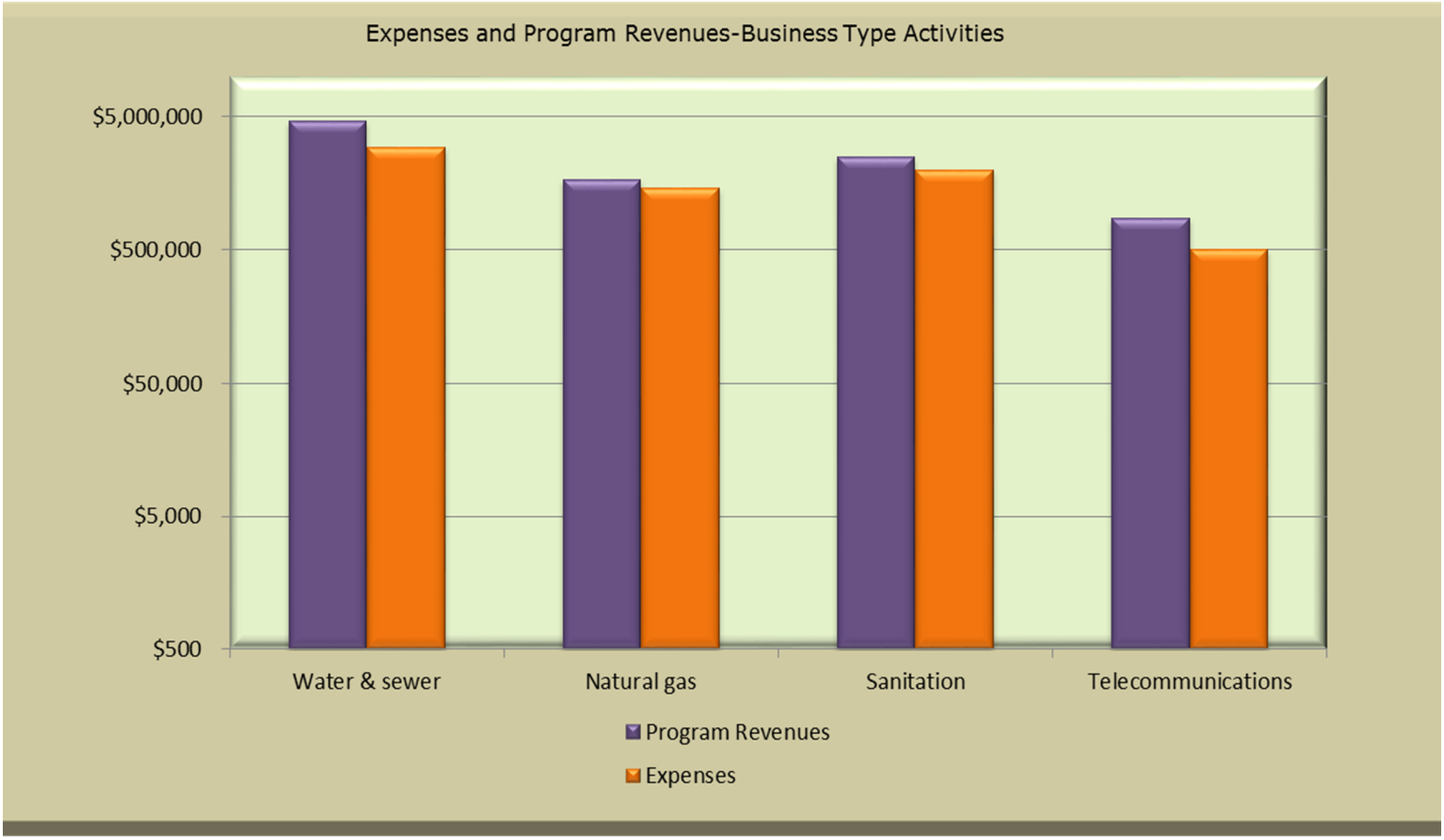
	2018	2017
Program Revenues:		
General Government	$ 182,285	$ 148,385
Public Safety	47,564	19,059
Public Works	2,754,813	2,057,675
Judicial	368,290	321,780
Community Development	195,826	526,276
Leisure Services	22,510	16,968
Total	$ 3,571,288	$ 3,090,143


Revenue by Source - Governmental Activities
Property taxes
17%
Other taxes
46%
Capital grants and
contributions
31%
Misc & Invest. earnings
0%
Charges for services
6%


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

Business-type activities

Revenues from business-type activities totaled $9,813,896 and expenses totaled $6,978,298. The following graph displays the expenses and program revenues for business-type activities:



Financial Analysis of the Government's Funds

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

Governmental Funds.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $2,745,753 an increase of $808,289 after a reduction in beginning fund balance due to restatements of $246,901. Approximately 13%, or $354,205, 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 $354,661 while the total fund balance was reduced to $1,469,769. The fund balance in the City's general fund decreased by $21,958 after a reduction to beginning fund balance due to restatements of $246,901 during the current fiscal year.

Proprietary Funds.

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

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

- $2,292,152 for the Water & Sewer fund.
- $318,777 for the Natural Gas fund.
- $12,981 for the Solid Waste (Sanitation) fund.
- $(765,569) for the Telecommunications 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, 2018 can be found in the Required Supplementary Information.

During September 2017, the City adopted a General Fund budget of $9,834,970 for FY2018. At the end of the fiscal year, the final actual expenditures were $10,580,926 which was as increase of $745,956 from the original adopted budget. The final amended budget expenditures were $10,678,880.

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, 2018 amounts to $50,862,407 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, and streets. The total decrease in the City's investment in capital assets for the current fiscal year was 1% (7% increase for governmental activities and 6% decrease in business type activities).

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

- $62,000 current year addition Leeboy Vibratory Roller.
- $211,923 current year addition Pelican Street sweeper.
- $113,602 current year addition Peter built Semi.
- $121,140 current year addition Model 368 Dump Truck.
- $182,500 current year addition Weiler Paver.
- $195,908 current year addition Purchasing/Parks building.
- $131,869 current year addition Peter built 357 Cab & Chassis w/Pacmac Knuck.
- $131,869 current year addition Peter built 357 Cab & Chassis w/Pacmac Knuck.
- $74,663 current year addition Telecommunication Infrastructure.

Government Wide Capital Assets

	Governmental Activities	Business-type Activities	Total
Land	$ 2,361,139	$ 109,267	$ 2,470,406
Building and improvements	14,866,630	42,266,340	57,132,970
Machinery and equipment	8,800,599	6,114,766	14,915,365
Infrastructure	9,507,161	-	9,507,161
Construction in progress	303,733	-	303,733
Accumulated depreciation	(14,121,037)	(19,346,191)	(33,467,228)
Total	$ 21,718,225	$ 29,144,182	$ 50,862,407

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 $15,767,283 which decreased by $182,520 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 3.8%, which decreased from a rate of 5.1% a year ago. This is above the state's average unemployment rate of 3.7% and the national average unemployment rate of 3.7%.
- The occupancy rate of the City's central business district is 84%, this is 3% higher than prior year.

All of these factors were considered in preparing the City's budget for the 2018-2019 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, 2018

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Convention and Visitor's Bureau	Total
Assets:						
Cash and cash equivalents	$ 506,718	$ 43,863	$ 550,581	$ -	$ -	$ -
Investments	851,374	14,625	865,999	13,523	-	13,523
Receivables, net	2,820,723	869,781	3,690,504	-	-	-
Due from other governments	495,168	20,497	515,665	-	-	-
Due from primary government	-	-	-	-	3,638	3,638
Note receivable from primary government	-	-	-	-	-	-
Due from component unit	72,647	-	72,647	-	-	-
Internal balances	(1,449,495)	1,449,495	-	-	-	-
Inventories	134,719	139,018	273,737	-	-	-
Prepaid items	235,209	211,059	446,268	-	95	95
Restricted assets	903,423	336,469	1,239,892	-	-	-
Capital assets, non depreciated	2,664,872	109,267	2,774,139	222,580	-	222,580
Capital assets, depreciated, net	19,053,353	29,034,915	48,088,268	-	-	-
Total assets	26,288,711	32,228,989	58,517,700	236,103	3,733	239,836
Deferred outflows of resources -						
Deferred outflows related to pension	872,055	260,749	1,132,804	-	2,015	2,015
Liabilities:						
Accounts payable and other current liabilities	472,590	280,491	753,081	-	6,119	6,119
Due to other government	-	19,770	19,770	-	-	-
Due to primary government	-	-	-	72,647	-	72,647
Due to component unit	3,638	-	3,638	-	-	-
Customer deposits	-	329,845	329,845	-	-	-
Unearned revenue	1,278,053	9,343	1,287,396	-	-	-
Noncurrent liabilities:						
Due within one year	1,952,455	571,155	2,523,610	-	-	-
Due in more than one year	15,736,705	887,544	16,624,249	-	4,707	4,707
Total liabilities	19,443,441	2,098,148	21,541,589	72,647	10,826	83,473
Deferred inflows of resources -						
Deferred inflows related to pension	647,498	182,673	830,171	-	1,483	1,483
Net position:						
Net investment in capital assets	6,764,715	28,330,409	35,095,124	222,580	-	222,580
Public safety	53,987	-	53,987	-	-	-
Capital projects	1,099,684	-	1,099,684	-	-	-
Unrestricted	(848,559)	1,878,508	1,029,949	(59,124)	(6,561)	(65,685)
Total net position	$ 7,069,827	$ 30,208,917	$ 37,278,744	$ 163,456	$ (6,561)	$ 156,895

See accompanying notes to financial statements.

CITY OF BAINBRIDGE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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	$ 2,124,032	$ 29,353	$ -	$ 152,932	$ (1,941,747)	$ -	$ (1,941,747)			
Judicial	251,183	368,290	-	-	117,107	-	117,107			
Public works	1,901,675	-	-	2,754,813	853,138	-	853,138			
Leisure services	391,950	22,510	-	-	(369,440)	-	(369,440)			
Public safety	4,191,799	7,723	-	39,841	(4,144,235)	-	(4,144,235)			
Community development	2,250,219	134,910	-	60,916	(2,054,393)	-	(2,054,393)			
Interest & fiscal charges on long-term debt	399,772	-	-	-	(399,772)	-	(399,772)			
Total governmental activities	11,510,630	562,786	-	3,008,502	(7,939,342)	-	(7,939,342)			
Business-type activities:										
Water and sewer	2,986,563	4,677,381	-	-	-	1,690,818	1,690,818			
Natural gas	1,479,527	1,719,507	-	-	-	239,980	239,980			
Sanitation	2,007,389	2,544,319	-	-	-	536,930	536,930			
Telecommunications	504,819	869,837	-	-	-	365,018	365,018			
Total business-type activities	6,978,298	9,811,044	-	-	-	2,832,746	2,832,746			
Total Primary Government	$ 18,488,928	$ 10,373,830	$ -	$ 3,008,502	(7,939,342)	2,832,746	(5,106,596)			
Component Units:										
Downtown Development Authority	$ 98,737	3,810	23,000	$ -				$ (71,927)	$ -	$ (71,927)
Convention and Visitor's Bureau	120,589	-	74,044	-				-	(46,545)	(46,545)
Component units	$ 219,326	$ 3,810	$ 97,044	$ -				(71,927)	(46,545)	(118,472)
General Revenues:										
Property taxes					1,616,550	-	1,616,550	-	-	-
Sales tax					1,701,502	-	1,701,502	-	-	-
Insurance premium tax					910,057	-	910,057	-	-	-
Alcohol taxes					327,180	-	327,180	-	-	-
Hotel/motel tax					194,182	-	194,182	-	-	-
Franchise taxes					842,542	-	842,542	-	-	-
Business taxes					389,838	-	389,838	-	-	-
Unrestricted investment earnings					19,663	2,852	22,515	633	111	744
Gain(Loss) on sale of capital assets					42,419	16,463	58,882	(51,571)	-	(51,571)
Transfers					3,484,574	(3,484,574)	-	-	-	-
Total general revenues and transfers					9,528,507	(3,465,259)	6,063,248	(50,938)	111	(50,827)
Change in net position					1,589,165	(632,513)	956,652	(122,865)	(46,434)	(169,299)
Net position - beginning, before restatement					5,291,041	32,395,794	37,686,835	286,321	39,873	326,194
Restatement					189,621	(1,554,364)	(1,364,743)	-	-	-
Net position - beginning					5,480,662	30,841,430	36,322,092	286,321	39,873	326,194
Net position - ending					$ 7,069,827	$ 30,208,917	$ 37,278,744	$ 163,456	$ (6,561)	$ 156,895

See accompanying notes to financial statements

CITY OF BAINBRIDGE, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2018

	General Fund	SPLOST	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 566,622	$ 651,191	$ 192,328	$ 1,410,141
Investments	849,946	-	-	849,946
Receivables, net	2,810,870	-	8,738	2,819,608
Prepaid items	194,881	-	-	194,881
Due from other funds	1,776,763	-	-	1,776,763
Advances to other funds	860,160	-	-	860,160
Inventories	60,067	-	-	60,067
Due from component unit	72,647	-	-	72,647
Due from other governments	46,175	448,993	-	495,168
Total assets	$ 7,238,131	$ 1,100,184	$ 201,066	$ 8,539,381
Liabilities				
Accounts payable	$ 174,540	$ -	$ 12,830	$ 187,370
Due to other funds	3,960,037	500	11,936	3,972,473
Due to component unit	3,638	-	-	3,638
Total liabilities	4,138,215	500	24,766	4,163,481
Deferred inflows of resources				
Unavailable revenue - property taxes	1,278,053	-	-	1,278,053
Unavailable revenue - fines	352,094	-	-	352,094
Total deferred inflows of resources	1,630,147	-	-	1,630,147
Fund Balances				
Non-Spendable for:				
Prepaids	194,881	-	-	194,881
Inventories	60,067	-	-	60,067
Advances	860,160	-	-	860,160
Restricted for:				
Debt service	-	-	122,769	122,769
Capital projects	-	1,099,684	-	1,099,684
Public safety	-	-	53,987	53,987
Unassigned	354,661	-	(456)	354,205
Total fund balances	1,469,769	1,099,684	176,300	2,745,753
Total liabilities, deferred inflows of resources, and fund balances	$ 7,238,131	$ 1,100,184	$ 201,066	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	21,718,225
Revenue earned but unavailable is not reported in the funds.	352,094
Deferred outflows of resources are not an available resource and, therefore, are not reported in the funds.	872,055
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.	(281,642)
Long-term liabilities and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds:	
Unmatured notes, bonds and leases	(14,838,301)
Unamortized bond premium	(115,209)
Accrued interest payable	(166,430)
Accrued compensated absences	(276,530)
Net pension liability	(2,055,382)
Deferred inflows related to pension	(647,498)
Landfill post-closure care obligation	(237,308)
Net position of governmental activities	$ 7,069,827

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, 2018

	General Fund	SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 5,777,669	$ -	$ 194,182	$ 5,971,851
Licenses and permits	115,163	-	-	115,163
Intergovernmental	785,189	2,186,901	39,727	3,011,817
Charges for services	48,426	-	-	48,426
Fines and forfeitures	297,659	-	-	297,659
Investment earnings	18,987	921	156	20,064
Other	15,702	-	-	15,702
Total revenues	7,058,795	2,187,822	234,065	9,480,682
Expenditures:				
Current:				
General government	2,023,238	-	-	2,023,238
Public safety	3,810,113	-	9,874	3,819,987
Public works	1,903,454	-	-	1,903,454
Community development	2,289,336	-	-	2,289,336
Judicial	251,183	-	-	251,183
Leisure services	-	-	77,673	77,673
Capital projects	-	753,136	-	753,136
Debt service	303,602	370,732	1,060,472	1,734,806
Total expenditures	10,580,926	1,123,868	1,148,019	12,852,813
Excess (deficiency) of revenues over (under) expenditures	(3,522,131)	1,063,954	(913,954)	(3,372,131)
Other financing sources (uses):				
Transfers in	3,601,125	433	1,056,172	4,657,730
Transfers out	(433)	(1,056,172)	(116,551)	(1,173,156)
Capital leases issued	82,962	795,365	-	878,327
Sale of capital assets	63,420	-	-	63,420
Total other financing sources (uses)	3,747,074	(260,374)	939,621	4,426,321
Net change in fund balance	224,943	803,580	25,667	1,054,190
Fund balance at beginning of year - before restatement	1,491,727	296,104	-	1,787,831
Restatement	(246,901)	-	-	(246,901)
Fund balance at beginning of year - after restatement	1,244,826	296,104	150,633	1,691,563
Fund balance at end of year	$ 1,469,769	$ 1,099,684	$ 176,300	$ 2,745,753

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, 2018

Net change in fund balances - total governmental funds		$ 1,054,190
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	(1,375,913)	
Capital outlays	1,308,961	
Loss on disposal of assets	(21,001)	(87,953)
The issuance of long-term debt provides current financial resources and the repayment of principal on long-term debt consumes current financial resources in the governmental funds.		
Proceeds from capital leases and notes payable	(878,327)	
Matured principal on notes payable	118,538	
Matured principal on revenue bonds	735,144	
Matured principal on capital leases	397,334	372,689
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.		70,632
Internal Service Funds are used by management to charge the costs of employee health care self-insurance and the city shop to individual funds.		127,857
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Prepaid interest expense	127,069	
Accrued interest expense	(124,224)	
Accrued compensated absences	(9,735)	
Net pension liability	191,510	
Deferred outflows of resources related to pensions	184,826	
Deferred inflows of resources related to pensions	(326,230)	43,216
Change in net position of governmental activities		$ 1,589,165

See accompanying notes to financial statements.

CITY OF BAINBRIDGE, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Enterprise Funds					
	Major					
	Water and Sewer	Natural Gas	Sanitation	Telecommunications	Totals	Internal Service Funds
ASSETS						
Current assets:						
Cash	$ -	$ -	$ -	$ 43,863	$ 43,863	$ -
Investments	-	7,996	-	6,629	14,625	1,428
Restricted assets -						
Investments	299,929	36,540	-	-	336,469	-
Receivables, net						
Utility accounts	411,766	138,074	194,683	-	744,523	-
Other	11,384	-	17	113,857	125,258	1,115
Due from other funds	2,389,858	691,470	1,109,151	488,310	4,678,789	1,168,855
Due from other governments	1,594	18,903	-	-	20,497	-
Inventory	87,845	26,174	5,477	19,522	139,018	74,652
Prepaid expenses	180,982	18,455	11,622	-	211,059	40,328
Total current assets	3,383,358	937,612	1,320,950	672,181	6,314,101	1,286,378
Noncurrent assets -						
Property, plant and equipment, net	23,795,129	2,467,554	2,114,573	766,926	29,144,182	69,584
Total assets	27,178,487	3,405,166	3,435,523	1,439,107	35,458,283	1,355,962
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pension	142,226	32,507	86,016	-	260,749	50,975
LIABILITIES						
Current liabilities:						
Accounts and claims payable	52,323	136,945	55,501	30,850	275,619	285,218
Customer deposits	293,305	36,540	-	-	329,845	-
Accrued liabilities	4,872	-	-	-	4,872	-
Accrued compensated absences	31,708	11,543	21,809	-	65,060	19,011
Unearned revenue	9,343	-	-	-	9,343	-
Due to other funds	432,233	342,005	1,068,323	546,740	2,389,301	1,262,633
Due to other governments	-	19,770	-	-	19,770	-
Capital leases - current	64,496	9,707	431,892	-	506,095	11,590
Total current liabilities	888,280	556,510	1,577,525	577,590	3,599,905	1,578,452
Long-term liabilities (net of current portion):						
Net pension liability	311,513	79,496	188,857	-	579,866	119,108
Advances from other funds	-	-	-	860,160	860,160	-
Capital lease obligations	277,217	30,461	-	-	307,678	28,643
Total long-term liabilities	588,730	109,957	188,857	860,160	1,747,704	147,751
Total liabilities	1,477,010	666,467	1,766,382	1,437,750	5,347,609	1,726,203
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension	98,135	25,043	59,495	-	182,673	37,522
NET POSITION						
Net investment in capital assets	23,453,416	2,427,386	1,682,681	766,926	28,330,409	29,351
Unrestricted	2,292,152	318,777	12,981	(765,569)	1,858,341	(386,139)
Total net position	$25,745,568	$2,746,163	$ 1,695,662	$ 1,357	30,188,750	$ (356,788)
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds					20,167	
Net position of business-type activities					$30,208,917	

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, 2018

	Enterprise Funds					
	Major					
	Water and Sewer	Natural Gas	Sanitation	Telecommunications	Totals	Internal Service Funds
Operating revenues:						
Charges for services	$ 4,673,904	$ 1,652,180	$ 2,544,282	$ 272,322	$ 9,142,688	$ 809,537
Contributions	-	-	-	-	-	2,603,462
Lease income	-	-	-	597,515	597,515	-
Other	3,477	67,327	37	-	70,841	18,472
Total operating revenues	4,677,381	1,719,507	2,544,319	869,837	9,811,044	3,431,471
Operating expenses:						
Personal services	919,666	235,425	612,287	-	1,767,378	371,319
Operating	1,317,265	1,150,538	1,153,172	476,702	4,097,677	416,703
Depreciation	779,701	92,958	206,670	28,117	1,107,446	14,310
Benefits and claims	-	-	-	-	-	2,461,611
Total operating expenses	3,016,632	1,478,921	1,972,129	504,819	6,972,501	3,263,943
Operating income (loss)	1,660,749	240,586	572,190	365,018	2,838,543	167,528
Nonoperating revenues (expenses):						
Gain (loss) on sale of capital assets	13,526	2,937	-	-	16,463	-
Interest income	2,603	-	-	249	2,852	635
Interest expense	(6,879)	(606)	(35,260)	-	(42,745)	(613)
Total nonoperating revenues (expenses)	9,250	2,331	(35,260)	249	(23,430)	22
Income (loss) before contributions and transfers	1,669,999	242,917	536,930	365,267	2,815,113	167,550
Transfers in	50,031	-	-	-	50,031	-
Transfers out	(2,201,358)	(290,278)	(642,969)	(400,000)	(3,534,605)	-
Increase (decrease) in net position	(481,328)	(47,361)	(106,039)	(34,733)	(669,461)	167,550
Net position, beginning of year before restatement	27,321,898	2,835,551	1,673,905	47,059		(377,437)
Restatement	-	-	-	-		(146,901)
Net position, beginning of year after restatement	26,226,896	2,793,524	1,801,701	36,090		(524,338)
Net position at end of year	$ 25,745,568	$ 2,746,163	$ 1,695,662	$ 1,357		$ (356,788)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					36,948	
Change in net position of business-type activities					$ (632,513)	

See accompanying notes to financial statements.

CITY OF BAINBRIDGE, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Enterprise Funds Major					
	Water and Sewer	Natural Gas	Sanitation	Telecommunications	Totals	Internal Service Funds
Cash flows from (to) operating activities:						
Cash received from customers	$ 4,678,645	$ 1,590,235	$ 2,558,924	$ 954,606	$ 9,782,410	$ 3,213,199
Cash payments for goods and services	(1,339,487)	(1,035,139)	(925,596)	(500,098)	(3,800,320)	(220,247)
Cash payments for claims and benefits	-	-	-	-	-	(2,614,292)
Cash payments for employee services and fringe benefits	(937,114)	(240,214)	(640,317)	(32,017)	(1,849,662)	(376,934)
Net cash from (to) operating activities	2,402,044	314,882	993,011	422,491	4,132,428	1,726
Cash flows from (to) noncapital financing activities:						
Transfers in	50,031	-	-	-	50,031	-
Transfers out	(2,201,358)	(290,278)	(642,969)	(400,000)	(3,534,605)	-
Net cash from (to) noncapital financing activities	(2,151,327)	(290,278)	(642,969)	(400,000)	(3,484,574)	-
Cash flows from (to) capital and related financing activities:						
Interest paid	(6,879)	(606)	(35,260)	-	(42,745)	(613)
Payments for capital acquisitions	(247,030)	(30,668)	(379,695)	(74,664)	(732,057)	-
Principal payments on long-term obligations	115,420	18,370	64,913	-	198,703	(11,440)
Proceeds from sale of assets	13,526	2,937	-	-	16,463	-
Net cash from (to) capital and related financing activities	(124,963)	(9,967)	(350,042)	(74,664)	(559,636)	(12,053)
Cash flows from (to) investing activities:						
Investment purchases	(139,179)	(14,637)	-	(6,629)	(160,445)	(1,428)
Interest received from investments	2,603	-	-	249	2,852	635
Net cash from (to) investing activities	(136,576)	(14,637)	-	(6,380)	(157,593)	(793)
Net increase (decrease) in cash	(10,822)	-	-	(58,553)	(69,375)	(11,120)
Cash at beginning of year	10,822	-	-	102,416	113,238	11,120
Cash at end of year	$ -	$ -	$ -	$ 43,863	$ 43,863	$ -

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, 2018

	Enterprise Funds					
	Major					
	Water and Sewer	Natural Gas	Sanitation	Telecommunications	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash from operating activities:						
Operating income (loss)	$1,660,749	$240,586	$ 572,190	$ 365,018	$2,838,543	$ 167,528
Adjustments to reconcile operating income to net cash from operating activities -						
Depreciation	779,701	92,958	206,670	28,117	1,107,446	14,310
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	(9,518)	(2,763)	7,172	195,030	189,921	1,483
(Increase) decrease in due from component unit	50	-	-	-	50	-
(Increase) decrease in prepaid expenses	(43,990)	162	483	1,503	(41,842)	(20,238)
(Increase) decrease in inventory	3,229	(3,635)	9,334	60	8,988	(5,979)
(Increase) decrease in due from other funds	(18,277)	(124,639)	7,433	(110,261)	(245,744)	(199,301)
(Increase) decrease in due from other governments	1,329	(950)	-	-	379	-
(Increase) decrease in deferred outflows related to pension	(24,408)	(6,438)	(9,405)	4,558	(35,693)	(9,517)
Increase (decrease) in accounts payable	(52,286)	37,884	6,061	25,476	17,135	(103,481)
Increase (decrease) in accrued interest payable	1,597	(1,322)	775	-	1,050	-
Increase (decrease) in accrued liabilities	(2)	-	(11,392)	-	(11,394)	1,997
Increase (decrease) in due to other funds	71,037	81,602	210,923	(50,435)	313,127	153,019
Increase (decrease) in due to other governments	(1,809)	708	-	-	(1,101)	-
Increase (decrease) in net pension liability	(40,798)	(10,523)	(34,755)	(32,000)	(118,076)	(16,261)
Increase (decrease) in customer deposits	27,680	(920)	-	-	26,760	-
Increase (decrease) in deferred inflows related to pension	47,760	12,172	27,522	(4,575)	82,879	18,166
Net cash from (to) operating activities	$2,402,044	$314,882	$ 993,011	$ 422,491	$4,132,428	$ 1,726
Supplemental disclosure of cash flow information:						
Cash paid during the year for interest	$ 6,879	$ 606	$ 35,260	$ -	$ 42,745	$ 613
Supplemental disclosure of noncash investing and financing activities:						
Capital asset totals acquired by entering into a capital lease agreement	$ 74,434	$ 24,811	$ 484,182	$ -	$ 583,427	$ 613

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 Governmental Accounting Standards Board (GASB) Statements No. 14 and No. 34", the financial statements of its component units. The component units discussed below are included in the reporting entity because of the financial relationship with the City.

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

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

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

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

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

D. Budgets and Budgetary Accounting

An operating budget is legally adopted each fiscal year for the General Fund and Special Revenue Funds. 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 re-appropriated and honored during the subsequent year. There were no open purchase orders in excess of $1,000 as of September 30, 2018.

E. Cash and Investments

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

All of the City's investments are certificates of deposit or money market accounts held at local banks. 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.

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 and fine 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) CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City reduces its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law. As of September 30, 2018, the City was not exposed to custodial credit risk.

(3) RECEIVABLES

Receivables at September 30, 2018 consist of the following:

	Taxes and Fines	Utility Accounts	Other	Allowance for Uncollectibles	Net Receivables
General Fund	$ 2,856,802	$ -	$ 4,004	$ (49,936)	$ 2,810,870
Water and Sewer Fund	-	570,936	11,384	(159,170)	423,150
Natural Gas Fund	-	143,159	-	(5,085)	138,074
Sanitation Fund	-	251,621	17	(56,938)	194,700
Telecommunications Fund	-	-	113,857	-	113,857
Nonmajor Funds	8,738	-	1,115	-	9,853
Total	$ 2,865,540	$ 965,716	$ 130,377	$ (271,129)	$ 3,690,504

(4) DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at September 30, 2018 consist of the following:

	Decatur County, GA
Governmental Funds:	
General Fund	$ 46,175
SPLOST Fund	448,993
Total Governmental Funds	$ 495,168
Proprietary Funds:	
Water and Sewer Fund	$ 1,594
Natural Gas Fund	18,903
	$ 20,497

(5) INTERFUND RECEIVABLES, ADVANCES, AND TRANSFERS

Interfund receivable and payable balances for the fiscal year ended September 30, 2018 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	$ -	$ 2,202,782	$ 646,470	$ 1,109,150	$ -	$ 1,635	$ 3,960,037
Water and Sewer Fund	-	-	-	-	225,810	206,423	432,233
Natural Gas Fund	-	186,957	-	1	130,984	24,063	342,005
Sanitation Fund	-	119	-	-	131,516	936,688	1,068,323
Telecommunication Fund	546,694	-	-	-	-	46	546,740
SPLOST Fund	500	-	-	-	-	-	500
Nonmajor Funds	1,229,569	-	45,000	-	-	-	1,274,569
Total	$ 1,776,763	$ 2,389,858	$ 691,470	$ 1,109,151	$ 488,310	$ 1,168,855	$ 7,624,407

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	General Fund	SPLOST Fund	Water and Sewer Fund	Natural Gas Fund	Sanitation Fund	Telecom Fund	Nonmajor Funds	Total
General Fund	$ -	$ -	$ 2,201,358	$ 240,247	$ 642,969	$ 400,000	$ 116,551	$ 3,601,125
SPLOST Fund	433	-	-	-	-	-	-	433
Water and Sewer Fund	-	-	-	50,031	-	-	-	50,031
Nonmajor Funds	-	1,056,172	-	-	-	-	-	1,056,172
Total	$ 433	$ 1,056,172	$ 2,201,358	$ 290,278	$ 642,969	$ 400,000	$ 116,551	$ 4,707,761

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

(6) RESTRICTED ASSETS

The City's restricted assets at September 30, 2018 consist of the following:

Governmental Activities:	Total
General Fund:	
Appearance bond deposits	$ 16,212
CDBG grant funds	43,692
Capital Projects Funds:	
SPLOST cash	651,191
Nonmajor governmental funds:	
Hotel/Motel tax	15,572
Confiscated assets	53,987
Total governmental activities	$ 903,423
Proprietary Funds / Business Type Activities:	
Water and Sewer Fund:	
Customer deposits	$ 299,929
Natural Gas Fund:	
Customer deposits	36,540
Total proprietary funds / business type activities	$ 336,469

(7) CAPITAL ASSETS

Capital asset activity for the period ended September 30, 2018 was as follows:

	(As restated) Beginning Balance	Additions/ Transfers	Reductions/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 2,341,139	$ 20,000	$ -	$ 2,361,139
Construction in progress	924,377	156,924	(777,568)	303,733
Total capital assets not being depreciated	3,265,516	176,924	(777,568)	2,664,872
Capital assets, being depreciated:				
Buildings and improvements	14,866,630	-	-	14,866,630
Machinery and equipment	8,371,773	933,557	(504,731)	8,800,599
Infrastructure	8,531,113	976,048	-	9,507,161
Total capital assets being depreciated	31,769,516	1,909,605	(504,731)	33,174,390
Less accumulated depreciation for:				
Buildings and improvements	(4,214,929)	(443,027)	-	(4,657,956)
Machinery and equipment	(5,672,291)	(552,357)	483,730	(5,740,918)
Infrastructure	(3,341,634)	(380,529)	-	(3,722,163)
Total accumulated depreciation	(13,228,854)	(1,375,913)	483,730	(14,121,037)
Total capital assets being depreciated, net	18,540,662	533,692	(21,001)	19,053,353
Governmental activities capital assets, net	$ 21,806,178	$ 710,616	$ (798,569)	$ 21,718,225
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 109,267	$ -	$ -	$ 109,267
Total capital assets not being depreciated	109,267	-	-	109,267
Capital assets, being depreciated:				
Buildings and plant in service	42,167,337	99,004	-	42,266,340
Machinery and equipment	5,713,933	1,028,211	(627,379)	6,114,766
Total capital assets being depreciated	47,881,270	1,127,215	(627,379)	48,381,106
Less accumulated depreciation for:				
Buildings and plant in service	(14,792,375)	(789,777)	-	(15,582,152)
Machinery and equipment	(3,678,591)	(317,669)	232,221	(3,764,039)
Total accumulated depreciation	(18,470,966)	(1,107,446)	232,221	(19,346,191)
Total capital assets being depreciated, net	29,410,304	19,769	(395,158)	29,034,915
Business-type activities capital assets, net	$ 29,519,571	$ 19,769	$ (395,158)	$ 29,144,182

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

Governmental activities:	
General government	$ 423,781
Public works, including depreciation of general infrastructure	300,774
Leisure services	383,880
Public safety	253,168
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	14,310
Total depreciation expense - governmental activities	$ 1,375,913
Business-type activities:	
Water and sewer	$ 779,701
Natural Gas	92,958
Sanitation	206,670
Telecommunications	28,117
Total depreciation expense - business-type activities	$ 1,107,446

(8) LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities for the year ended September 30, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Note payable	$ 2,524,832	$ -	$ (118,538)	$ 2,406,294	$ 122,522
Revenue bonds	11,108,188	-	(735,144)	10,373,044	747,142
Leases payable	1,577,970	878,327	(397,334)	2,058,963	626,978
Premium	123,743	-	(8,534)	115,209	-
Landfill post closure care	237,308	-	-	237,308	12,853
Accrued interest payable	42,206	687,653	(563,429)	166,430	166,430
Net pension liability	2,246,892	1,251,716	(1,443,226)	2,055,382	-
Compensated absences	266,795	329,889	(320,154)	276,530	276,530
Governmental activities long-term liabilities	$ 18,127,934	$ 3,147,585	$ (3,586,359)	$ 17,689,160	$ 1,952,455
Business-type activities:					
Leases payable	$ 615,070	$ 680,000	$ (481,297)	$ 813,773	$ 506,095
Net pension liability	697,942	289,090	(407,164)	579,867	-
Compensated absences	64,010	77,860	(76,812)	65,059	65,059
Business-type activities long-term liabilities	$ 1,377,022	$ 1,046,950	$ (965,273)	$ 1,458,699	$ 571,154
Component Units:					
Net pension liability	$ 5,368	$ 2,644	$ (3,305)	$ 4,707	$ -

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
2019	$ 122,522	$ 77,800	$ 200,322
2020	126,639	73,683	200,322
2021	130,895	69,427	200,322
2022	135,294	65,028	200,322
2023	139,841	60,481	200,322
2024-2028	772,938	228,673	1,001,612
2029-2033	911,846	89,765	1,001,612
2034	66,318	458	66,776
Total	$ 2,406,294	$ 665,316	$ 3,071,610

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% ($2,893,044 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% ($7,480,000 outstanding).

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

Governmental - Revenue bonds

Year Ending September 30,	Principal	Interest	Total
2019	$ 747,142	$ 309,730	$ 1,056,872
2020	764,299	287,198	1,051,497
2021	786,620	273,201	1,059,821
2022	809,110	251,912	1,061,022
2023	831,771	222,650	1,054,421
2024-2028	3,939,102	745,910	4,685,012
2029-2033	2,495,000	183,988	2,678,988
Total	$ 10,373,044	$ 2,274,588	$ 12,647,632

Leases Payable

The City leases equipment and vehicles with original costs totaling $3,421,234 through the Georgia Municipal Association Lease Pool and Enterprise Fleet Services. Interest rates, including imputed rates, on the leases range from 1.26% to 4.72%. Accumulated depreciation related to these assets at September 30, 2018 is $1,612,889. This year $409,175 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
2019	$ 626,978	$ 61,658	$ 688,635
2020	463,090	42,445	505,535
2021	476,818	28,718	505,536
2022	408,307	14,680	422,987
2023	47,120	2,569	49,689
2024	36,650	1,257	37,907
Total	$ 2,058,963	$ 151,327	$ 2,210,290

Business-type Activities:

Leases Payable

The City leased equipment and vehicles with original costs totaling $981,790 through Gardener Associates, Inc., RDK Assets LLC, and Enterprise Fleet Management. Interest rates, included imputed rates, on the leases are 1.37% to 5.51%. Accumulated depreciation related to these assets at September 30, 2018 is $303,672. This year $244,833 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
2019	$ 506,095	$ 19,769	$ 525,863
2020	75,742	6,331	82,073
2021	77,319	4,756	82,075
2022	66,675	3,185	69,861
2023	49,196	1,630	50,827
2024-2025	38,746	792	39,538
Total	$ 813,773	$ 36,463	$ 850,236

(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, 2018, 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, 2018. 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, 2017 were $300,334,601.

Based on the 2017 millage levy of 4.075, a property tax owner would pay $4.075 per $1,000 of assessed valuation. Current tax collections of $1,219,838 for the fiscal year ended September 30, 2018 were 99.7% of the levy.

(11) EMPLOYEE RETIREMENT SYSTEM

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

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

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

Inactive employees or beneficiaries currently receiving benefits	71
Inactive employees entitled to but not yet receiving benefits	39
Active employees	138
Total	248

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, 2018, the actuarially determined rate was 9.61% of annual pay. The City's contributions to the Plan totaled $435,729 for the year ended September 30, 2018.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018.

Actuarial assumptions. The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25% - 8.25 % including inflation
Investment rate of return	7.50%
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, 2018 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	45%	6.71%
International equity	20%	7.71%
Real estate	10%	5.21%
Global fixed income	5%	3.36%
Domestic fixed income	20%	2.11%
Total	100%	

Discount rate. The discount rate used to measure the total pension liability was 7.50 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 9/30/2016*	$12,147,716	$ 9,197,514	$ 2,950,202
Changes for the year:			
Service cost	122,901	-	122,901
Interest	910,296	-	910,296
Differences between expected and actual experience	286,049	-	286,049
Contributions - employer	-	493,675	(493,675)
Contributions - employee	-	-	-
Net investment income	-	1,360,020	(1,360,020)
Benefit payments, including refunds of employee contributions	(803,914)	(803,914)	-
Administrative expense	-	(30,375)	30,375
Other	193,828	-	193,828
Net changes	709,160	1,019,406	(310,246)
Balances at 9/30/2017**	$12,856,876	$10,216,920	$ 2,639,956

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

** Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2018 are used to measure TPL as of September 30, 2017. The balances as of September 30, 2017 constitute measurements of the NPL for the fiscal year ending September 30, 2018.

Changes in Assumptions

Amounts reported for the fiscal year ending in 2018 and later reflect the following assumption changes based on an actuarial study conducted in September 2017:

The investment return assumption was decreased from 7.75% to 7.5%
The inflation assumption was decreased from 3.25% to 2.75%.

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 7.50%, 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 (6.50 %) or 1-percentage-point higher (8.50 %) than the current rate:

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Net pension liability	$ 4,062,798	$2,639,956	$ 1,432,489

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, 2018, the City recognized pension expense of $314,410. At September 30, 2018, 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	$ 544,026	$ (265,418)
Changes of assumptions	155,064	(27,650)
Net difference between projected and actual earnings on pension plan investments	-	(538,586)
Employer contributions to the pension plan subsequent to the measurement date of the net pension liability	435,729	-
Total	$ 1,134,819	$ (831,654)

$435,729 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, 2019. 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:	
2019	$ (49,549)
2020	11,769
2021	(58,678)
2022	(36,106)
	$ (132,564)

(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 has the authority to establish and amend benefit provisions. 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. City 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. Effective October 1, 2014, the Plan was closed to new retirees. As of September 30, 2018, there are four retirees with four covered spouses eligible for benefits. No new retirees will be eligible for benefits.

Funding Policy - The contribution requirements are established and may be amended by the City. The required contribution was determined by an actuarial valuation and the plan is financed on a pay-as-you-go basis. During the year ending September 30, 2018 the City contributed $65,001 to the plan. Employees are not required to contribute to the Plan. There are no assets accumulated in a trust to pay related 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

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

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.

There are no separately issued financial statements related to the City's Plan.

Total OPEB Liability – The City's total OPEB liability at September 30, 2018 was estimated using the alternative measurement method. The resulting estimate of the total OPEB liability is not material to the City's financial statements and therefore, the City has elected not to implement GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions.*

(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. Health Smart handles the administration of the program and claims. Financing of the plan is provided by the City and employees participating in the plan. The transactions of the self-funded group insurance plan are accounted for by the Employee Benefits Fund.

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

	Year Ending September 30, 2018
Claims payable, beginning of year	$ 230,689
Incurred claims	1,680,815
Claims paid	(1,728,129)
Claims payable, end of year	$ 183,375

(16)FUND BALANCE/NET POSITION DEFICIT

The following funds had deficits in fund balance/net position for the fiscal year ended September 30, 2018:

Hotel/Motel Fund	$ (456)
Employee Benefits Fund	(280,239)
City Shop Fund	(76,549)
Total fund balance/net position deficit	$ (357,244)

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, 2018, the outstanding principal amount of the guaranteed debt is $911,173. 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, 2018, the outstanding principal amount of the loan was $61,767. 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.

On March 1, 2017, the City entered into intergovernmental contracts with the Hospital Authority of Bainbridge & Decatur County. The Authority issued $9,330,000 Hospital Authority of the City of Bainbridge and Decatur County Revenue Anticipation Certificates, Series 2017A, and $2,040,000 Hospital Authority of the City of Bainbridge and Decatur County Taxable Revenue Bonds, Series 2017B, for the purpose of financing the modification of property and acquisition of equipment. Payment for the bonds is secured by a pledge of tax revenues by the County and the intergovernmental contract with the City beginning September 1, 2018 through September 1, 2032. At September 30, 2018, the outstanding principal amount of the guaranteed debt is $10,760,000. In the event the Indigent Care Reimbursements, SPLOST Payments, Net Revenues (as defined in the bond resolution) of the Authority and the additional payments to be made by the County are not sufficient to make required payments on the bonds, the City would be required to make the payment.

(18)CONDUIT DEBT

The City's blended component unit, the Bainbridge Public Facilities Authority, has issued Revenue Bonds to provide financial assistance to local governmental entities for the acquisition and construction of property and facilities deemed to be in the public interest.

The bonds are secured by and are payable solely from payments from underlying funding agreements. As further security, the scheduled payment of principal of and interest on the Series 2018 Bonds when due is guaranteed under an insurance policy issued concurrently with the delivery of the Series 2018 Bonds. Upon repayment of the bonds, ownership of the acquired property or facilities transfers to the entity served by the bond issuance. The Authority is not obligated in any manner for repayment of the bonds. In accordance with Governmental Accounting Standards Board Interpretation – 2 "Disclosure of Conduit Debt Obligations," the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2018, there was one series of Revenue Bonds outstanding detailed as follows:

Series 2018:	Decatur County Projects	$20,470,000

(19)RESTATEMENT

- The Marina Fund has typically been presented as an Enterprise Fund in previous years. In Fiscal Year 2018 the Marina Fund assets have been combined with the General Fund.

- The City budgets for the use of the current year tax levy to fund operations for the subsequent fiscal year. As such, billings and collections on the current year tax levy would be considered unearned revenue until the subsequent fiscal year. An adjustment to opening equity was recorded to defer collections on the 2017 levy that had previously been recognized. These collections were recognized in Fiscal Year 2018.

- Non premium funding payments were billed by the carrier and paid by the City in Fiscal Year 2018. These payments related to claims activity in a prior fiscal year. An adjustment to opening equity was recorded to recognize the allocable portion of the cost at September 30, 2017.

	Governmental Activities	Business-type Activities
Net position, as previously reported	$ 5,291,041	$ 32,395,794
Marina Fund assets	1,554,364	(1,554,364)
Unearned revenue - deferred property taxes	(1,217,842)	-
Premium expense	(146,901)	-
Restatement	189,621	(1,554,364)
Net position, as restated	$ 5,480,662	$ 30,841,430

	General Fund	Employee Benefits Fund
Fund balance/net position, as previously reported	$ 1,491,727	$ (294,296)
Marina Fund assets	5,916	-
Unavailable revenue - property taxes	(252,817)	-
Premium expense	-	(146,901)
Restatment	(246,901)	(146,901)
Fund balance/net position, as restated	$ 1,244,826	$ (441,197)

REQUIRED SUPPLEMENTARY INFORMATION

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

	9/30/2015	9/30/2016	9/30/2017	9/30/2018
Total pension liability				
Service cost	$ 155,977	$ 131,037	$ 126,686	$ 122,901
Interest	872,039	874,344	939,969	910,296
Differences between expected and actual experience	(188,034)	630,372	(337,899)	286,049
Changes of assumptions	(82,949)	-	-	193,828
Changes of benefit terms	-	-	(308,161)	-
Benefit payments, including refunds of employee contributions	(679,640)	(774,930)	(803,028)	(803,914)
Net change in total pension liability	77,393	860,823	(382,433)	709,160
Total pension liability - beginning	11,591,933	11,669,326	12,530,149	12,147,716
Total pension liability - ending (a)	$ 11,669,326	$ 12,530,149	$ 12,147,716	$ 12,856,876
Plan fiduciary net position				
Contributions - employer	$ 508,312	$ 513,517	$ 424,435	$ 493,675
Contributions - employee	-	-	-	-
Net investment income	942,322	112,520	973,314	1,360,020
Benefit payments including refunds of employee contributions	(679,640)	(774,930)	(803,028)	(803,914)
Administrative expense	(16,261)	(20,370)	(17,074)	(30,375)
Other	-	-	(262,379)	-
Net change in plan fiduciary net position	754,733	(169,263)	315,268	1,019,406
Plan fiduciary net position - beginning	8,296,776	9,051,509	8,882,246	9,197,514
Plan fiduciary net position - ending (b)	$ 9,051,509	$ 8,882,246	$ 9,197,514	$ 10,216,920
Association's net pension liability - ending (a) - (b)	$ 2,617,817	$ 3,647,903	$ 2,950,202	$ 2,639,956
Plan fiduciary net position as a percentage of the total pension liability	77.57%	70.89%	75.71%	79.47%
Covered payroll	$ 4,742,203	$ 4,902,829	$ 4,665,079	$ 4,988,379
Association's net pension liability as a percentage of covered payroll	55.20%	74.40%	63.24%	52.92%

Notes to Schedule:

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

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

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

	9/30/2015	9/30/2016	9/30/2017	9/30/2018
Actuarially determined contribution	$ 513,517	$ 423,714	$ 424,435	$ 493,675
Contributions in relation to the actuarially determined contribution	513,517	423,714	424,435	493,675
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 4,742,203	$ 4,902,829	$ 4,665,079	$ 4,988,379
Contributions as a percentage of covered-employee payroll	10.83%	8.64%	9.10%	9.90%

Notes to Schedule:

Valuation Date:

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

Methods and assumptions to determine contribution rates:

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

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

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

CITY OF BAINBRIDGE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	$ 5,552,042	$ 5,892,383	$ 5,777,669	$ (114,714)
Licenses and Permits	97,121	115,163	115,163	-
Intergovernmental	536,970	785,189	785,189	-
Charges for Services	50,750	48,426	48,426	-
Fines and Forfeitures	456,500	353,365	297,659	(55,706)
Investment Earnings	5,500	18,987	18,987	-
Other	96,670	146,930	146,930	-
Total Revenues	6,795,553	7,360,443	7,190,023	(170,420)
Expenditures:				
General Government:				
Mayor and council	354,385	421,872	421,872	-
City manager	258,440	267,257	267,257	-
Finance, budget and accounting	1,041,000	1,261,917	1,163,963	97,954
Purchasing	157,673	155,310	155,310	-
City attorney	15,000	14,836	14,836	-
Total general government	1,826,498	2,121,192	2,023,238	97,954
Judicial:				
City court	306,735	251,183	251,183	-
Total judicial	306,735	251,183	251,183	-
Community Development:				
Mainstreet tourism	417,759	494,620	494,620	-
Building code enforcement	89,127	118,147	118,147	-
Communications	100,000	129,771	129,771	-
Code enforcement	523,627	580,400	580,400	-
Parks	893,248	966,398	966,398	-
Total community development	2,023,761	2,289,336	2,289,336	-
Public Works:				
Maintenance	114,838	115,565	115,565	-
Streets	1,590,570	1,787,889	1,787,889	-
Total public works	1,705,408	1,903,454	1,903,454	-
Public Safety:				
Services	3,893,425	3,810,113	3,810,113	-
Total public safety	3,893,425	3,810,113	3,810,113	-
Debt Service	79,143	303,602	303,602	-
Total Expenditures	9,834,970	10,678,880	10,580,926	97,954
Excess (deficiency) of Revenues over Expenditures	(3,039,417)	(3,318,437)	(3,390,903)	(72,466)

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Other Financing Sources (Uses):				
Transfers	3,610,578	3,544,744	3,552,426	7,682
Sale of capital assets	6,500	63,420	63,420	-
Total Other Financing Sources (Uses)	3,617,078	3,608,164	3,615,846	7,682
Net Change in Fund Balance	$ 577,661	$ 289,727	224,943	$ (64,784)
Fund Balance at Beginning of Year			1,491,727	
Restatement			(246,901)	
Fund Balance at Beginning of Year - GAAP Basis, after restatement			1,244,826	
Fund Balance at End of Year			$ 1,469,769	

OTHER SUPPLEMENTAL INFORMATION

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CITY OF BAINBRIDGE, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2018

	Special Revenue Funds		Capital Project Funds		
	Hotel/Motel Tax	Confiscated Assets	Downtown Bainbridge Development Authority	Bainbridge Public Facilities Authority	Total Nonmajor
ASSETS					
Cash	$ 15,572	$ 53,987	$ -	$ 122,769	$ 192,328
Receivables	8,738	-	-	-	8,738
Total assets	$ 24,310	$ 53,987	$ -	$ 122,769	$ 201,066
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 12,830	$ -	$ -	$ -	$ 12,830
Due to other funds	11,936	-	-	-	11,936
Total liabilities	24,766	-	-	-	24,766
Fund balances:					
Restricted for:					
Debt service	-	-	-	122,769	122,769
Public safety	-	53,987	-	-	53,987
Unassigned	(456)	-	-	-	(456)
Total fund balances	(456)	53,987	-	122,769	176,300
Total liabilities and fund balances	$ 24,310	$ 53,987	$ -	$ 122,769	$ 201,066

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, 2018

	Special Revenue Funds		Capital Project Funds		
	Hotel/Motel Tax	Confiscated Assets	Downtown Bainbridge Development Authority	Bainbridge Public Facilities Authority	Total Nonmajor
Revenues:					
Taxes	$ 194,182	$ -	$ -	$ -	$ 194,182
Intergovernmental	-	39,727	-	-	39,727
Investment earnings	42	114	-	-	156
Total revenues	194,224	39,841	-	-	234,065
Expenditures:					
Current:					
Public safety	-	9,874	-	-	9,874
Leisure services	77,673	-	-	-	77,673
Debt service	-	-	376,334	684,138	1,060,472
Total expenditures	77,673	9,874	376,334	684,138	1,148,019
Excess (deficiency) of revenues over (under) expenditures	116,551	29,967	(376,334)	(684,138)	(913,954)
Other financing sources (uses):					
Transfers in	-	-	376,334	679,838	1,056,172
Transfers out	(116,551)	-	-	-	(116,551)
Total other financing sources (uses)	(116,551)	-	376,334	679,838	939,621
Net change in fund balance	-	29,967	-	(4,300)	25,667
Fund balance (deficit) at beginning of year	(456)	24,020	-	127,069	150,633
Fund balance (deficit) at end of year	$ (456)	$ 53,987	$ -	$ 122,769	$ 176,300

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, 2018

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	$209,975	$ 194,182	$ (15,793)
Investment earnings	25	42	17
Total revenues	210,000	194,224	(15,776)
Expenditures:			
Current:			
Leisure services	84,000	77,673	6,327
Excess of revenues over expenditures	126,000	116,551	(9,449)
Other financing sources (uses):			
Transfers out	(126,000)	(116,551)	9,449
Net change in fund balance	$ -	-	$ -
Fund balance at beginning of year		(456)	
Fund balance at end of year		$ (456)	

CITY OF BAINBRIDGE, GEORGIA
CONFISCATED ASSETS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental revenue	$ 39,727	$ 39,727	$ -
Investment earnings	114	114	-
Total revenues	39,841	39,841	-
Expenditures:			
Current:			
Public safety	9,874	9,874	-
Excess of revenues over expenditures	29,967	29,967	-
Net change in fund balance	$ 29,967	29,967	$ -
Fund balance at beginning of year		24,020	
Fund balance at end of year		$ 53,987	

CITY OF BAINBRIDGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Employee Benefits	City Shop	Total
ASSETS			
Current assets:			
Investments	$ -	$ 1,428	$ 1,428
Accounts receivable	-	1,115	1,115
Due from other funds	1,541	1,167,314	1,168,855
Inventories	-	74,652	74,652
Prepaid items	37,914	2,414	40,328
Total current assets	39,455	1,246,923	1,286,378
Property, plant and equipment, net	-	69,584	69,584
Total assets	39,455	1,316,507	1,355,962
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	-	50,975	50,975
LIABILITIES			
Current liabilities:			
Accounts and claims payable	274,694	10,524	285,218
Due to other funds	45,000	1,217,633	1,262,633
Capital leases	-	11,590	11,590
Accrued compensated absences	-	19,011	19,011
Total current liabilities	319,694	1,258,758	1,578,452
Long-term liabilities:			
Capital leases	-	28,643	28,643
Net pension liability	-	119,108	119,108
Total long-term liabilities	-	147,751	147,751
Total liabilities	319,694	1,406,509	1,726,203
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	-	37,522	37,522
NET POSITION			
Net investment in capital assets	-	29,351	29,351
Unrestricted	(280,239)	(105,900)	(386,139)
Total net position	$ (280,239)	$ (76,549)	$ (356,788)

CITY OF BAINBRIDGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Employee Benefits	City Shop	Total
Operating revenues:			
Contributions	$ 2,603,462	$ -	$ 2,603,462
Charges for services	-	809,537	809,537
Other	18,472	-	18,472
Total operating revenues	2,621,934	809,537	3,431,471
Operating expenses:			
Personal services	-	371,319	371,319
Operating	-	416,703	416,703
Depreciation	-	14,310	14,310
Benefits and claims	2,461,611	-	2,461,611
Total operating expenses	2,461,611	802,332	3,263,943
Operating income (loss)	160,323	7,205	167,528
Nonoperating revenues (expenses):			
Interest expense	-	(613)	(613)
Investment earnings	635	-	635
Increase (decrease) in net position	160,958	6,592	167,550
Net position, beginning of year before restatement	(294,296)	(83,141)	(377,437)
Restatement	(146,901)	-	(146,901)
Net position at beginning of year after restatement	(441,197)	(83,141)	(524,338)
Net position at end of year	$ (280,239)	$ (76,549)	$ (356,788)

CITY OF BAINBRIDGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Employee Benefits	City Shop	Totals
Cash flows from (to) operating activities:			
Cash received from contributions and services provided	$ 2,602,537	$ 610,662	$ 3,213,199
Cash payments for goods and services	-	(220,247)	(220,247)
Cash payments for claims and benefits	(2,614,292)	-	(2,614,292)
Cash payments for employee services and fringe benefits	-	(376,934)	(376,934)
Net cash from (to) operating activities	(11,755)	13,481	1,726
Cash flows from (to) capital and related financing activities:			
Interest paid	-	(613)	(613)
Principal payments on long-term debt	-	(11,440)	(11,440)
Net cash from (to) capital and related financing activities	-	(12,053)	(12,053)
Cash flows from (to) investing activities:			
Investment purchases	-	(1,428)	(1,428)
Interest received	635	-	635
Net cash from (to) investing activities	635	(1,428)	(793)
Net increase (decrease) in cash	(11,120)	-	(11,120)
Cash at beginning of year	11,120	-	11,120
Cash at end of year	$ -	$ -	$ -
Reconciliation of operating income (loss) to net cash from (to) operating activities:			
Operating income (loss)	$ 160,323	$ 7,205	$ 167,528
Adjustments to reconcile operating income (loss) to net cash from (to) operating activities:			
Depreciation	-	14,310	14,310
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	2,598	(1,115)	1,483
(Increase) decrease in prepaid expenses	(20,454)	216	(20,238)
(Increase) decrease in due from other funds	(1,541)	(197,760)	(199,301)
(Increase) decrease in inventories	-	(5,979)	(5,979)
(Increase) decrease in deferred outflows related to pension	-	(9,517)	(9,517)
Increase (decrease) in accounts and claims payable	(105,004)	1,523	(103,481)
Increase (decrease) in accrued liabilities	-	1,997	1,997
Increase (decrease) in due to other funds	(47,677)	200,696	153,019
Increase (decrease) in net pension liability	-	(16,261)	(16,261)
Increase (decrease) in deferred inflows related to pension	-	18,166	18,166
Net cash from (to) operating activities	$ (11,755)	$ 13,481	$ 1,726
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	$ -	$ 613	$ 613

CITY OF BAINBRIDGE, GEORGIA
NON-MAJOR DISCRETELY PRESENTED COMPONENT UNIT
BALANCE SHEET
SEPTEMBER 30, 2018

	Downtown Development Authority
ASSETS	
Investments	$ 13,523
Total assets	$ 13,523
LIABILITIES	
Current liabilities:	
Due to primary government	$ 72,647
Total liabilities	72,647
FUND BALANCE	
Unassigned	(59,124)
Total fund balance	(59,124)
Total liabilities and fund balance	$ 13,523
Total fund balance	$ (59,124)
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	222,580
Net position of component unit	$ 163,456

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, 2018

	Downtown Development Authority
Revenues:	
Contributions	$ 23,000
Investment earnings	633
Other	3,810
Total revenues	27,443
Expenditures:	
Community Development	302,777
Total expenditures	302,777
Excess (deficiency) of revenues over (under) expenditures	(275,334)
Nonoperating revenues (expenses):	
Proceeds from sale of capital assets	35,204
Net change in fund balance	(240,130)
Fund balance at beginning of year	181,006
Fund balance at end of year	$ (59,124)
Amounts reported for the component unit 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.	
Capital outlays	204,040
Loss on disposal of asset	(86,775)
	117,265
Net change in fund balance	(240,130)
Change in net position of component unit on the statement of activities	$ (122,865)

CITY OF BAINBRIDGE, GEORGIA
NON-MAJOR DISCRETELY PRESENTED COMPONENT UNIT
BALANCE SHEET
SEPTEMBER 30, 2018

	Convention and Visitor's Bureau
ASSETS	
Due from primary government	$ 3,638
Prepaid items	95
Total assets	$ 3,733
LIABILITIES	
Current liabilities:	
Accounts payable	$ 6,119
Total liabilities	6,119
FUND BALANCE	
Nonspendable	95
Unassigned	(2,481)
Total fund balance	(2,386)
Total liabilities and fund balance	$ 3,733
Total fund balance	$ (2,386)
Deferred outflows of resources are not an available resource and, therefore, are not reported in the fund.	2,015
Long-term liabilities and deferred inflows of resources are not due and payable in the current period and thereforeare not reported in the fund:	
Net pension liability	(4,707)
Deferred inflows related to pension	(1,483)
Net position of component unit	$ (6,561)

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, 2018

	Convention and Visitor's Bureau
Revenues:	
Intergovernmental	$ 74,044
Investment earnings	111
Total revenues	74,155
Expenditures:	
Culture and recreation	120,909
Total expenditures	120,909
Excess (deficiency) of revenues over (under) expenditures	(46,754)
Net change in fund balance	(46,754)
Fund balance at beginning of year	44,368
Fund balance at end of year	$ (2,386)
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	$ 661
Deferred outflows of resources related to pensions	375
Deferred inflows of resources related to pensions	(716)
	320
Net change in fund balance	(46,754)
Change in net position of component unit on the statement of activities	$ (46,434)

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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, each major fund, and the aggregate remaining fund information of the City of Bainbridge, Georgia, as of and for the year ended September 30, 2018, 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 26, 2019.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies *2018-001, 2018-002, 2018-003,* and *2018-004*, described in the accompanying schedule of findings and responses, to be material weaknesses.

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. We consider the deficiency *2018-005*, described in the accompanying schedule of findings and responses, to be a significant deficiency.

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 other matters that we have reported to management of the City of Bainbridge, Georgia in a separate letter dated March 26, 2019.

City's Response to Findings

The City's response to the findings identified in our audit are described in the accompanying schedule of findings. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Nichols, Cauley & Associates, LLC

Kennesaw, Georgia
March 26, 2019

City of Bainbridge, Georgia
Schedule of Findings and Responses
For the Year Ended September 30, 2018

Material Weaknesses in Internal Control over Financial Reporting

Finding #

2018-001 *Condition:* During the fiscal year, the City entered into a project fund agreement with a financial institution which related to a new lease. Project funds were deposited into a new City account at the financial institution but the new account was not recorded in the City's general ledger.

Effect: Cash and revenues from lease proceeds were understated by $338,942.

Recommendation: Controls should be implemented to ensure that project accounts associated with new lease or debt fundings are recorded by the City.

Management Response: The City recognizes the revenue for the loan proceeds as the funds are drawn and the equipment has been purchased. The City will ensure all loan proceeds not spent at year end are recorded properly.

2018-002 *Condition:* SPLOST and T-SPLOST revenues collected by the State during September 2018 were not properly reflected as revenue and receivable by the City at fiscal year-end.

Effect: Receivables and revenues related to SPLOST and T-SPLOST dollars were understated by $121,437 and $99,100, respectively.

Recommendation: Controls over verifying cutoff of revenues should be implemented to ensure that revenues are recorded in the proper period.

Management Response: The City will review internal controls surrounding the year-end recording of receivables at year-end to ensure amounts have been recorded properly.

2018-003 *Condition:* One utility billing cycle had been recorded twice in revenue and receivable at fiscal year-end.

Effect: Utility receivables and revenues were overstated in the Water & Sewer and Sanitation Funds by $105,725 and $41,766, respectively.

Recommendation: Controls over recording unbilled receivables at fiscal year-end should be implemented to ensure revenue and receivables are properly recorded.

Management Response: The City will review internal controls surrounding the year-end recording of unbilled receivables to ensure amounts have been recorded properly.

City of Bainbridge, Georgia
Schedule of Findings and Responses
For the Year Ended September 30, 2018

2018-004 *Condition:* Non-premium funding payments and claims liability estimates in the Employee Benefit Internal Service Fund that relate to the Decatur County Healthcare Cooperative were not recorded properly.

Effect: Non-premium funding payments made during the current year were not reflected in the proper period. Liability estimates for claims and for additional non-premium funding amounts had not been adjusted or recorded. Beginning net position in the fund was restated and reduced $146,901 relating to the recognition of non-premium funding expense that related to the prior fiscal year. Liability estimates for claims and non-premium funding amounts projected for the current fiscal year had not been adjusted. Current year premium expense was understated by $96,403 and claims expense was overstated by $47,314.

Recommendation: Controls over recording the activity of the Cooperative should be implemented so that amounts are properly reflected in the general ledger.

Management Response: The accounting and finance of the Cooperative is unique. The City will ensure amounts have been recorded properly.

Significant Deficiencies in Internal Control over Financial Reporting

Finding #

2018-005 *Condition:* The City entered into a contract for the acquisition of a prefabricated building. The contract included payment terms that would coincide with delivery of the building. The final payment on the contract was made in advance of the terms under the contract and in advance of delivery of the building to the site.

Effect: Expenditures were overstated in the General Capital Projects Fund by $97,954.

Recommendation: Controls should be implemented over the disbursement process so that verification that receipt of services or goods has occurred before payment is released.

Management Response: Subsequent to year end, the City implemented controls to make sure payments are not made in advance to vendors.

CITY OF BAINBRIDGE, GEORGIA
HOTEL/MOTEL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Revenues	Expenditures *	Percentage Expended
$194,224	$ 194,224	100%

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

CITY OF BAINBRIDGE, GEORGIA
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax #6 Proceeds
As of September 30, 2018

Project	Original Estimated Cost (1)	Prior Year	Current Year	Total
Water and Sewer bond service	$ 6,500,000	$ 8,551	$ 2,688	$ 11,239
General Fund bond service	3,000,000	8,064	2,688	10,752
Road Construction and Improvements	1,700,000	83,032	-	83,032
Recreation Improvements	1,000,000	35,875	-	35,875
Public Safety Equipment	1,082,000	27,256	-	27,256
Totals	$ 13,282,000	162,778	5,376	168,154
	Debt Service Expenditures	3,429,179	1,421,528	4,850,707
		$ 3,591,957	$ 1,426,904	$ 5,018,861

Notes:

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

CITY OF BAINBRIDGE, GEORGIA
Schedule of Projects Constructed with Transportation Special Purpose Local Option Sales Tax Proceeds
As of September 30, 2018

Project	Original Estimated Cost	(1)	Prior Year	Current Year	Total
Equipment	$ 1,317,500		$ -	$ 691,165	$ 691,165
Paving	5,779,321		-	18,779	18,779
Sidewalk and Concrete Repair	683,179		-	-	-
Storm water Improvements	620,000		-	43,192	43,192
Totals	$ 8,400,000		-	753,136	753,136
	Debt Service Expenditures		-	-	-
			$ -	$ 753,136	$ 753,136

Notes:

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