

City of Bainbridge, Georgia

Financial Report

For the Fiscal Year Ended

September 30, 2019

City of Bainbridge, Georgia

Financial Report

For the Fiscal Year Ended September 30, 2019

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, 2019

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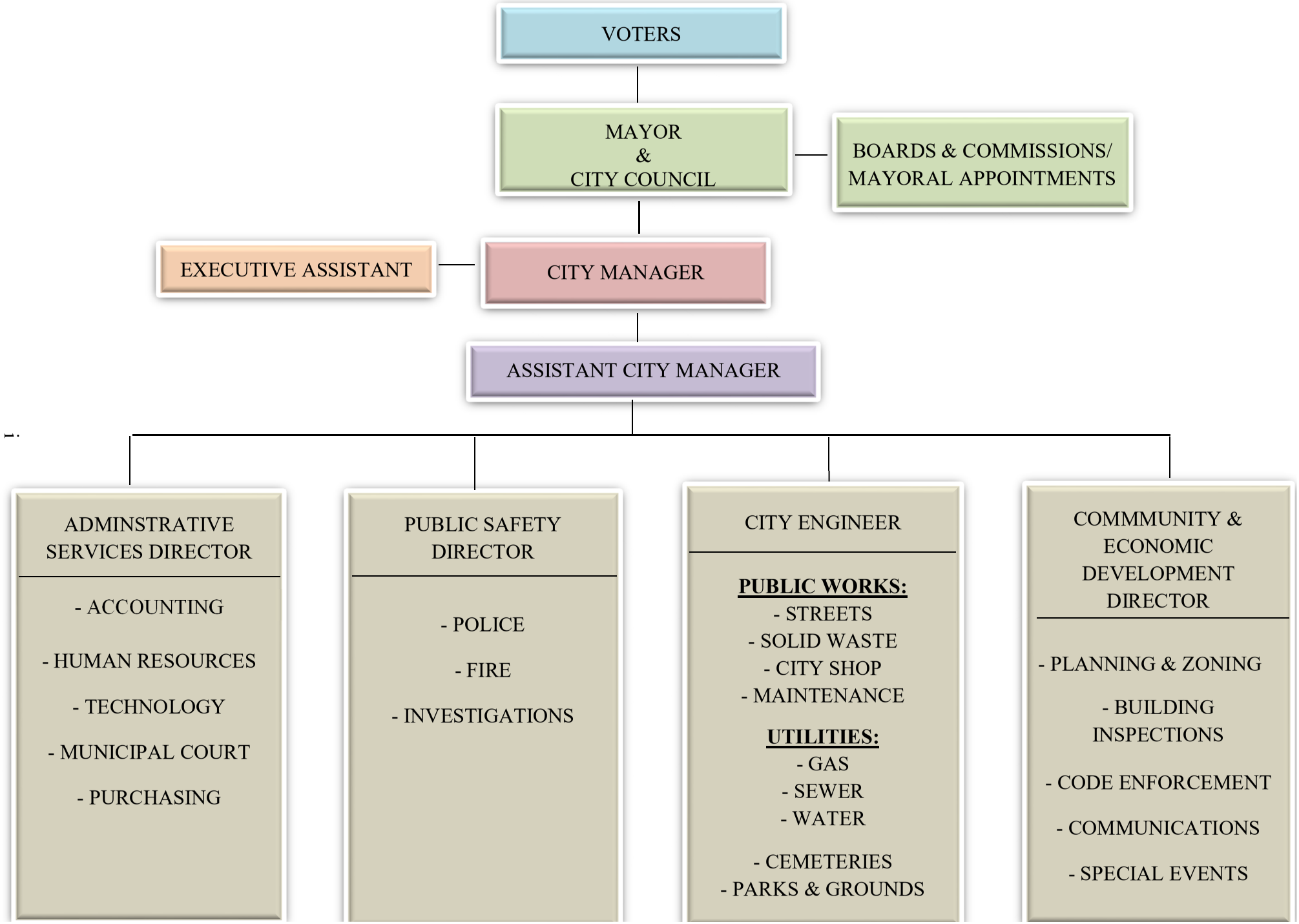
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INTRODUCTORY SECTION

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CITY OF BAINBRIDGE ORGANIZATION CHART



City of Bainbridge, Georgia
List of Elected and Appointed Officials
September 30, 2019

Elected Officials

Edward Reynolds, Mayor

Board of Aldermen

Roslyn Palmer	Glennie Bench
Sylvia Washington	Kregg Close
Phil Long	Don Whaley

Appointed Officials

City Manager	Chris M. Hobby
Assistant City Manager	Roy Oliver
Attorney	Tom Conger
Director of Administrative Services	Lisa H. Taylor
Director of Economic and Comm. Dev.	Steve O'Neil
Director of Public Safety	Jerry Carter
Director of Public Services	Steve Winburn



FINANCIAL SECTION

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kennesaw@nicholscauley.com

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 discretely presented component units and remaining fund information of the City of Bainbridge, Georgia, as of and for the year ended September 30, 2019, 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.

Opinion

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, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Bainbridge, Georgia, as of September 30, 2019 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 city's pension 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 information 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, the Schedule of Project Constructed with Special Local Option Sales Tax #6 Proceeds, and the Schedule of Projects Constructed with Transportation Special Purpose Local 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 other supplemental 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 other supplemental information 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 April 8, 2020, on our consideration of the City of Bainbridge, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bainbridge, Georgia's internal control over financial reporting and compliance.

Nichols, Cauley & Associates, LLC

Kennesaw, Georgia
April 8, 2020

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, 2019.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $39,118,145 (net position). Of this amount, $950,887 may be used to meet the government's ongoing obligation to citizens and to creditors.

- The government's total net position increased by $1,839,401.

- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $4,654,267 representing an increase of $1,908,514.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $2,543,278 or 19% of total general fund expenditures.

- The City's total debt (net of premium) decreased by $1,372,440 during the current fiscal year. For additional information refer to Note 8 of this report.

- As of September 30, 2019, the City owes $14,394,843 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, and telecommunications.

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 and SPLOST fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary funds. The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Fund, Gas Fund, Sanitation Fund, 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 four individual enterprise funds, all 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

	2019			2018		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current assets	$ 8,424,877	$ 1,208,989	$ 9,633,866	$ 4,570,486	$ 3,084,807	$ 7,655,293
Capital assets	22,329,367	28,770,758	51,100,125	21,718,225	29,144,182	50,862,407
Total assets	30,754,244	29,979,747	60,733,991	26,288,711	32,228,989	58,517,700
Deferred outflows of resources	760,767	224,728	985,495	872,055	260,749	1,132,804
Liabilities:						
Current liabilities	3,883,958	688,300	4,572,258	1,754,281	639,449	2,393,730
Non-current liabilities	15,614,991	1,511,947	17,126,938	17,689,160	1,458,699	19,147,859
Total liabilities	19,498,949	2,200,247	21,699,196	19,443,441	2,098,148	21,541,589
Deferred inflows of resources	696,424	205,721	902,145	647,498	182,673	830,171
Net position:						
Net investment in capital assets	8,843,116	27,824,249	36,667,365	6,764,715	28,330,409	35,095,124
Restricted	1,499,893	-	1,499,893	1,153,671	-	1,153,671
Unrestricted	976,629	(25,742)	950,887	(848,559)	1,878,508	1,029,949
Total net position	$ 11,319,638	$27,798,507	$39,118,145	$ 7,069,827	$30,208,917	$37,278,744

The City's assets exceed liabilities by $39,118,145 at the close of the most recent fiscal year. Of this amount $11,319,638 came from governmental activities, and $27,798,507 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 $36,667,635 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 $1,499,893 or 4% of total net position. The vast majority of this amount represents resources that are designated for construction projects.

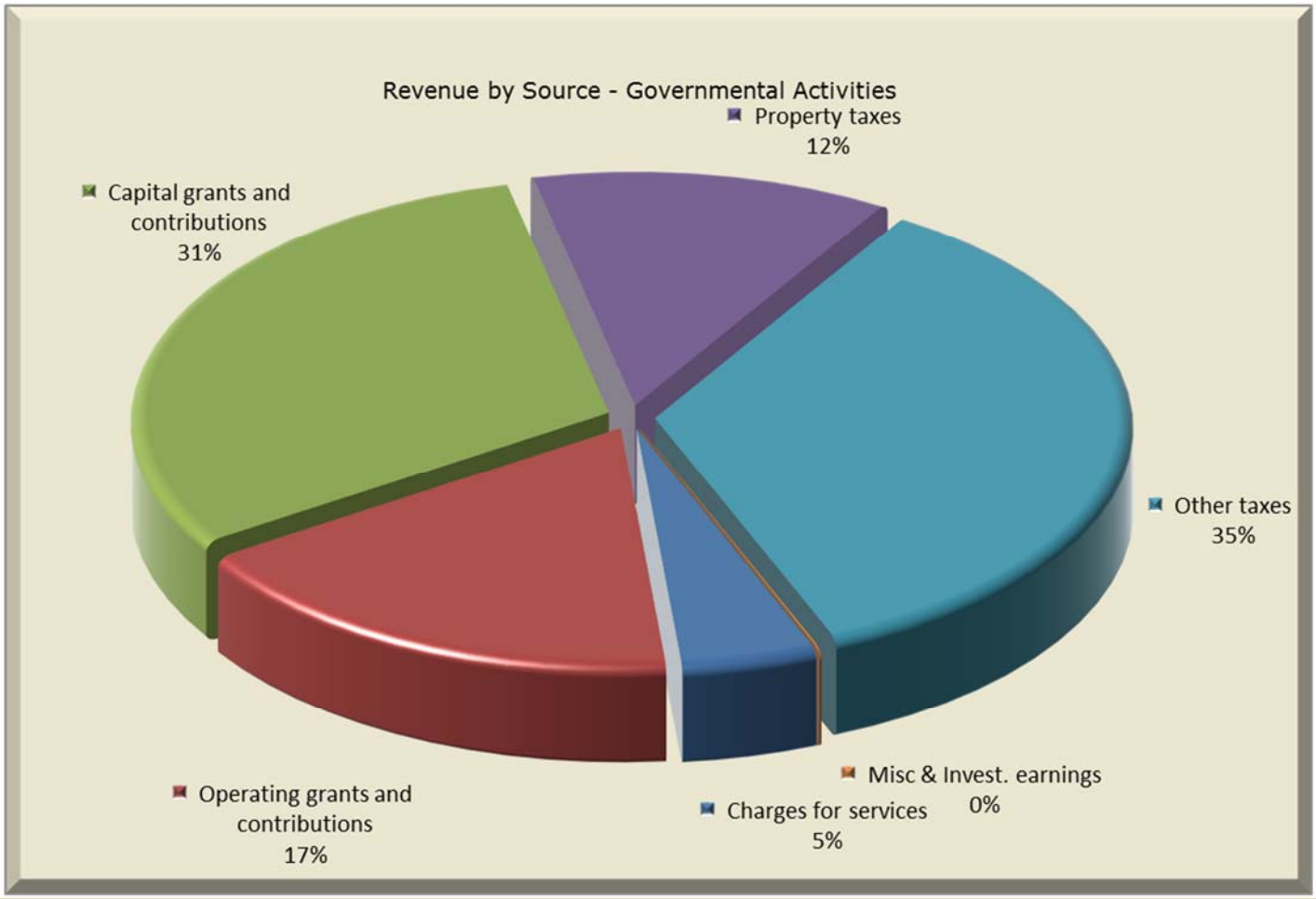
The remaining balance of $950,887 or 2% of total net position represents unassigned net position. This may be used to meet the City's obligations to citizen's and creditors in accordance with the finance-related legal requirements. At the end of the current fiscal year, the City reports positive balances in all three categories of net position, the government as a whole and business-type activities.

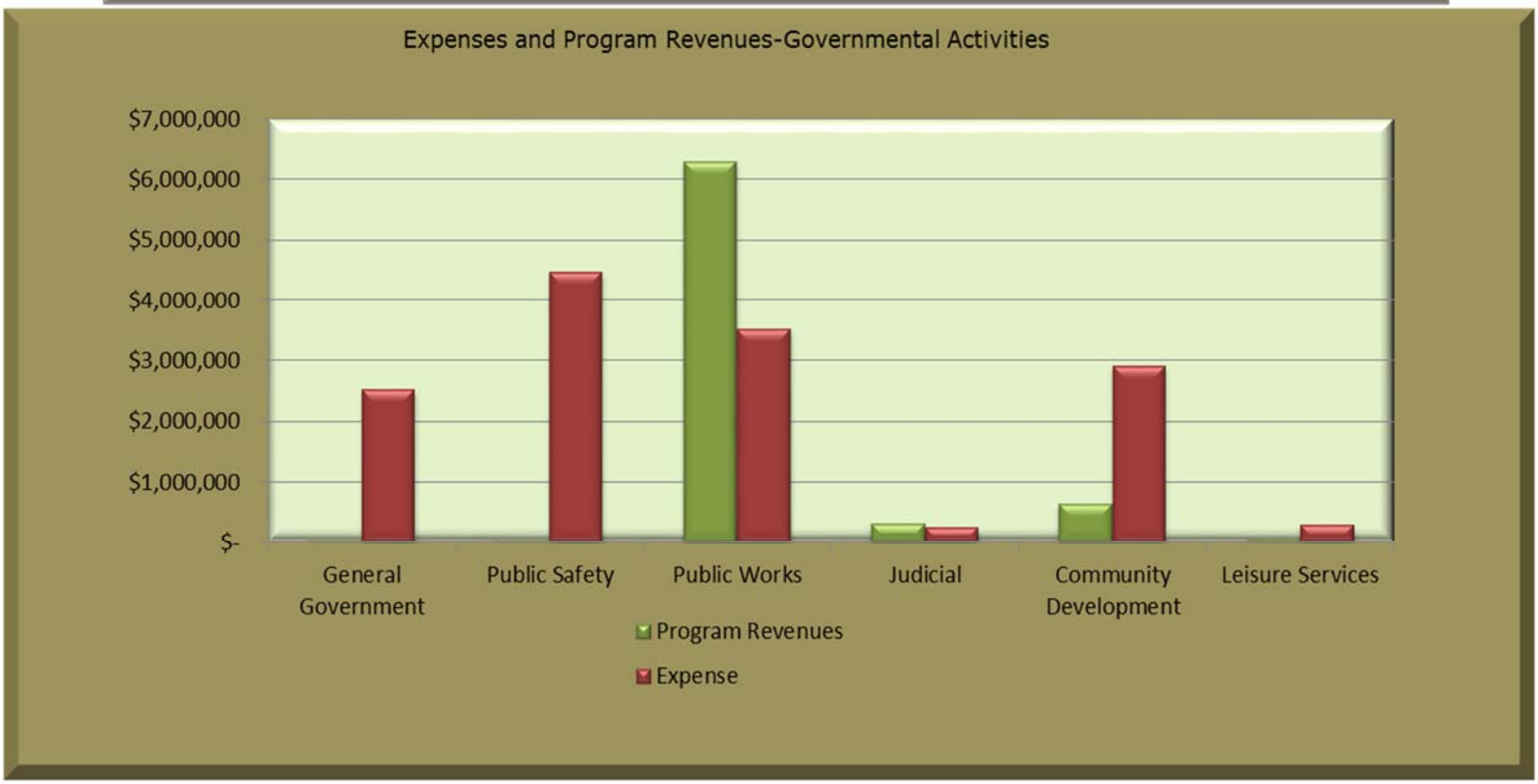
	2019			2018		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	$ 641,433	$ 9,980,911	$10,622,344	$ 562,786	$ 9,811,044	$10,373,830
Operating grants and contributions	2,430,035	60,850	2,490,885	-	-	-
Capital grants and contributions	4,277,935	-	4,277,935	3,008,502	-	3,008,502
General revenues:						
Property taxes	1,725,526	-	1,725,526	1,616,550	-	1,616,550
Other taxes	4,885,988	-	4,885,988	4,365,301	-	4,365,301
Other	9,091	4,760	13,851	19,663	2,852	22,515
Total revenues	13,970,008	10,046,521	24,016,529	9,572,802	9,813,896	19,386,698
Expense:						
General government	$ 2,525,004	-	2,525,004	2,124,032	-	2,124,032
Public safety	4,470,111	-	4,470,111	4,191,799	-	4,191,799
Public works	3,512,042	-	3,512,042	1,901,675	-	1,901,675
Judicial	264,019	-	264,019	251,183	-	251,183
Community development	2,905,257	-	2,905,257	2,250,219	-	2,250,219
Leisure services	305,197	-	305,197	391,950	-	391,950
Water & sewer	-	3,373,381	3,373,381	-	2,986,563	2,986,563
Natural gas	-	1,600,052	1,600,052	-	1,479,527	1,479,527
Sanitation	-	2,392,134	2,392,134	-	2,007,389	2,007,389
Marina	-	-	-	-	-	-
Telecommunications	-	461,050	461,050	-	504,819	504,819
Interest and fiscal charges on long-term debt	368,881	-	368,881	399,772	-	399,772
Total expenses	14,350,511	7,826,617	22,177,128	11,510,630	6,978,298	18,488,928
Increase (Decrease) in net position before transfers	(380,503)	2,219,904	1,839,401	(1,937,828)	2,835,598	897,770
Transfers	4,630,314	(4,630,314)	-	3,484,574	(3,484,574)	-
Gain (loss) on sale of capital assets	-	-	-	42,419	16,463	-
Change in net position	4,249,811	(2,410,410)	1,839,401	1,589,165	(632,513)	956,652
Net position, beginning, before restatement	7,069,827	30,208,917	37,278,744	5,291,041	32,395,794	37,686,835
Restatement	-	-	-	189,621	(1,554,364)	(1,364,743)
Net position – beginning, after restatement	7,069,827	30,208,917	37,278,744	5,480,662	30,841,430	36,322,092
Net position, end of year	$11,319,638	$27,798,507	$39,118,145	$ 7,069,827	$30,208,917	$37,278,744

Governmental activities.

The above statement shows the revenues and expenses by activities. Total revenue from governmental activities was $13,970,008 while expenses were $14,350,511.

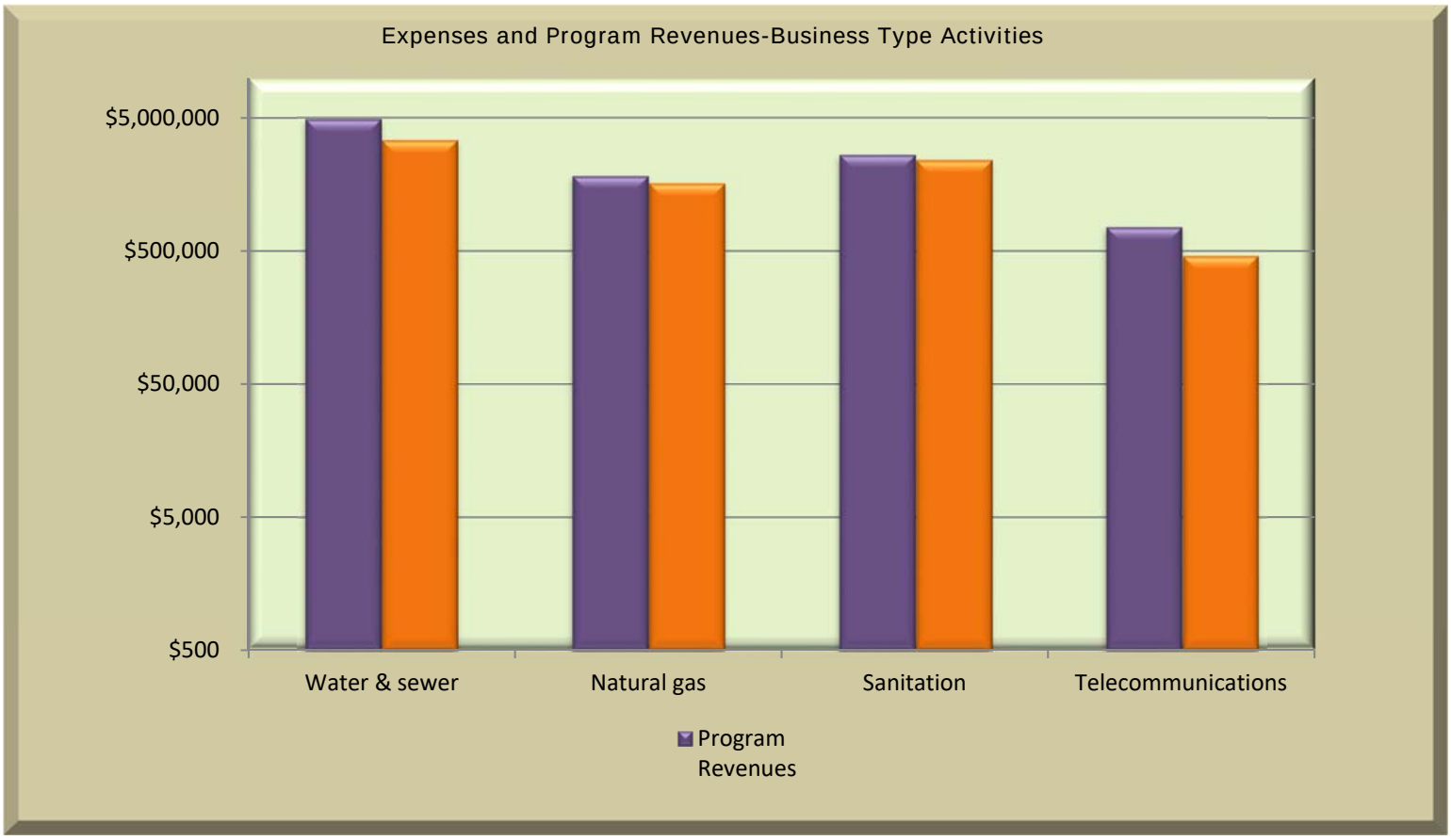
	2019	2018
Program Revenues:		
General Government	$ 29,166	$ 182,285
Public Safety	26,984	47,564
Public Works	6,297,131	2,754,813
Judicial	310,792	368,290
Community Development	635,909	195,826
Leisure Services	49,421	22,510
Total	$7,349,403	$3,571,288


Revenue by Source - Governmental Activities
Property taxes
12%
Capital grants and
contributions
31%
Other taxes
35%
Misc & Invest. earnings
0%
Charges for services
5%
Operating grants and
contributions
17%


Expenses and Program Revenues-Governmental Activities
$7,000,000
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$-
General Government
Public Safety
Public Works
Judicial
Community Development
Leisure Services
Program Revenues
Expense

Business-type activities

Revenues from business-type activities totaled $10,041,761 and expenses totaled $7,826,617. 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 $4,654,267 an increase of $1,908,514. Approximately 55%, or $2,542,822, 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 $2,543,278 while the total fund balance reached $2,711,182. The fund balance in the City's general fund increased by $1,241,413 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:

- $222,288 for the Water & Sewer fund.
- $(1,393) for the Natural Gas fund.
- $(350,224) for the Solid Waste (Sanitation) fund.
- $103,742 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, 2019 can be found in the Required Supplementary Information.

During September 2018, the City adopted a General Fund budget of $10,681,093 for FY2019. At the end of the fiscal year, the final actual expenditures were $13,123,791 which was as increase of $2,442,698 from the original adopted budget. The final amended budget expenditures were $13,123,791.

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, 2019 amounts to $51,100,125 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, and streets. The total increase in the City's investment in capital assets for the current fiscal year was 1% (1% increase for governmental activities).

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

- $86,700 current year addition Caterpillar Back Hoe.
- $112,448 current year addition Spray Inject Patching Machine.
- $112,602 current year addition CS-912 AX Roll off Truck.
- $578,664 current year addition Street Paving.
- $185,633 current year addition Pedestrian Bridge at Boat Basin.
- $68,528 current year addition Telecommunications Infrastructure.

Government Wide Capital Assets

	Governmental Activities	Business-type Activities	Total
Land	$ 2,361,139	$ 109,267	$ 2,470,406
Building and improvements	15,069,763	42,368,332	57,438,095
Machinery and equipment	9,124,957	6,457,795	15,582,752
Infrastructure	10,085,826	-	10,085,826
Construction in progress	1,236,365	309,205	1,545,570
Accumulated depreciation	(15,548,683)	(20,473,841)	(36,022,524)
Total	$ 22,329,367	$ 28,770,758	$ 51,100,125

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 $14,394,843 which decreased by $1,372,440 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 3.6%, which decreased from a rate of 3.8% a year ago. This is above the state's average unemployment rate of 3.5% and the national average unemployment rate of 3.5%.
- The occupancy rate of the City's central business district is 89%, this 5% higher than prior year.

All of these factors were considered in preparing the City's budget for the 2019-2020 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, 2019

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Convention and Visitor's Bureau	Total
Assets:						
Cash and cash equivalents	$ 480,561	$ 397	$ 480,958	$ -	$ -	$ -
Investments	3,150	2,919	6,069	-	-	-
Receivables, net	2,901,379	969,193	3,870,572	-	-	-
Due from other governments	3,226,149	71,061	3,297,210	-	-	-
Due from primary government	-	-	-	26,735	52,088	78,823
Internal balances	409,626	(409,626)	-	-	-	-
Inventories	131,810	130,333	262,143	-	-	-
Prepaid items	147,489	247,563	395,052	-	124	124
Restricted assets	1,124,713	197,149	1,321,862	155,196	-	155,196
Capital assets, non depreciated	3,597,504	418,472	4,015,976	321,571	-	321,571
Capital assets, depreciated, net	18,731,863	28,352,286	47,084,149	-	-	-
Total assets	30,754,244	29,979,747	60,733,991	503,502	52,212	555,714
Deferred outflows of resources -						
Deferred outflows related to pension	760,767	224,728	985,495	-	1,636	1,636
Liabilities:						
Accounts payable and other current liabilities	2,329,172	203,036	2,532,208	8,017	1,452	9,469
Due to other governments	-	115,213	115,213	-	-	-
Due to component unit	78,823	-	78,823	-	-	-
Customer deposits	-	360,708	360,708	-	-	-
Unearned revenue	1,323,642	9,343	1,332,985	-	-	-
Accrued interest payable	152,321	-	152,321	-	-	-
Noncurrent liabilities:						
Due within one year						
Long-term obligations	1,638,636	408,834	2,047,470	38,448	-	38,448
Due in more than one year						
Long-term obligations	12,318,761	613,465	12,932,226	161,552	-	161,552
Net pension liability	1,657,594	489,648	2,147,242	-	3,564	3,564
Total liabilities	19,498,949	2,200,247	21,699,196	208,017	5,016	213,033
Deferred inflows of resources -						
Deferred inflows related to pension	696,424	205,721	902,145	-	1,498	1,498
Net position:						
Net investment in capital assets	8,843,116	27,824,249	36,667,365	276,767	-	276,767
Restricted for:						
Public safety	33,292	-	33,292	-	-	-
Capital projects	1,806,524	-	1,806,524	-	-	-
Unrestricted	636,706	(25,742)	610,964	18,718	47,334	66,052
Total net position	$ 11,319,638	$ 27,798,507	$ 39,118,145	$ 295,485	$ 47,334	$ 342,819

See accompanying notes to financial statements.

CITY OF BAINBRIDGE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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	$ 2,525,004	$ 29,166	$ -	$ -	$ (2,495,838)	$ -	$ (2,495,838)			
Judicial	264,019	310,792	-	-	46,773	-	46,773			
Public works	3,512,042	-	2,430,035	3,867,096	2,785,089	-	2,785,089			
Leisure services	305,197	49,421	-	-	(255,776)	-	(255,776)			
Public safety	4,470,111	5,784	-	21,200	(4,443,127)	-	(4,443,127)			
Community development	2,905,257	246,270	-	389,639	(2,269,348)	-	(2,269,348)			
Interest & fiscal charges on long-term debt	368,881	-	-	-	(368,881)	-	(368,881)			
Total governmental activities	14,350,511	641,433	2,430,035	4,277,935	(7,001,108)	-	(7,001,108)			
Business-type activities:										
Water and sewer	3,373,381	4,859,676	-	-	-	1,486,295	1,486,295			
Natural gas	1,600,052	1,752,187	60,850	-	-	212,985	212,985			
Sanitation	2,392,134	2,617,908	-	-	-	225,774	225,774			
Telecommunications	461,050	751,140	-	-	-	290,090	290,090			
Total business-type activities	7,826,617	9,980,911	60,850	-	-	2,215,144	2,215,144			
Total Primary Government	$ 22,177,128	$ 10,622,344	$ 2,490,885	$ 4,277,935	(7,001,108)	2,215,144	(4,785,964)			
Component Units:										
Downtown Development Authority	$ 28,722	$ 21,992	$ -	$ -				$ (6,730)	$ -	$ (6,730)
Convention and Visitor's Bureau	76,042	-	129,833	-				-	53,791	53,791
Component units	$ 104,764	$ 21,992	$ 129,833	$ -				(6,730)	53,791	47,061
General Revenues:										
Property taxes					1,725,526	-	1,725,526	-	-	-
Sales tax					1,984,616	-	1,984,616	-	-	-
Insurance premium tax					965,008	-	965,008	-	-	-
Alcohol taxes					334,538	-	334,538	-	-	-
Hotel/motel tax					311,756	-	311,756	-	-	-
Franchise taxes					862,106	-	862,106	-	-	-
Business taxes					427,964	-	427,964	-	-	-
Unrestricted investment earnings					9,091	4,760	13,851	373	104	477
Gain on sale of capital assets					-	-	-	23,721	-	23,721
Transfers					4,630,314	(4,630,314)	-	114,665	-	114,665
Total general revenues and transfers					11,250,919	(4,625,554)	6,625,365	138,759	104	138,863
Change in net position					4,249,811	(2,410,410)	1,839,401	132,029	53,895	185,924
Net position - beginning					7,069,827	30,208,917	37,278,744	163,456	(6,561)	156,895
Net position - ending					$ 11,319,638	$ 27,798,507	$ 39,118,145	$ 295,485	$ 47,334	$ 342,819

See accompanying notes to financial statements

CITY OF BAINBRIDGE, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2019

	General Fund	SPLOST	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 481,691	$ 933,174	$ 177,167	$ 1,592,032
Receivables, net	2,874,489	-	24,310	2,898,799
Prepaid items	109,021	-	-	109,021
Due from other funds	532,308	326,926	-	859,234
Inventories	58,883	-	-	58,883
Due from other governments	2,678,243	547,906	-	3,226,149
Total assets	$ 6,734,635	$ 1,808,006	$ 201,477	$ 8,744,118
Liabilities				
Accounts payable	$ 1,885,230	16,176	$ -	$ 1,901,406
Due to other funds	361,659	-	35,988	397,647
Due to component unit	64,589	-	14,234	78,823
Total liabilities	2,311,478	16,176	50,222	2,377,876
Deferred inflows of resources				
Unavailable revenue - property taxes	1,323,642	-	-	1,323,642
Unavailable revenue - fines	388,333	-	-	388,333
Total deferred inflows of resources	1,711,975	-	-	1,711,975
Fund Balances				
Non-Spendable for:				
Prepaids	109,021	-	-	109,021
Inventories	58,883	-	-	58,883
Restricted for:				
Debt service	-	-	118,419	118,419
Capital projects	-	1,791,830	-	1,791,830
Public safety	-	-	33,292	33,292
Unassigned	2,543,278	-	(456)	2,542,822
Total fund balances	2,711,182	1,791,830	151,255	4,654,267
Total liabilities, deferred inflows of resources, and fund balances	$ 6,734,635	$ 1,808,006	$ 201,477	

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.	22,329,367
Revenue earned but unavailable is not reported in the funds.	388,333
Deferred outflows of resources are not an available resource and, therefore, are not reported in the funds.	760,767
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.	(349,360)
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	(13,341,659)
Unamortized bond premium	(106,675)
Accrued interest payable	(152,321)
Accrued compensated absences	(271,755)
Net pension liability	(1,657,594)
Deferred inflows related to pension	(696,424)
Landfill post-closure care obligation	(237,308)
Net position of governmental activities	$ 11,319,638

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, 2019

	General Fund	SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 6,289,713	$ -	$ 311,756	$ 6,601,469
Licenses and permits	217,192	-	-	217,192
Intergovernmental	3,232,655	3,348,678	21,036	6,602,369
Charges for services	57,633	-	-	57,633
Fines and forfeitures	274,553	-	-	274,553
Investment earnings	8,375	3,123	226	11,724
Other	128,096	-	-	128,096
Total revenues	10,208,217	3,351,801	333,018	13,893,036
Expenditures:				
Current:				
General government	2,499,512	-	-	2,499,512
Public safety	4,061,526	-	41,895	4,103,421
Public works	4,041,868	-	-	4,041,868
Community development	2,581,927	-	-	2,581,927
Judicial	264,019	-	-	264,019
Leisure services	-	-	124,703	124,703
Capital projects	-	935,937	-	935,937
Debt service	291,019	611,119	1,052,522	1,954,660
Total expenditures	13,739,871	1,547,056	1,219,120	16,506,047
Excess (deficiency) of revenues over (under) expenditures	(3,531,654)	1,804,745	(886,102)	(2,613,011)
Other financing sources (uses):				
Transfers in	7,451,549	-	1,048,172	8,499,721
Transfers out	(2,678,482)	(1,112,599)	(187,115)	(3,978,196)
Total other financing sources (uses)	4,773,067	(1,112,599)	861,057	4,521,525
Net change in fund balance	1,241,413	692,146	(25,045)	1,908,514
Fund balance at beginning of year	1,469,769	1,099,684	176,300	2,745,753
Fund balance at end of year	$ 2,711,182	$ 1,791,830	$ 151,255	$ 4,654,267

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, 2019

Net change in fund balances - total governmental funds		$ 1,908,514
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	(1,447,820)	
Capital outlays	2,058,962	611,142
The issuance of long-term debt provides current financial resources and the repayment of principal on long-term debt consumes current financial resources in the governmental funds.		
Matured principal on notes payable	122,522	
Matured principal on revenue bonds	747,142	
Matured principal on capital leases	626,978	1,496,642
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.		36,239
Internal Service Funds are used by management to charge the costs of employee health care self-insurance and the city shop to individual funds.		(67,718)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Accrued interest expense	14,109	
Accrued compensated absences	4,775	
Net pension liability	397,788	
Deferred outflows of resources related to pensions	(111,288)	
Deferred inflows of resources related to pensions	(48,926)	256,458
Change in net position of governmental activities		$ 4,249,811

See accompanying notes to financial statements.

CITY OF BAINBRIDGE, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Enterprise Funds					
	Major					
	Water and Sewer	Natural Gas	Sanitation	Telecommunications	Totals	Internal Service Funds
ASSETS						
Current assets:						
Cash	$ -	$ -	$ -	$ 397	$ 397	$ 13,242
Investments	-	375	2,053	491	2,919	3,150
Restricted assets -						
Investments	157,554	39,595	-	-	197,149	-
Receivables, net						
Utility accounts	487,403	125,583	229,758	-	842,744	-
Other	6,938	-	-	119,511	126,449	2,580
Due from other funds	13,907	34,616	-	68,839	117,362	261,382
Due from other governments	4,796	66,265	-	-	71,061	-
Inventory	95,959	14,350	5,995	14,029	130,333	72,927
Prepaid expenses	214,666	16,009	15,153	1,735	247,563	38,468
Total current assets	981,223	296,793	252,959	205,002	1,735,977	391,749
Noncurrent assets -						
Property, plant and equipment, net	23,341,890	2,402,464	2,219,933	806,471	28,770,758	55,326
Total assets	24,323,113	2,699,257	2,472,892	1,011,473	30,506,735	447,075
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pension	114,100	29,376	81,252	-	224,728	42,228
LIABILITIES						
Current liabilities:						
Accounts and claims payable	65,706	69,467	56,091	7,149	198,413	427,766
Customer deposits	320,513	40,195	-	-	360,708	-
Accrued liabilities	4,089	534	-	-	4,623	-
Accrued compensated absences	36,804	12,041	26,945	-	75,790	18,246
Unearned revenue	9,343	-	-	-	9,343	-
Due to other funds	60,072	22,663	349,987	94,111	526,833	313,498
Due to other governments	23,450	91,763	-	-	115,213	-
Capital leases - current	65,888	4,900	262,256	-	333,044	11,743
Total current liabilities	585,865	241,563	695,279	101,260	1,623,967	771,253
Long-term liabilities (net of current portion):						
Net pension liability	248,608	64,007	177,033	-	489,648	92,007
Capital lease obligations	211,330	13,471	388,664	-	613,465	11,600
Total long-term liabilities	459,938	77,478	565,697	-	1,103,113	103,607
Total liabilities	1,045,803	319,041	1,260,976	101,260	2,727,080	874,860
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension	104,450	26,892	74,379	-	205,721	38,656
NET POSITION						
Net investment in capital assets	23,064,672	2,384,093	1,569,013	806,471	27,824,249	31,983
Unrestricted	222,288	(1,393)	(350,224)	103,742	(25,587)	(456,196)
Total net position	$23,286,960	$2,382,700	$ 1,218,789	$ 910,213	27,798,662	$ (424,213)
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds					(155)	
Net position of business-type activities					$27,798,507	

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, 2019

	Enterprise Funds					
	Major					
	Water and Sewer	Natural Gas	Sanitation	Telecommunications	Totals	Internal Service Funds
Operating revenues:						
Charges for services	$ 4,855,007	$ 1,685,227	$ 2,617,908	$ 311,897	$ 9,470,039	$ 717,980
Contributions	-	-	-	-	-	2,920,212
Lease income	-	-	-	438,915	438,915	-
Other	4,669	66,960	-	328	71,957	23,747
Total operating revenues	4,859,676	1,752,187	2,617,908	751,140	9,980,911	3,661,939
Operating expenses:						
Personal services	968,379	303,247	791,198	-	2,062,824	377,010
Operating	1,568,730	1,198,701	1,268,988	431,067	4,467,486	417,270
Depreciation	807,048	97,554	301,887	29,983	1,236,472	14,258
Benefits and claims	-	-	-	-	-	3,029,257
Total operating expenses	3,344,157	1,599,502	2,362,073	461,050	7,766,782	3,837,795
Operating income (loss)	1,515,519	152,685	255,835	290,090	2,214,129	(175,856)
Nonoperating revenues (expenses):						
Intergovernmental revenue	-	60,850	-	-	60,850	-
Interest income	3,879	569	91	221	4,760	654
Interest expense	(8,902)	(550)	(30,061)	-	(39,513)	(1,012)
Total nonoperating revenues (expenses)	(5,023)	60,869	(29,970)	221	26,097	(358)
Income (loss) before transfers	1,510,496	213,554	225,865	290,311	2,240,226	(176,214)
Transfers in	482,263	342,005	1,068,204	1,406,855	3,299,327	1,275,963
Transfers out	(4,451,367)	(919,022)	(1,770,942)	(788,310)	(7,929,641)	(1,167,174)
Total transfers	(3,969,104)	(577,017)	(702,738)	618,545	(4,630,314)	108,789
Increase (decrease) in net position	(2,458,608)	(363,463)	(476,873)	908,856	(2,390,088)	(67,425)
Net position at beginning of year	25,745,568	2,746,163	1,695,662	1,357		(356,788)
Net position at end of year	$ 23,286,960	$ 2,382,700	$ 1,218,789	$ 910,213		$ (424,213)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(20,322)	
Change in net position of business-type activities					$ (2,410,410)	

See accompanying notes to financial statements.

CITY OF BAINBRIDGE, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Enterprise Funds Major					
	Water and Sewer	Natural Gas	Sanitation	Telecommunications	Totals	Internal Service Funds
Cash flows from (to) operating activities:						
Cash received from customers	$ 7,188,442	$ 2,377,825	$ 3,692,000	$ 1,164,957	$ 14,423,224	$ 4,570,539
Cash payments for goods and services	(1,940,760)	(1,498,760)	(1,985,647)	(1,763,799)	(7,188,966)	(1,317,033)
Cash payments for claims and benefits	-	-	-	-	-	(2,935,088)
Cash payments for employee services and fringe benefits	(997,626)	(313,222)	(783,374)	-	(2,094,222)	(394,995)
Net cash from (to) operating activities	4,250,056	565,843	922,979	(598,842)	5,140,036	(76,577)
Cash flows from (to) noncapital financing activities:						
Intergovernmental receipts for hurricane damage reimbursement	-	60,850	-	-	60,850	-
Transfers in	482,263	342,005	1,068,204	1,406,855	3,299,327	1,275,963
Transfers out	(4,451,367)	(919,022)	(1,770,942)	(788,310)	(7,929,641)	(1,167,174)
Net cash from (to) noncapital financing activities	(3,969,104)	(516,167)	(702,738)	618,545	(4,569,464)	108,789
Cash flows from (to) capital and related financing activities:						
Interest paid	(8,902)	(550)	(30,061)	-	(39,513)	(1,012)
Payments for capital acquisitions	(353,809)	(32,464)	(115,527)	(69,528)	(571,328)	-
Principal payments on long-term obligations	(64,495)	(21,797)	(72,692)	-	(158,984)	(16,890)
Net cash from (to) capital and related financing activities	(427,206)	(54,811)	(218,280)	(69,528)	(769,825)	(17,902)
Cash flows from (to) investing activities:						
Proceeds from sale of investments	142,375	4,566	-	6,138	153,079	-
Investment purchases	-	-	(2,052)	-	(2,052)	(1,722)
Interest received from investments	3,879	569	91	221	4,760	654
Net cash from (to) investing activities	146,254	5,135	(1,961)	6,359	155,787	(1,068)
Net increase (decrease) in cash	-	-	-	(43,466)	(43,466)	13,242
Cash at beginning of year	-	-	-	43,863	43,863	-
Cash at end of year	$ -	$ -	$ -	$ 397	$ 397	$ 13,242

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, 2019

	Enterprise Funds					
	Major					
	Water and Sewer	Natural Gas	Sanitation	Telecommunications	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash from (to)operating activities:						
Operating income (loss)	$1,515,519	$152,685	$ 255,835	$ 290,090	$2,214,129	$ (175,856)
Adjustments to reconcile operating income (loss) to net cash from (to) operating activities:						
Depreciation	807,048	97,554	301,887	29,983	1,236,472	14,258
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	(71,191)	12,491	(35,059)	(5,654)	(99,413)	(1,465)
(Increase) decrease in prepaid expenses	(33,684)	2,446	(3,531)	(1,735)	(36,504)	1,860
(Increase) decrease in inventory	(8,114)	11,824	(518)	5,493	8,685	1,725
(Increase) decrease in due from other funds	2,375,951	656,854	1,109,151	419,471	4,561,427	907,473
(Increase) decrease in due from other governments	(3,202)	(47,362)	-	-	(50,564)	-
(Increase) decrease in deferred outflows related to pension	28,126	3,131	4,764	-	36,021	8,747
Increase (decrease) in accounts payable	13,383	(67,478)	590	(23,701)	(77,206)	142,548
Increase (decrease) in accrued compensated absences	5,096	498	5,136	-	10,730	-
Increase (decrease) in accrued liabilities	(783)	534	-	-	(249)	(765)
Increase (decrease) in due to other funds	(372,161)	(319,342)	(718,336)	(452,629)	(1,862,468)	(949,135)
Increase (decrease) in due to other governments	23,450	71,993	-	-	95,443	-
Increase (decrease) in net pension liability	(62,905)	(15,489)	(11,824)	-	(90,218)	(27,101)
Increase (decrease) in advances from other funds	-	-	-	(860,160)	(860,160)	-
Increase (decrease) in customer deposits	27,208	3,655	-	-	30,863	-
Increase (decrease) in deferred inflows related to pension	6,315	1,849	14,884	-	23,048	1,134
Net cash from (to) operating activities	$4,250,056	$565,843	$ 922,979	$ (598,842)	$5,140,036	$ (76,577)
Supplemental disclosure of cash flow information:						
Cash paid during the year for interest	$ 8,902	$ 550	$ 30,061	$ -	$ 39,513	$ 1,012
Supplemental disclosure of noncash investing and financing activities:						
Capital asset totals acquired by entering into a capital lease agreement	$ -	$ -	$ 680,095	$ -	$ 680,095	$ -
Capital lease reductions from renewal of leases	$ -	$ -	$ (388,375)	$ -	$ (388,375)	$ -

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 (DDA): 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 (CVB): 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 9 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 special purpose local option sales tax and a 1 percent transportation special purpose 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, 2019.

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
Machinery 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, 2019, the City was not exposed to custodial credit risk.

(3) RECEIVABLES

Receivables at September 30, 2019 consist of the following:

	Taxes and Fines	Utility Accounts	Other	Allowance for Uncollectibles	Net Receivables
General Fund	$ 2,782,163	$ -	$ 139,195	$ (46,869)	$ 2,874,489
Water and Sewer Fund	-	658,980	6,938	(171,577)	494,341
Natural Gas Fund	-	128,954	-	(3,371)	125,583
Sanitation Fund	-	288,124	-	(58,366)	229,758
Telecommunications Fund	-	-	119,511	-	119,511
Internal Service Funds	-	-	2,580	-	2,580
Nonmajor Funds	24,310	-	-	-	24,310
Total	$ 2,806,473	$ 1,076,058	$ 268,224	$ (280,183)	$ 3,870,572

(4) DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at September 30, 2019 consist of the following:

	Decatur County, GA	Georgia Emergency Management Agency	Total
Governmental Funds:			
General Fund	$ 240,751	$ 2,437,492	$ 2,678,243
SPLOST Fund	547,906	-	547,906
Total Governmental Funds	$ 788,657	$ 2,437,492	$ 3,226,149
Proprietary Funds:			
Water and Sewer Fund	$ 4,796	$ -	$ 4,796
Natural Gas Fund	5,415	60,850	66,265
Total Proprietary Funds	$ 10,211	$ 60,850	$ 71,061

(5) INTERFUND RECEIVABLES, ADVANCES, AND TRANSFERS

Interfund receivable and payable balances for the fiscal year ended September 30, 2019 are summarized as follows:

	RECEIVABLE TO						
PAYABLE FROM	General Fund	SPLOST Fund	Water and Sewer Fund	Natural Gas Fund	Telecommunication Fund	Nonmajor Funds	Total
General Fund	$ -	$ 326,926	$ -	$ 34,616	$ -	$ 117	$ 361,659
Water and Sewer Fund	919	-	-	-	52,963	6,190	60,072
Natural Gas Fund	-	-	13,590	-	9,059	14	22,663
Sanitation Fund	87,792	-	317	-	6,817	255,061	349,987
Telecommunication Fund	94,111	-	-	-	-	-	94,111
Nonmajor Funds	349,486	-	-	-	-	-	349,486
Total	$ 532,308	$ 326,926	$ 13,907	$ 34,616	$ 68,839	$ 261,382	$ 1,237,978

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.

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	$ -	$ 60,077	$ 4,451,367	$ 868,991	$ 996,705	$ 788,310	$ 286,099	$ 7,451,549
Water and Sewer Fund	-	-	-	50,031	432,232	-	-	482,263
Natural Gas Fund	-	-	-	-	342,005	-	-	342,005
Sanitation Fund	1,068,204	-	-	-	-	-	-	1,068,204
Telecom Fund	1,406,855	-	-	-	-	-	-	1,406,855
Nonmajor Funds	203,423	1,052,522	-	-	-	-	1,068,190	2,324,135
Total	$ 2,678,482	$ 1,112,599	$ 4,451,367	$ 919,022	$ 1,770,942	$ 788,310	$ 1,354,289	$ 13,075,011

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, 2019 consist of the following:

Governmental Activities:	Total
General Fund:	
Appearance bond deposits	$ 13,872
CDBG grant funds	500
Capital Projects Funds:	
SPLOST cash	933,174
Nonmajor governmental funds:	
Hotel/Motel tax	22,755
Confiscated assets	35,993
Bainbridge Public Facilities Authority	118,419
Total governmental activities	$ 1,124,713
Proprietary Funds / Business Type Activities:	
Water and Sewer Fund:	
Customer deposits	$ 157,554
Natural Gas Fund:	
Customer deposits	39,595
Total proprietary funds / business type activities	$ 197,149
Component Units:	
Downtown Development Authority:	
Unspent note proceeds	$ 155,196

(7) CAPITAL ASSETS

Capital asset activity for the period ended September 30, 2019 was as follows:

	Beginning Balance	Additions/ Transfers	Reductions/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 2,361,139	$ -	$ -	$ 2,361,139
Construction in progress	303,733	965,824	(33,192)	1,236,365
Total capital assets not being depreciated	2,664,872	965,824	(33,192)	3,597,504
Capital assets, being depreciated:				
Buildings and improvements	14,866,630	203,133	-	15,069,763
Machinery and equipment	8,800,599	344,532	(20,174)	9,124,957
Infrastructure	9,507,161	578,665	-	10,085,826
Total capital assets being depreciated	33,174,390	1,126,330	(20,174)	34,280,546
Less accumulated depreciation for:				
Buildings and improvements	(4,657,956)	(423,470)	-	(5,081,426)
Machinery and equipment	(5,740,918)	(591,470)	20,174	(6,312,214)
Infrastructure	(3,722,163)	(432,880)	-	(4,155,043)
Total accumulated depreciation	(14,121,037)	(1,447,820)	20,174	(15,548,683)
Total capital assets being depreciated, net	19,053,353	(321,490)	-	18,731,863
Governmental activities capital assets, net	$ 21,718,225	$ 644,334	$ (33,192)	$ 22,329,367
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 109,267	$ -	$ -	$ 109,267
Construction in progress	-	309,205	-	309,205
Total capital assets not being depreciated	109,267	309,205	-	418,472
Capital assets, being depreciated:				
Buildings and plant in service	42,266,340	101,992	-	42,368,332
Machinery and equipment	6,114,766	840,226	(497,197)	6,457,795
Total capital assets being depreciated	48,381,106	942,218	(497,197)	48,826,127
Less accumulated depreciation for:				
Buildings and plant in service	(15,582,152)	(789,888)	-	(16,372,040)
Machinery and equipment	(3,764,039)	(446,584)	108,822	(4,101,801)
Total accumulated depreciation	(19,346,191)	(1,236,472)	108,822	(20,473,841)
Total capital assets being depreciated, net	29,034,915	(294,254)	(388,375)	28,352,286
Business-type activities capital assets, net	$ 29,144,182	$ 14,951	$ (388,375)	$ 28,770,758
Discretely presented component units:				
Capital assets, not being depreciated:				
Land	$ 222,580	$ -	$ (199,467)	$ 23,113
Construction in progress	-	298,458	-	298,458
Total discretely presented component unit capital assets not being depreciated	$ 222,580	$ 298,458	$ (199,467)	$ 321,571

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

Governmental activities:	
General government	$ 445,929
Public works, including depreciation of general infrastructure	317,293
Leisure services	403,941
Public safety	266,399
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	14,258
Total depreciation expense - governmental activities	$ 1,447,820
Business-type activities:	
Water and sewer	$ 807,048
Natural Gas	97,554
Sanitation	301,887
Telecommunications	29,983
Total depreciation expense - business-type activities	$ 1,236,472

(8) LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Debt:					
Note payable	$ 2,406,294	$ -	$ (122,522)	$ 2,283,772	$ 126,639
Revenue bonds	10,373,044	-	(747,142)	9,625,902	764,299
Leases payable	2,058,963	-	(626,978)	1,431,985	463,090
Premium	115,209	-	(8,534)	106,675	-
Total debt	14,953,510	-	(1,505,176)	13,448,334	1,354,028
Other long-term obligations					
Landfill post closure care	237,308	-	-	237,308	12,853
Compensated absences	276,530	327,061	(331,836)	271,755	271,755
Total other long-term obligations	513,838	327,061	(331,836)	509,063	284,608
Governmental activities long-term obligations	$ 15,467,348	$ 327,061	$ (1,837,012)	$ 13,957,397	$ 1,638,636
Business-type activities:					
Leases payable	$ 813,773	$ 680,095	$ (547,359)	$ 946,509	$ 333,044
Compensated absences	65,059	88,802	(78,071)	75,790	75,790
Business-type activities long-term obligations	$ 878,832	$ 768,897	$ (625,430)	$ 1,022,299	$ 408,834
Component Units:					
Note payable	$ -	$ 200,000	$ -	$ 200,000	$ 38,448

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

Governmental activities:

Note Payable (Direct Borrowing)

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
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	144,541	55,782	200,323
2025-2029	798,914	202,697	1,001,612
2030-2034	807,648	60,418	868,066
Total	$ 2,283,772	$ 587,516	$ 2,871,288

Revenue Bonds (Direct Placement)

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% ($2,580,902 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% ($7,045,000 outstanding).

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

Governmental - Revenue bonds

Year Ending September 30,	Principal	Interest	Total
2020	$ 764,299	$ 293,873	$ 1,058,172
2021	786,620	273,202	1,059,822
2022	809,110	251,912	1,061,022
2023	831,771	222,650	1,054,421
2024	849,607	199,964	1,049,571
2025-2029	3,689,495	628,846	4,318,341
2030-2033	1,895,000	114,188	2,009,188
Total	$ 9,625,902	$ 1,984,635	$ 11,610,537

Leases Payable (Direct Borrowing)

The City leases equipment and vehicles with original costs totaling $3,523,026 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, 2019 is $1,990,750. This year $456,506 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
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	$ 1,431,985	$ 89,669	$ 1,521,654

Legal Debt Margin

The City is subject to a debt limit that is 10% of its total assessed taxable property valuation. At September 30, 2019, that amount was $31,439,618. As of September 30, 2019, there was $9,625,902 in outstanding debt applicable to the limit.

Business-type Activities:

Leases Payable (Direct Borrowing)

The City leased equipment and vehicles with original costs totaling $985,146 through Gardener Associates, Inc., RDK Assets LLC, and Enterprise Fleet Management. Interest rates, included imputed rates, on the leases are 1.37% to 6.00%. Accumulated depreciation related to these assets at September 30, 2019 is $667,174. This year $381,782 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
2020	$ 333,044	$ 41,197	$ 374,241
2021	460,961	10,375	471,336
2022	64,562	3,178	67,740
2023	49,196	1,630	50,826
2024	22,843	714	23,557
2025	15,903	78	15,981
Total	$ 946,509	$ 57,172	$ 1,003,681

Component Units:

Notes Payable (Direct Borrowing)

During September 2019, the Downtown Development Authority entered into a loan agreement with a local financial institution in the amount of $200,000. Principal and interest on this note is payable in monthly installments of $3,508.09 until maturity on September 23, 2024. The note bears interest at a rate of 2.00% annually.

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

Component Unit - Note payable

Year Ending September 30,	Principal	Interest	Total
2020	$ 38,448	$ 3,649	$ 42,097
2021	39,224	2,873	42,097
2022	40,016	2,081	42,097
2023	40,824	1,273	42,097
2024	41,488	449	41,937
Total	$ 200,000	$ 10,325	$ 210,325

(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, 2019, 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, 2019. 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, 2018 were $314,396,176.

Based on the 2018 millage levy of 4.075, a property tax owner would pay $4.075 per $1,000 of assessed valuation. Current tax collections of $1,239,357 for the fiscal year ended September 30, 2019 were 96.7% 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, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	73
Inactive employees entitled to but not yet receiving benefits	39
Active employees	136
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, 2019, the actuarially determined rate was 9.61% of annual pay. The City's contributions to the Plan totaled $489,079 for the year ended September 30, 2019.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019.

Actuarial assumptions. The total pension liability in the January 1, 2019 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 Combined Healthy Mortality Table for Males or Females, as appropriate, set forward two years for males and one for females.

The actuarial assumptions used in the January 1, 2019 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%	6.40%
International equity	20%	7.40%
Real estate	10%	5.10%
Global fixed income	5%	3.03%
Domestic fixed income	20%	1.75%
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 9/30/2017*	$12,856,876	$10,216,920	$ 2,639,956
Changes for the year:			
Service cost	130,052	-	130,052
Interest	943,557	-	943,557
Differences between expected and actual experience	(156,157)	-	(156,157)
Contributions - employer	-	435,729	(435,729)
Contributions - employee	-	-	-
Net investment income	-	998,189	(998,189)
Benefit payments, including refunds of employee contributions	(812,325)	(812,325)	-
Administrative expense	-	(27,316)	27,316
Other	-	-	-
Net changes	105,127	594,277	(489,150)
Balances at 9/30/2018**	$12,962,003	$10,811,197	$ 2,150,806

* Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2018 are used to measure total pension liability (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.

** Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2019 are used to measure TPL as of September 30, 2018. The balances as of September 30, 2018 constitute measurements of the NPL for the fiscal year ending September 30, 2019.

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 7.50%
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	$3,578,007	$2,150,806	$ 938,694

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, 2019, the City recognized pension expense of $219,605. At September 30, 2019, 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	$ 381,754	$ (291,423)
Changes of assumptions	116,298	(13,825)
Net difference between projected and actual earnings on pension plan investments	-	(598,395)
Employer contributions to the pension plan subsequent to the measurement date of the net pension liability	489,079	-
Total	$ 987,131	$ (903,643)

$489,079 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, 2020. 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:	
2020	$ (68,875)
2021	(139,322)
2022	(116,750)
2023	(80,644)
	$ (405,591)

(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, 2019, 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, 2019 the City contributed $54,514 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, 2019 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

During fiscal year 2017, the City entered into the Decatur County Healthcare Cooperative, a captive insurance plan, along with Decatur County, Georgia and the Hospital Authority of Bainbridge, Decatur County, Georgia. Stop-loss coverage is 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 in the Employee Benefits Fund. In connection with the City's participation in the Cooperative, the City has established a $130,063 irrevocable standby letter of credit with Synovus. QBE is the beneficiary of this letter of credit. No funds were advanced under this letter during the fiscal years ended September 30, 2019 and 2018.

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, 2019
Claims payable, beginning of year	$ 183,375
Incurred claims	2,203,229
Claims paid	(2,066,675)
Claims payable, end of year	$ 319,929

(16)FUND BALANCE/NET POSITION DEFICIT

The following funds had deficits in fund balance/net position for the fiscal year ended September 30, 2019:

Hotel/Motel Fund	$ (456)
Employee Benefits Fund	(364,883)
City Shop Fund	(59,330)
Total fund balance/net position deficit	$ (424,669)

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 $633,516. 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, 2019, the outstanding principal amount of the loan was $233,684. 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, 2019, the outstanding principal amount of the guaranteed debt is $10,130,000. 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, 2019, there was one series of Revenue Bonds outstanding detailed as follows:

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

(19)SUBSEQUENT EVENTS

On December 19, 2019, the Bainbridge Public Facilities Authority issued the Series 2019 A & B Revenue Bonds. The Series 2019A bonds were issued in the amount of $2,245,000 for the purpose of refunding a portion of the Bainbridge Public Facilities Authority Series 2013 Revenue Bonds, certain leases held by the City, and paying the cost of issuance of the Series 2019A bonds. Principal payments on the Series 2019A bonds are due annually beginning September 1, 2020 and the bonds mature on September 1, 2028. Interest rates on the Series 2019A bonds range from 2% to 2.85% with interest payments being due semi-annually on February 1 and September 1 beginning February 1, 2020. The Series 2019B bonds were issued in the amount of $8,645,000 for the purpose of financing the acquisition, construction, and equipping recreation, public safety, and utilities facilities for the City, refunding the Downtown Bainbridge Development Authority Series 2013 Revenue Bonds, various outstanding loans made to the City of Bainbridge by the

Georgia Environmental Finance Authority, other certain leases held by the City, and paying the cost of issuance of the Series 2019B bonds. Principal payments on the Series 2019B bonds are dues annually beginning September 1, 2028 and the bonds mature on September 1, 2039. Interest rates on the Series 2019B bonds range from 3% to 4% with interest payments being due semi-annually on February 1, and September 1 beginning February 1, 2020.

On March 6, 2020, the City entered into a lease-purchase agreement with the Georgia Municipal Association to finance the purchase of a new fire truck in the amount of $401,700. The lease term is five years and bears interest at a rate of 2.35% per annum. Principal and interest payments will be due annually beginning March 6, 2021 in the amount of $86,092 per year with the final payment being due on March 6, 2025.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The recently declared pandemic could adversely impact the City's future financial results, especially if the community is negatively impacted by the decrease in economic activity caused by the virus. Such potential impact is unknown at this time.

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	9/30/2019
Total pension liability					
Service cost	$ 155,977	$ 131,037	$ 126,686	$ 122,901	$ 130,052
Interest	872,039	874,344	939,969	910,296	943,557
Differences between expected and actual experience	(188,034)	630,372	(337,899)	286,049	(156,157)
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)	(812,325)
Net change in total pension liability	77,393	860,823	(382,433)	709,160	105,127
Total pension liability - beginning	11,591,933	11,669,326	12,530,149	12,147,716	12,856,876
Total pension liability - ending (a)	$ 11,669,326	$ 12,530,149	$ 12,147,716	$ 12,856,876	$ 12,962,003
Plan fiduciary net position					
Contributions - employer	$ 508,312	$ 513,517	$ 424,435	$ 493,675	$ 435,729
Contributions - employee	-	-	-	-	-
Net investment income	942,322	112,520	973,314	1,360,020	998,189
Benefit payments including refunds of employee contributions	(679,640)	(774,930)	(803,028)	(803,914)	(812,325)
Administrative expense	(16,261)	(20,370)	(17,074)	(30,375)	(27,316)
Other	-	-	(262,379)	-	-
Net change in plan fiduciary net position	754,733	(169,263)	315,268	1,019,406	594,277
Plan fiduciary net position - beginning	8,296,776	9,051,509	8,882,246	9,197,514	10,216,920
Plan fiduciary net position - ending (b)	$ 9,051,509	$ 8,882,246	$ 9,197,514	$ 10,216,920	$ 10,811,197
Association's net pension liability - ending (a) - (b)	$ 2,617,817	$ 3,647,903	$ 2,950,202	$ 2,639,956	$ 2,150,806
Plan fiduciary net position as a percentage of the total pension liability	77.57%	70.89%	75.71%	79.47%	83.41%
Covered payroll	$ 4,742,203	$ 4,902,829	$ 4,665,079	$ 4,988,379	$ 5,080,129
Association's net pension liability as a percentage of covered payroll	55.20%	74.40%	63.24%	52.92%	42.34%

Notes to Schedule:

2015 was the first fiscal year that data has been measured in accordance with GASB Statement 68. This schedule will present 10 years of information once its accumulated.

CITY OF BAINBRIDGE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PENSION CONTRIBUTIONS

	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019
Actuarially determined contribution	$ 513,517	$ 423,714	$ 424,435	$ 493,675	$ 489,079
Contributions in relation to the actuarially determined contribution	513,517	423,714	424,435	493,675	489,079
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 4,742,203	$ 4,902,829	$ 4,665,079	$ 4,988,379	$ 5,080,129
Contributions as a percentage of covered-employee payroll	10.83%	8.64%	9.10%	9.90%	9.63%

Notes to Schedule:

Valuation Date:

The actuarially determined contribution rate for the fiscal year 2019 was determined as of January 1, 2018.

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	2.75%
Salary increases	2.75% plus age and service based merit increases
Investment rate of return	7.50%
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.

2015 was the first fiscal year that data has been measured in accordance with GASB Statement 68. This schedule will present 10 years of information once its accumulated.

CITY OF BAINBRIDGE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	$ 5,928,309	$ 6,288,269	$ 6,289,713	$ 1,444
Licenses and Permits	133,603	217,192	217,192	-
Intergovernmental	769,347	3,099,457	3,232,655	133,198
Charges for Services	42,478	57,633	57,633	-
Fines and Forfeitures	342,000	311,000	274,553	(36,447)
Investment Earnings	21,000	8,375	8,375	-
Other	55,000	798,160	128,096	(670,064)
Total Revenues	7,291,737	10,780,086	10,208,217	(571,869)
Expenditures:				
General Government:				
Mayor and council	609,335	723,417	723,417	-
City manager	262,377	287,536	287,536	-
Finance, budget and accounting	1,094,826	1,062,945	1,062,945	-
Purchasing	163,729	143,459	143,459	-
City attorney	15,000	11,669	11,669	-
Total general government	2,145,267	2,229,026	2,229,026	-
Judicial:				
City court	307,575	264,019	264,019	-
Total judicial	307,575	264,019	264,019	-
Community Development:				
Mainstreet tourism	473,241	540,254	540,254	-
Building code enforcement	113,269	140,837	140,837	-
Communications	116,924	170,859	170,859	-
Code enforcement	440,809	470,189	470,189	-
Parks	1,046,526	1,245,303	1,245,303	-
Total community development	2,190,769	2,567,442	2,567,442	-
Public Works:				
Maintenance	115,860	120,487	120,487	-
Streets	1,898,230	3,843,383	3,843,383	-
Total public works	2,014,090	3,963,870	3,963,870	-
Public Safety:				
Services	3,985,487	4,061,526	4,061,526	-
Total public safety	3,985,487	4,061,526	4,061,526	-
Debt Service	37,905	37,908	37,908	-
Total Expenditures	10,681,093	13,123,791	13,123,791	-
Excess (deficiency) of Revenues over Expenditures	(3,389,356)	(2,343,705)	(2,915,574)	(571,869)

(Continued on next page)

CITY OF BAINBRIDGE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Other Financing Sources (Uses):				
Transfers in	3,856,288	7,791,472	7,451,549	(339,923)
Transfers out	(372,114)	(4,190,312)	(2,678,482)	1,511,830
Sale of capital assets	45,000	38,468	-	(38,468)
Total Other Financing Sources (Uses)	3,529,174	3,639,628	4,773,067	1,133,439
Net Change in Fund Balance	$ 139,818	$ 1,295,923	1,857,493	$ 561,570
Reconciliation to GAAP Basis:				
Unbudgeted capital outlay			(362,969)	
Unbudgeted debt service			(253,111)	
Fund Balance at Beginning of Year			1,469,769	
Fund Balance at End of Year			$ 2,711,182	

OTHER SUPPLEMENTAL INFORMATION

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CITY OF BAINBRIDGE, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2019

	Special Revenue Funds		Capital Project Funds		
	Hotel/Motel Tax	Confiscated Assets	Downtown Bainbridge Development Authority	Bainbridge Public Facilities Authority	Total Nonmajor
ASSETS					
Cash	$ 22,755	$ 35,993	$ -	$ 118,419	$ 177,167
Receivables	24,310	-	-	-	24,310
Total assets	$ 47,065	$ 35,993	$ -	$ 118,419	$ 201,477
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	$ 33,287	$ 2,701	$ -	$ -	$ 35,988
Due to component unit	14,234	-	-	-	14,234
Total liabilities	47,521	2,701	-	-	50,222
Fund balances:					
Restricted for:					
Debt service	-	-	-	118,419	118,419
Public safety	-	33,292	-	-	33,292
Unassigned	(456)	-	-	-	(456)
Total fund balances	(456)	33,292	-	118,419	151,255
Total liabilities and fund balances	$ 47,065	$ 35,993	$ -	$ 118,419	$ 201,477

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, 2019

	Special Revenue Funds		Capital Project Funds		
	Hotel/Motel Tax	Confiscated Assets	Downtown Bainbridge Development Authority	Bainbridge Public Facilities Authority	Total Nonmajor
Revenues:					
Taxes	$ 311,756	$ -	$ -	$ -	$ 311,756
Intergovernmental	-	21,036	-	-	21,036
Investment earnings	62	164	-	-	226
Total revenues	311,818	21,200	-	-	333,018
Expenditures:					
Current:					
Public safety	-	41,895	-	-	41,895
Leisure services	124,703	-	-	-	124,703
Debt service	-	-	376,334	676,188	1,052,522
Total expenditures	124,703	41,895	376,334	676,188	1,219,120
Excess (deficiency) of revenues over (under) expenditures	187,115	(20,695)	(376,334)	(676,188)	(886,102)
Other financing sources (uses):					
Transfers in	-	-	376,334	671,838	1,048,172
Transfers out	(187,115)	-	-	-	(187,115)
Total other financing sources (uses)	(187,115)	-	376,334	671,838	861,057
Net change in fund balance	-	(20,695)	-	(4,350)	(25,045)
Fund balance (deficit) at beginning of year	(456)	53,987	-	122,769	176,300
Fund balance (deficit) at end of year	$ (456)	$ 33,292	$ -	$ 118,419	$ 151,255

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, 2019

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	$311,756	$ 311,756	$ -
Investment earnings	62	62	-
Total revenues	311,818	311,818	-
Expenditures:			
Current:			
Leisure services	124,703	124,703	-
Excess of revenues over expenditures	187,115	187,115	-
Other financing sources (uses):			
Transfers out	(112,602)	(187,115)	(74,513)
Net change in fund balance	$ 74,513	-	$ (74,513)
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, 2019

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental revenue	$ 21,036	$ 21,036	$ -
Investment earnings	164	164	-
Total revenues	21,200	21,200	-
Expenditures:			
Current:			
Public safety	41,895	41,895	-
Excess of revenues over expenditures	(20,695)	(20,695)	-
Net change in fund balance	$ (20,695)	(20,695)	$ -
Fund balance at beginning of year		53,987	
Fund balance at end of year		$ 33,292	

CITY OF BAINBRIDGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Employee Benefits	City Shop	Total
ASSETS			
Current assets:			
Cash	$ 13,242	$ -	$ 13,242
Investments	-	3,150	3,150
Accounts receivable	299	2,281	2,580
Due from other funds	117	261,265	261,382
Inventories	-	72,927	72,927
Prepaid items	35,322	3,146	38,468
Total current assets	48,980	342,769	391,749
Property, plant and equipment, net	-	55,326	55,326
Total assets	48,980	398,095	447,075
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	-	42,228	42,228
LIABILITIES			
Current liabilities:			
Accounts and claims payable	413,863	13,903	427,766
Due to other funds	-	313,498	313,498
Capital leases	-	11,743	11,743
Accrued compensated absences	-	18,246	18,246
Total current liabilities	413,863	357,390	771,253
Long-term liabilities:			
Capital leases	-	11,600	11,600
Net pension liability	-	92,007	92,007
Total long-term liabilities	-	103,607	103,607
Total liabilities	413,863	460,997	874,860
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	-	38,656	38,656
NET POSITION			
Net investment in capital assets	-	31,983	31,983
Unrestricted	(364,883)	(91,313)	(456,196)
Total net position	$ (364,883)	$ (59,330)	$ (424,213)

CITY OF BAINBRIDGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Employee Benefits	City Shop	Total
Operating revenues:			
Contributions	$ 2,920,212	$ -	$ 2,920,212
Charges for services	-	717,980	717,980
Other	23,747	-	23,747
Total operating revenues	2,943,959	717,980	3,661,939
Operating expenses:			
Personal services	-	377,010	377,010
Operating	-	417,270	417,270
Depreciation	-	14,258	14,258
Benefits and claims	3,029,257	-	3,029,257
Total operating expenses	3,029,257	808,538	3,837,795
Operating income (loss)	(85,298)	(90,558)	(175,856)
Nonoperating revenues (expenses):			
Interest expense	-	(1,012)	(1,012)
Interest income	654	-	654
Change in net position before transfers	(84,644)	(91,570)	(176,214)
Transfers in	-	1,275,963	1,275,963
Transfers out	-	(1,167,174)	(1,167,174)
Total transfers	-	108,789	108,789
Increase (decrease) in net position	(84,644)	17,219	(67,425)
Net position at beginning of year	(280,239)	(76,549)	(356,788)
Net position at end of year	$ (364,883)	$ (59,330)	$ (424,213)

CITY OF BAINBRIDGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Employee Benefits	City Shop	Totals
Cash flows from (to) operating activities:			
Cash received from contributions and services provided	$ 2,947,676	$ 1,622,863	$ 4,570,539
Cash payments for goods and services	-	(1,317,033)	(1,317,033)
Cash payments for claims and benefits	(2,935,088)	-	(2,935,088)
Cash payments for employee services and fringe benefits	-	(394,995)	(394,995)
Net cash from (to) operating activities	12,588	(89,165)	(76,577)
Cash flows from (to) noncapital financing activities:			
Transfers in	-	1,275,963	1,275,963
Transfers out	-	(1,167,174)	(1,167,174)
Net cash from (to) noncapital financing activities	-	108,789	108,789
Cash flows from (to) capital and related financing activities:			
Interest paid	-	(1,012)	(1,012)
Principal payments on long-term debt	-	(16,890)	(16,890)
Net cash from (to) capital and related financing activities	-	(17,902)	(17,902)
Cash flows from (to) investing activities:			
Investment purchases	-	(1,722)	(1,722)
Interest received	654	-	654
Net cash from (to) investing activities	654	(1,722)	(1,068)
Net increase (decrease) in cash	13,242	-	13,242
Cash at beginning of year	-	-	-
Cash at end of year	$ 13,242	$ -	$ 13,242
Reconciliation of operating income (loss) to net cash from (to) operating activities:			
Operating income (loss)	$ (85,298)	$ (90,558)	$ (175,856)
Adjustments to reconcile operating income (loss) to net cash from (to) operating activities:			
Depreciation	-	14,258	14,258
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(299)	(1,166)	(1,465)
(Increase) decrease in prepaid expenses	2,592	(732)	1,860
(Increase) decrease in due from other funds	1,424	906,049	907,473
(Increase) decrease in inventories	-	1,725	1,725
(Increase) decrease in deferred outflows related to pension	-	8,747	8,747
Increase (decrease) in accounts and claims payable	139,169	3,379	142,548
Increase (decrease) in accrued liabilities	-	(765)	(765)
Increase (decrease) in due to other funds	(45,000)	(904,135)	(949,135)
Increase (decrease) in net pension liability	-	(27,101)	(27,101)
Increase (decrease) in deferred inflows related to pension	-	1,134	1,134
Net cash from (to) operating activities	$ 12,588	$ (89,165)	$ (76,577)
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	$ -	$ 1,012	$ 1,012

CITY OF BAINBRIDGE, GEORGIA
NON-MAJOR DISCRETELY PRESENTED COMPONENT UNIT
BALANCE SHEET
SEPTEMBER 30, 2019

	Downtown Development Authority
ASSETS	
Investments	$ 155,196
Due from primary government	26,735
Total assets	$ 181,931
LIABILITIES	
Current liabilities:	
Accounts payable	$ 8,017
Total liabilities	8,017
FUND BALANCE	
Restricted for:	
Community development	147,179
Unassigned	26,735
Total fund balance	173,914
Total liabilities and fund balance	$ 181,931
Total fund balance	$ 173,914
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	321,571
Notes payable are not due and payable in the current period and therefore are not reported in the funds.	(200,000)
Net position of component unit	$ 295,485

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, 2019

	Downtown Development Authority
Revenues:	
Intergovernmental revenue	$ 114,665
Investment earnings	373
Other	21,992
Total revenues	137,030
Expenditures:	
Community Development	327,180
Total expenditures	327,180
Excess (deficiency) of revenues over (under) expenditures	(190,150)
Nonoperating revenues (expenses):	
Proceeds from note payable	200,000
Proceeds from sale of capital assets	223,188
Total nonoperating revenues (expenses)	423,188
Net change in fund balance	233,038
Fund balance at beginning of year	(59,124)
Fund balance at end of year	$ 173,914
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 outlay	298,458
Loss on disposal of asset	(199,467)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	
Proceeds from notes payable	(200,000)
	(101,009)
Net change in fund balance	233,038
Change in net position of component unit on the statement of activities	$ 132,029

CITY OF BAINBRIDGE, GEORGIA
NON-MAJOR DISCRETELY PRESENTED COMPONENT UNIT
BALANCE SHEET
SEPTEMBER 30, 2019

	Convention and Visitor's Bureau
ASSETS	
Due from primary government	$ 52,088
Prepaid items	124
Total assets	$ 52,212
LIABILITIES	
Current liabilities:	
Accounts payable	$ 1,452
Total liabilities	1,452
FUND BALANCE	
Nonspendable	124
Unassigned	50,636
Total fund balance	50,760
Total liabilities and fund balance	$ 52,212
Total fund balance	$ 50,760
Deferred outflows of resources are not an available resource and, therefore, are not reported in the fund.	1,636
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	(3,564)
Deferred inflows related to pension	(1,498)
Net position of component unit	$ 47,334

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, 2019

	Convention and Visitor's Bureau
Revenues:	
Intergovernmental	$ 129,833
Investment earnings	104
Total revenues	129,937
Expenditures:	
Culture and recreation	76,791
Total expenditures	76,791
Excess (deficiency) of revenues over (under) expenditures	53,146
Net change in fund balance	53,146
Fund balance at beginning of year	(2,386)
Fund balance at end of year	$ 50,760
Amounts reported for the component unit in the statement of activities are different because:	
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the fund.	
Net pension liability	$ 1,143
Deferred outflows of resources related to pensions	(379)
Deferred inflows of resources related to pensions	(15)
	749
Net change in fund balance	53,146
Change in net position of component unit on the statement of activities	$ 53,895

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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 discretely presented component units and remaining fund information of the City of Bainbridge, Georgia, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 8, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the schedule of findings and responses as item *2019-001*, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bainbridge, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as item *2019-002*. We noted certain other matters that we have reported to management of the City of Bainbridge, Georgia in a separate letter dated April 8, 2020.

City's Responses to Findings

The City's responses to the findings identified in our audit is described in the accompanying schedule of findings and responses. 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 them.

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
April 8, 2020

City of Bainbridge, Georgia
Schedule of Findings and Responses
For the Year Ended September 30, 2019

Material Weaknesses in Internal Control over Financial Reporting

Finding #

2019-001 *Condition:* An incorrect billing register was used to calculate unbilled receivables at September 30, 2019.

Effect: Utility receivables and revenues were understated in the Water & Sewer, Natural Gas and Sanitation Funds by $99,158, $7,292, and $27,097, 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.

Noncompliance Material to the Financial Statements

2019-002 *Condition:* TSPLOST funds reimbursed the General Fund for expenditures that were not for allowable purposes under The Official Code of Georgia (OCGA) Section 48-8-121, were not supported by accurate cost data, or occurred in a different fiscal year.

Effect: $339,923 had been transferred from TSPLOST funds to the General Fund for expenditures that were not for allowable purposes under The Official Code of Georgia (OCGA) Section 48-8-121, were not supported by accurate cost data, or occurred in a different fiscal year.

Recommendation: Internal controls over the accumulation of data and review for compliance as it relates to TSPLOST funding should be implemented to ensure proper accounting and that the City is in compliance with State law.

Management Response: The City will review internal controls surrounding the compilation of costs and documentation of costs relating to the expenditure of TSPLOST funding.

CITY OF BAINBRIDGE, GEORGIA
HOTEL/MOTEL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Revenues	Expenditures *	Percentage Expended
$ 311,818	$ 311,818	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, 2019

Project	Original Estimated Cost	(1)	Prior Year	Current Year	Total
Water and Sewer bond service	$ 6,500,000		$ 11,239	$ 62,104	$ 73,343
General Fund bond service	3,000,000		10,752	2,688	13,440
Road Construction and Improvements	1,700,000		83,032	-	83,032
Recreation Improvements	1,000,000		35,875	110,370	146,245
Public Safety Equipment	1,082,000		27,256	17,840	45,096
Totals	$ 13,282,000		168,154	193,002	361,156
	Debt Service Expenditures		4,850,707	1,418,520	6,269,227
			$ 5,018,861	$ 1,611,522	$ 6,630,383

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, 2019

Project	Original Estimated Cost	(1)	Prior Year	Current Year	Total
Equipment	$ 1,317,500		$ 691,165	$ 280,072	$ 971,237
Paving	5,779,321		18,779	299,853	318,632
Sidewalk and Concrete Repair	683,179		-	-	-
Storm water Improvements	620,000		43,192	228,783	271,975
Totals	$ 8,400,000		753,136	808,708	1,561,844
	Debt Service Expenditures		-	239,425	239,425
			$ 753,136	$ 1,048,133	$ 1,801,269

Notes:

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