# CITY OF BAINBRIDGE, GEORGIA

# FINANCIAL REPORT

## FOR THE FISCAL YEAR ENDED
## SEPTEMBER 30, 2020

# CITY OF BAINBRIDGE, GEORGIA

## FINANCIAL REPORT
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

---

**TABLE OF CONTENTS**


**Page**

**INTRODUCTORY SECTION**

**List of Elected and Appointed Officials ..... i**

**FINANCIAL SECTION**

**Independent Auditor's Report ..... 1-3**
**Management's Discussion and Analysis ..... 4-12**
**Basic Financial Statements:**
- **Government-wide Financial Statements:**
  - **Statement of Net Position ..... 13**
  - **Statement of Activities ..... 14**
- **Fund Financial Statements:**
  - **Balance Sheet – Governmental Funds ..... 15**
  - **Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds ..... 16**
  - **Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities ..... 17**
  - **Statement of Net Position – Proprietary Funds ..... 18**
  - **Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds ..... 19**
  - **Statement of Cash Flows – Proprietary Funds ..... 20 and 21**
- **Notes to Financial Statements ..... 22-55**

**Required Supplementary Information:**
- **Schedule of Changes in the City's Net Pension Liability and Related Ratios ..... 56**
- **Schedule of City Contributions ..... 57 and 58**
- **Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund ..... 59 and 60**

**Combining and Individual Fund Statements and Schedules:**
- **Combining Balance Sheet – Nonmajor Governmental Funds ..... 61**
- **Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds ..... 62**
- **Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:**
  - **Hotel/Motel Tax Fund ..... 63**
  - **Confiscated Assets Fund ..... 64**
  - **Bricks for Veterans Fund ..... 65**
- **Schedule of Expenditures of Special Purpose Local Option Sales Tax VI Proceeds ..... 66**
- **Schedule of Expenditures of Transportation Special Purpose Local Option Sales Tax Proceeds ..... 67**
- **Combining Statement of Net Position – Internal Service Funds ..... 68 and 69**

# CITY OF BAINBRIDGE, GEORGIA

## FINANCIAL REPORT
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

---


Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds....70
Combining Statement of Cash Flows – Internal Service Funds....71 and 72
Balance Sheet – Component Unit – Downtown Development Authority....73
Statement of Revenues, Expenditures, and Changes in Fund Balance - Component Unit – Downtown Development Authority....74
Balance Sheet – Component Unit – Convention and Visitor's Bureau....75
Statement of Revenues, Expenditures, and Changes in Fund Balance - Component Unit – Convention and Visitor's Bureau....76


**COMPLIANCE SECTION**


Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*....77and 78
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance....79-81
Schedule of Expenditures of Federal Awards....82
Notes to Schedule of Expenditures of Federal Awards....83
Schedule of Findings and Questioned Costs....84-86
Schedule of Prior Year Findings....87
Management's Corrective Action Plan....88

**City of Bainbridge, Georgia**
**List of Elected and Appointed Officials**
**September 30, 2020**

## 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 Service | 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

MAULDIN & JENKINS
CPAs & ADVISORS

# INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members**
**of the City Council**
**Bainbridge, Georgia**

**Report on the Financial Statements**
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Bainbridge, Georgia** (the "City"), as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bainbridge, Georgia as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal 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 (pages 4 through 12), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (page 56) the Schedule of City Contributions (pages 57 and 58), and the budgetary comparison information for the General Fund (pages 59 and 60), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund statements and schedules, the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-121, the schedule of expenditures of transportation special purpose local option sales tax proceeds, as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-260, and the schedule of expenditures of federal awards as required by Title 2, U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards,* as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, the schedule of expenditures of special purpose local option sales tax proceeds, the schedule of expenditures of transportation special purpose local option sales tax proceeds and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, the schedule of expenditures of special purpose local option sales tax proceeds, the schedule of expenditures of transportation special purpose local option sales tax proceeds and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2021, on our consideration of the City'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 the effectiveness of the City of Bainbridge, Georgia's 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 22, 2021

# CITY OF BAINBRIDGE, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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, 2020.

**Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $39,462,957 (net position).
- The government's total net position increased by $344,812.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $7,409,141 representing an increase of $2,754,874.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $3,308,716 or 23% of total general fund expenditures.
- The City's total debt (net of premium) increased by $4,593,486 during the current fiscal year. For additional information refer to Note 6 of this report.
- As of September 30, 2020, the City owes $18,988,329 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 and 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 22-55 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 56-59 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 5 of this report.

## Financial Analysis of the City as a Whole

City of Bainbridge -- Net Position

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Assets: | | | | | | |
| Current assets | $ 10,010,152 | $ 513,060 | $ 10,523,212 | $ 8,424,877 | $ 1,208,989 | $ 9,633,866 |
| Capital assets | 24,534,168 | 29,550,347 | 54,084,515 | 22,329,367 | 28,770,758 | 51,100,125 |
| Total assets | 34,544,320 | 30,063,407 | 64,607,727 | 30,754,244 | 29,979,747 | 60,733,991 |
| Deferred outflows of resources | 1,215,758 | 405,707 | 1,621,465 | 760,767 | 224,728 | 985,495 |
| Liabilities: | | | | | | |
| Current liabilities | 1,247,166 | 669,057 | 1,916,223 | 3,883,958 | 688,300 | 4,572,258 |
| Non-current liabilities | 22,046,913 | 1,199,504 | 23,246,417 | 15,614,991 | 1,511,947 | 17,126,938 |
| Total liabilities | 23,294,079 | 1,868,561 | 25,162,640 | 19,498,949 | 2,200,247 | 21,699,196 |
| Deferred inflows of resources | 1,542,353 | 61,242 | 1,603,595 | 696,424 | 205,721 | 902,145 |
| Net position: | | | | | | |
| Net investment in capital assets | 8,074,652 | 29,347,630 | 36,833,733 | 8,843,116 | 27,824,249 | 36,667,365 |
| Restricted | 3,932,437 | - | 3,932,437 | 1,499,893 | - | 1,499,893 |
| Unrestricted | (1,083,443) | (808,319) | (1,303,213) | 976,629 | (25,742) | 950,887 |
| Total net position | $ 10,923,646 | $28,539,311 | $ 39,462,957 | $ 11,319,638 | $27,798,507 | $39,118,145 |

The City's assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $39,462,957 at the close of the most recent fiscal year. Of this amount $10,923,646 came from governmental activities, and $28,539,311 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 $36,833,733 or 97% 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 5 and note 6 of this report.

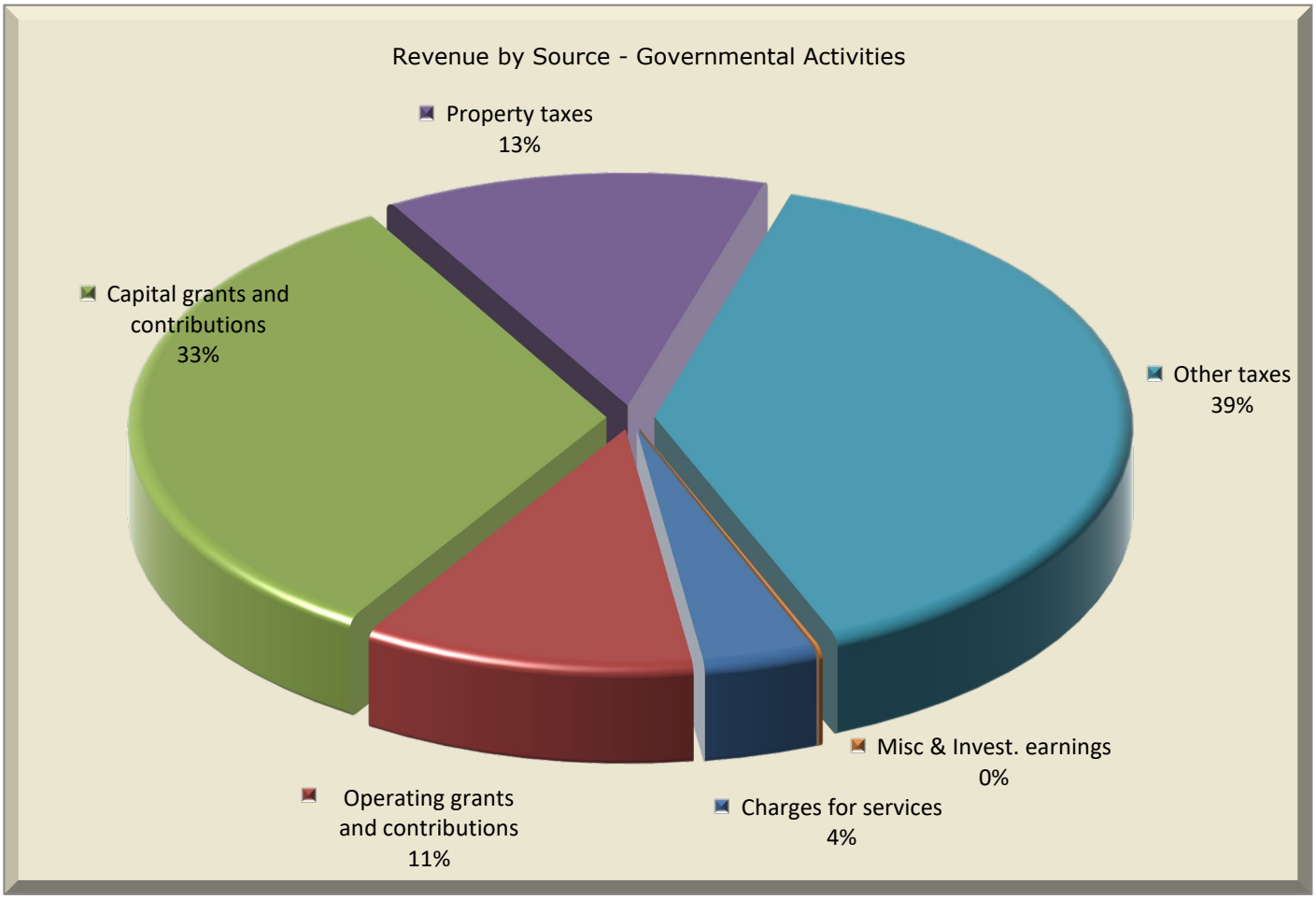
At September 30, 2020 unrestricted net position is ($1,303,213). At the end of the current fiscal year, the City reports positive balances in net investment in capital assets and restricted net position for both governmental and business-type activities.

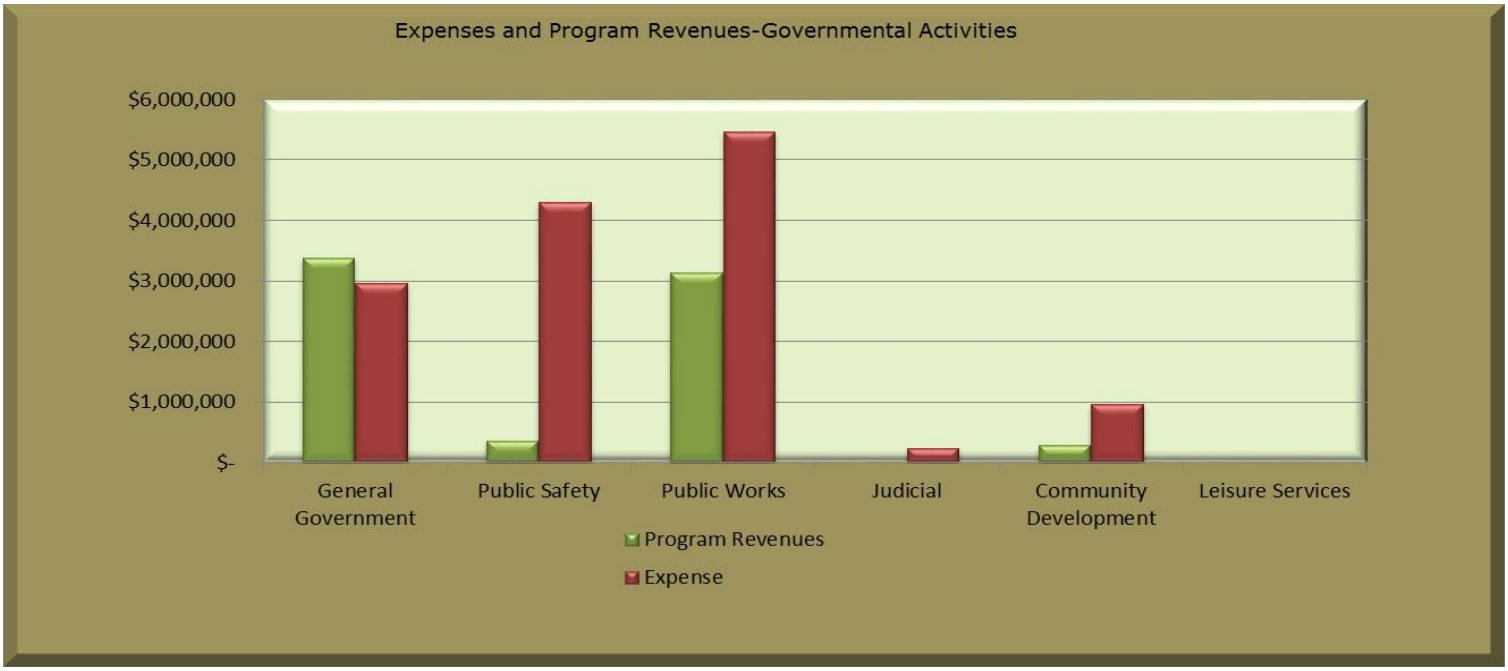
City of Bainbridge - Statement of Activities

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 486,054 | $10,541,428 | $11,027,482 | $ 641,433 | $ 9,980,911 | $10,622,344 |
| Operating grants and contributions | 1,425,990 | - | 1,425,990 | 2,430,035 | 60,850 | 2,490,885 |
| Capital grants and contributions | 4,130,700 | - | 4,130,700 | 4,277,935 | - | 4,277,935 |
| General revenues: | | | | | | |
| Property taxes | 1,660,169 | - | 1,660,169 | 1,725,526 | - | 1,725,526 |
| Other taxes | 4,947,499 | - | 4,947,499 | 4,885,988 | - | 4,885,988 |
| Other | 15,663 | 640 | 16,303 | 9,091 | 4,760 | 13,851 |
| Total revenues | 12,666,075 | 10,542,068 | 23,208,143 | 13,970,008 | 10,046,521 | 24,016,529 |
| Expense: | | | | | | |
| General government | $ 2,972,701 | - | 2,972,701 | $ 2,525,004 | - | 2,525,004 |
| Public safety | 4,310,606 | - | 4,310,606 | 4,470,111 | - | 4,470,111 |
| Public works | 5,470,083 | - | 5,470,083 | 3,512,042 | - | 3,512,042 |
| Judicial | 236,274 | - | 236,274 | 264,019 | - | 264,019 |
| Community development | 971,063 | - | 971,063 | 2,905,257 | - | 2,905,257 |
| Leisure services | - | - | - | 305,197 | - | 305,197 |
| Water & sewer | - | 3,565,548 | 3,565,548 | - | 3,373,381 | 3,373,381 |
| Natural gas | - | 1,559,313 | 1,559,313 | - | 1,600,052 | 1,600,052 |
| Sanitation | - | 2,594,887 | 2,594,887 | - | 2,392,134 | 2,392,134 |
| Marina | - | - | - | - | - | - |
| Telecommunications | - | 600,507 | 600,507 | - | 461,050 | 461,050 |
| Interest and fiscal charges on long-term debt | 947,382 | - | - 947,382 | 368,881 | - | - 368,881 |
| Total expenses | 14,908,109 | 8,320,255 | 23,228,364 | 14,350,511 | 7,826,617 | 22,177,128 |
| Increase (decrease) in net position before transfers | (2,242,034) | 2,221,813 | (20,221) | (380,503) | 2,219,904 | 1,839,401 |
| Transfers | 1,484,065 | (1,484,065) | - | 4,630,314 | (4,630,314) | - |
| Gain on sale of capital assets | 361,977 | 3,056 | 365,033 | - | - | - |
| Change in net position | (395,992) | 740,804 | 344,812 | 4,249,811 | (2,410,410) | 1,839,401 |
| Net position, beginning, before restatement | 11,319,638 | 27,798,507 | 39,118,145 | 7,069,827 | 30,208,917 | 37,278,744 |
| Net position, end of year | $10,923,646 | $28,539,311 | $39,462,957 | $11,319,638 | $27,798,507 | $39,118,145 |

**Governmental activities.**
The above statement shows the revenues and expenses by activities. Total revenue from governmental activities was $12,662,843 while expenses were $14,911,272.

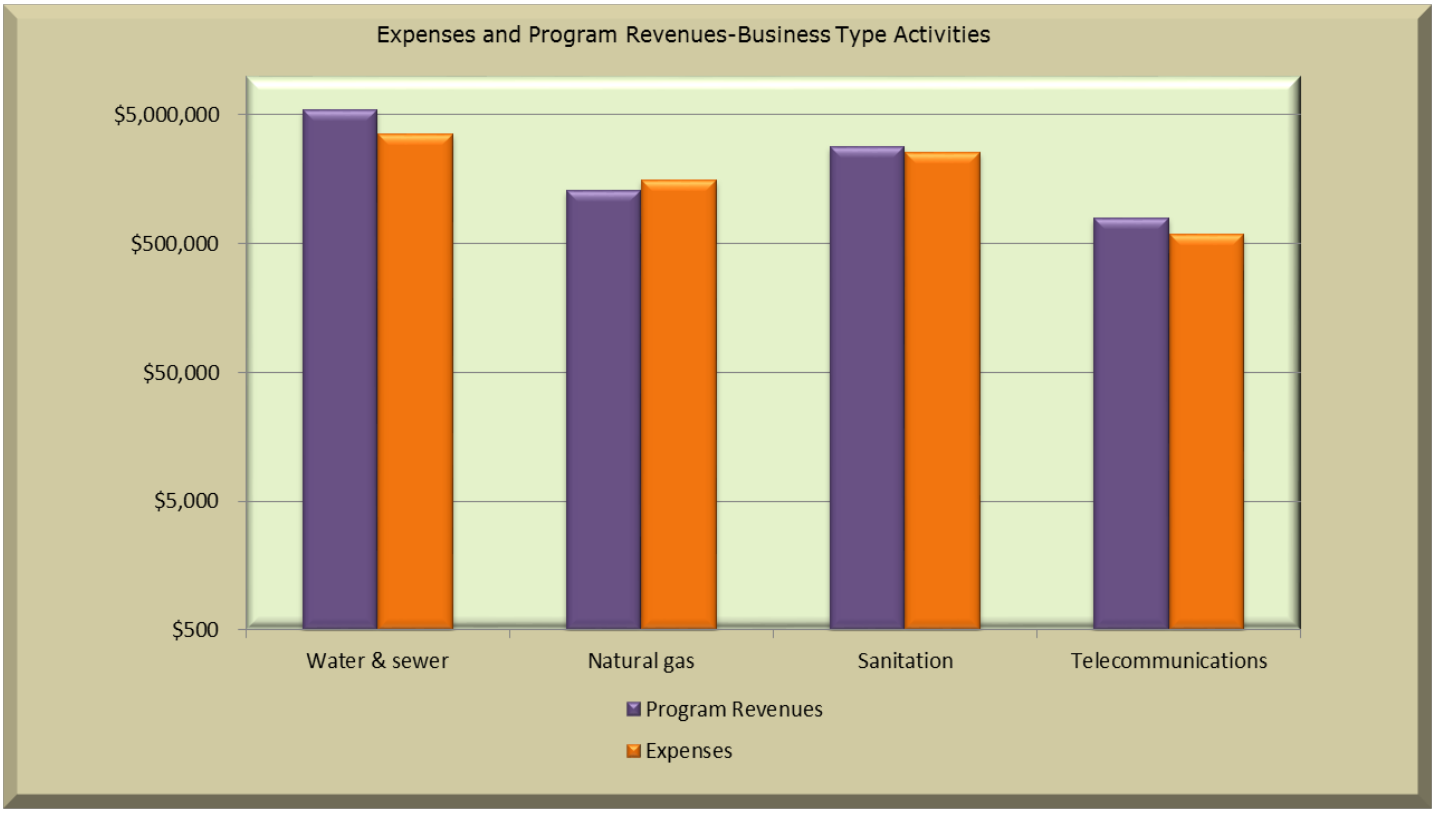
| | 2020 | 2019 |
|---|---|---|
| Program Revenues: | | |
| General Government | $3,391,593 | $ 29,166 |
| Public Safety | 353,574 | 26,984 |
| Public Works | 2,009,395 | 6,297,131 |
| Judicial | - | 310,792 |
| Community Development | 288,182 | 635,909 |
| Leisure Services | - | 49,421 |
| Total | $6,042,744 | $7,349,403 |


Revenue by Source - Governmental Activities
Property taxes
13%
Other taxes
39%
Misc & Invest. earnings
0%
Charges for services
4%
Operating grants
and contributions
11%
Capital grants and
contributions
33%


Expenses and Program Revenues-Governmental Activities
$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**

Program revenues from business-type activities totaled $10,541,428 and expenses totaled $8,320,255. 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 $7,409,141 an increase of $2,754,874. Approximately 45%, or $3,308,716, 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 $3,308,716 while the total fund balance reached $3,476,704. The fund balance in the City's general fund increased by $765,522 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 (deficit) at the end of the year amounted to:

- ($186,280) for the Water & Sewer fund.
- ($283,480) for the Natural Gas fund.
- ($358,851) for the Solid Waste (Sanitation) fund.
- ($11,647) 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, 2020 can be found in the Required Supplementary Information.

During September 2019, the City adopted a General Fund budget of $12,479,786 for FY2020. At the end of the fiscal year, the final actual expenditures were $14,319,083 which was as increase of $1,839,297 from the original adopted budget. The final amended budget expenditures were $15,067,425.

**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, 2020 amounts to $54,084,515 (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 6%.

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

- $145,184 current year addition Fitness Court.
- $115,829 current year addition Public Safety Building.
- $1,178,976 current year addition Purchasing/Parks Building.
- $995,305 current year addition Street Paving.
- $114,689 current year addition DMV Building.
- $58,062 current year addition Shooting Range.
- $426,050 current year addition Pierce Fire Truck.
- $52,653 current year addition 2020 ford F350.
- $63,000 current year addition Mini Excavator.
- $1,167,207 current year addition Sewer Rehab WWTP.
- $720,694 current year addition Utilities Building.

- $132,564 current year addition Williams Street Upgrades.
- $148,640 current year Cathodic Protection Line.
- $142,853 current year 2021 Model 520 Cab.
- $119,277 current year Side Loader Body.

**Government Wide Capital Assets**

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Land | $ 2,361,139 | $ 109,267 | $ 2,470,406 |
| Building and improvements | 16,527,912 | 44,217,207 | 60,745,119 |
| Machinery and equipment | 9,521,448 | 6,849,943 | 16,371,391 |
| Infrastructure | 11,233,828 | - | 11,233,828 |
| Construction in progress | 1,804,596 | 230,473 | 2,035,069 |
| Accumulated depreciation | (16,914,755) | (21,856,543) | (38,771,298) |
| Total | $ 24,534,168 | $ 29,550,347 | $ 54,084,515 |

**Long-term debt**

The City's total debt government wide is $18,988,329 which increased by $4,593,486 during the current fiscal year.

Additional information on the City's long-term debt can be found in note 6 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the City is currently 4.7%, which increased from a rate of 3.6% a year ago. This is below the state's average unemployment rate of 6.4% and the national average unemployment rate of 7.9%.
- The occupancy rate of the City's central business district is 93%, this is 4% higher than prior year.

All of these factors were considered in preparing the City's budget for the 2020-2021 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.

# CITY OF BAINBRIDGE, GEORGIA
## STATEMENT OF NET POSITION
## SEPTEMBER 30, 2020

| | Primary Government | | | Component Units | |
|---|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Downtown Development Authority | Convention and Visitor's Bureau |
| Assets: | | | | | |
| Cash and cash equivalents | $ 4,148,638 | $ 353,349 | $ 4,501,987 | $ 14,223 | $ 37,343 |
| Taxes receivables, net | 1,363,333 | - | 1,363,333 | - | - |
| Account receivables, net | 2,372,133 | 793,806 | 3,165,939 | - | - |
| Due from other governments | 866,369 | 940 | 867,309 | - | - |
| Due from primary government | - | - | - | - | 8,120 |
| Due from component unit | 5,244 | - | 5,244 | - | - |
| Internal balances | 917,607 | (917,607) | - | - | - |
| Inventories | 125,854 | 139,609 | 265,463 | - | - |
| Prepaid items | 210,974 | 142,963 | 353,937 | - | 108 |
| Capital assets, not depreciated | 4,165,735 | 339,740 | 4,505,475 | 413,856 | - |
| Capital assets, depreciated, net | 20,368,433 | 29,210,607 | 49,579,040 | 301,523 | - |
| Total assets | 34,544,320 | 30,063,407 | 64,607,727 | 729,602 | 45,571 |
| Deferred outflows of resources | | | | | |
| Differences between expected and actual experience of economic/demographic losses | 416,436 | 138,968 | 555,404 | - | 879 |
| Assumption changes | 456,638 | 152,383 | 609,021 | - | 963 |
| City contributions subsequent to the measurement date | 342,684 | 114,356 | 457,040 | - | 723 |
| Total deferred outflows of resources | 1,215,758 | 405,707 | 1,621,465 | - | 2,565 |
| Labilities: | | | | | |
| Accounts payable | 558,005 | 267,513 | 825,518 | 1,710 | 771 |
| Accrued expenses | 396,613 | 45,862 | 442,475 | - | - |
| Claims payable | 245,000 | - | 245,000 | - | - |
| Checks in excess of bank balance | 39,428 | - | 39,428 | - | - |
| Due to component unit | 8,120 | - | 8,120 | - | - |
| Due to primary government | - | - | - | 388 | 4,856 |
| Customer deposits | - | 346,339 | 346,339 | - | - |
| Unearned revenue | - | 9,343 | 9,343 | - | - |
| Bonds payable, due within one year | 975,000 | - | 975,000 | - | - |
| Bonds payable, due in more than one year | 15,828,020 | - | 15,828,020 | - | - |
| Notes payable, due within one year | 19,519 | - | 19,519 | 208,440 | - |
| Notes payable, due in more than one year | 569,030 | - | 569,030 | 246,375 | - |
| Financed purchases, due within one year | 546,416 | 64,995 | 611,411 | - | - |
| Financed purchases, due in more than one year | 847,627 | 137,722 | 985,349 | - | - |
| Compensated absences payable, due within one year | 214,064 | 62,797 | 276,861 | - | - |
| Compensated absences payable, due in more than one year | 91,743 | 26,913 | 118,656 | - | - |
| Landfill post closure care | 237,308 | - | 237,308 | - | - |
| Net pension liability | 2,718,186 | 907,077 | 3,625,263 | - | 5,735 |
| Total liabilities | 23,294,079 | 1,868,561 | 25,162,640 | 456,913 | 11,362 |
| Deferred inflows of resources | | | | | |
| Deferred revenue - property taxes | 1,358,832 | - | 1,358,832 | - | - |
| Differences between expected and actual experience of economic/demographic gains | 120,730 | 40,288 | 161,018 | - | 255 |
| Net difference between projected and actual earnings on pension plan investments | 62,791 | 20,954 | 83,745 | - | 132 |
| Total deferred inflows of resources | 1,542,353 | 61,242 | 1,603,595 | - | 387 |
| Net Position: | | | | | |
| Net investment in capital assets | 8,074,652 | 29,347,630 | 36,833,733 | 715,379 | - |
| Restricted for: | | | | | |
| General government | 439 | - | 439 | | |
| Public safety | 34,306 | - | 34,306 | - | - |
| Debt service | 85,944 | - | 85,944 | - | - |
| Capital projects | 3,811,748 | - | 3,811,748 | - | - |
| Unrestricted | (1,083,443) | (808,319) | (1,303,213) | (442,690) | 36,387 |
| Total net position | $ 10,923,646 | $ 28,539,311 | $ 39,462,957 | $ 272,689 | $ 36,387 |

**The accompanying notes are an integral part of these financial statements.**

# CITY OF BAINBRIDGE, GEORGIA

## STATEMENT OF ACTIVITIES
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities | Primary Government: Business-type Activities | Primary Government: Total | Component Units: DDA | Component Units: CVB |
|---|---|---|---|---|---|---|---|---|---|
| Primary government | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| General government | $ 2,972,701 | $ 317,176 | $ 1,103,841 | $ 1,970,576 | $ 418,892 | $ - | $ 418,892 | | |
| Public safety | 4,310,606 | 168,878 | 2,723 | 181,973 | (3,957,032) | - | (3,957,032) | | |
| Public works | 5,470,083 | - | 199,426 | 1,809,969 | (3,460,688) | - | (3,460,688) | | |
| Community development | 971,063 | - | 120,000 | 168,182 | (682,881) | - | (682,881) | | |
| Judicial | 236,274 | - | - | - | (236,274) | - | (236,274) | | |
| Interest & fiscal charges | | | | | | - | - | | |
| on long-term debt | 947,382 | - | - | - | (947,382) | - | (947,382) | | |
| Total governmental activities | 14,908,109 | 486,054 | 1,425,990 | 4,130,700 | (8,865,365) | - | (8,865,365) | | |
| Business-type activities: | | | | | | | | | |
| Water and sewer | 3,565,548 | 5,561,177 | - | - | - | 1,995,629 | 1,995,629 | | |
| Natural gas | 1,559,313 | 1,309,029 | - | - | - | (250,284) | (250,284) | | |
| Sanitation | 2,594,887 | 2,870,742 | - | - | - | 275,855 | 275,855 | | |
| Telecommunications | 600,507 | 800,480 | - | - | - | 199,973 | 199,973 | | |
| Total business-type activities | 8,320,255 | 10,541,428 | - | - | - | 2,221,173 | 2,221,173 | | |
| Total primary government | $ 23,228,364 | $ 11,027,482 | $ 1,425,990 | $ 4,130,700 | (8,865,365) | 2,221,173 | (6,644,192) | | |
| Component unit: | | | | | | | | | |
| Downtown Development Authority | $ 87,087 | $ 14,137 | $ 50,000 | $ - | | | | $ (22,950) | $ - |
| Convention and Visitor's Bureau | 92,209 | - | 81,166 | - | | | | - | (11,043) |
| Total component unit | $ 179,296 | $ 14,137 | $ 131,166 | $ - | | | | (22,950) | (11,043) |
| General revenues: | | | | | | | | | |
| Property taxes | | | | | 1,660,169 | - | 1,660,169 | - | - |
| Sales taxes | | | | | 2,031,767 | - | 2,031,767 | - | - |
| Insurance Premium Tax | | | | | 1,027,826 | - | 1,027,826 | - | - |
| Alcoholic beverage taxes | | | | | 351,885 | - | 351,885 | - | - |
| Franchise taxes | | | | | 876,304 | - | 876,304 | - | - |
| Hotel taxes | | | | | 203,371 | - | 203,371 | - | - |
| Business taxes | | | | | 426,845 | - | 426,845 | - | - |
| Other taxes | | | | | 29,501 | - | 29,501 | - | - |
| Unrestricted investment earnings | | | | | 15,663 | 640 | 16,303 | 154 | 96 |
| Gain on sale of capital assets | | | | | 361,977 | 3,056 | 365,033 | - | - |
| Transfers | | | | | 1,484,065 | (1,484,065) | - | - | - |
| Total general revenues and transfers | | | | | 8,469,373 | (1,480,369) | 6,989,004 | 154 | 96 |
| Change in net position | | | | | (395,992) | 740,804 | 344,812 | (22,796) | (10,947) |
| Net position, beginning of year | | | | | 11,319,638 | 27,798,507 | 39,118,145 | 295,485 | 47,334 |
| Net position, end of year | | | | | $ 10,923,646 | $ 28,539,311 | $ 39,462,957 | $ 272,689 | $ 36,387 |

**The accompanying notes are an integral part of these financial statements.**

# CITY OF BAINBRIDGE, GEORGIA

## BALANCE SHEET
## GOVERNMENTAL FUNDS

## SEPTEMBER 30, 2020

| | General Fund | SPLOST | TSPLOST | Bainbridge Public Facilities Authority | Other Governmental Funds | Totals Governmental Funds |
|---|---|---|---|---|---|---|
| Assets | | | | | | |
| Cash and cash equivalents | $ 908,889 | $ 507,477 | $ 852,431 | $ 1,823,491 | $ 56,350 | $ 4,148,638 |
| Accounts receivable, net | 1,334,951 | 7,087 | - | - | 21,204 | 1,363,242 |
| Taxes receivable, net | 2,372,133 | - | - | - | - | 2,372,133 |
| Due from other funds | 1,301,574 | - | 247,924 | - | - | 1,549,498 |
| Due from other governments | 200,063 | 414,011 | 248,733 | - | - | 862,807 |
| Due from component units | 5,244 | - | - | - | - | 5,244 |
| Inventories | 52,989 | - | - | - | - | 52,989 |
| Prepaid items | 114,999 | - | - | - | - | 114,999 |
| Total assets | $ 6,290,842 | $ 928,575 | 1,349,088 | $ 1,823,491 | $ 77,554 | $ 10,469,550 |
| Liabilities | | | | | | |
| Accounts payable | $ 321,987 | $ 9,416 | $ 170,029 | $ 22,577 | $ - | $ 524,009 |
| Accrued other expenses | 262,703 | - | - | - | - | 262,703 |
| Due to other funds | 493,599 | 1,440 | - | - | 34,689 | 529,728 |
| Due to component units | - | - | - | - | 8,120 | 8,120 |
| Total liabilities | 1,078,289 | 10,856 | 170,029 | 22,577 | 42,809 | 1,324,560 |
| Deferred inflows of resources | | | | | | |
| Deferred revenue - property taxes | 1,358,832 | - | - | - | - | 1,358,832 |
| Unavailable revenue - fines | 377,017 | - | - | - | - | 377,017 |
| Total deferred inflows of resources | 1,735,849 | - | - | - | - | 1,735,849 |
| Fund balances | | | | | | |
| Nonspendable: | | | | | | |
| Inventories | 52,989 | - | - | - | - | 52,989 |
| Prepaid items | 114,999 | - | | - | - | 114,999 |
| Restricted for: | | | | | | |
| Debt service | - | - | - | 85,944 | - | 85,944 |
| Capital projects | - | 917,719 | 1,179,059 | 1,714,970 | - | 3,811,748 |
| General government | - | - | - | - | 439 | 439 |
| Public safety | - | - | | - | 34,306 | 34,306 |
| Unassigned | 3,308,716 | - | | - | - | 3,308,716 |
| Total fund balances | 3,476,704 | 917,719 | 1,179,059 | 1,800,914 | 34,745 | 7,409,141 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 6,290,842 | $ 928,575 | $ 1,349,088 | $ 1,823,491 | $ 77,554 | |

| | |
|---|---|
| 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. | 24,502,290 |
| Revenue earned but unavailable is not reported in the funds. | 377,017 |
| Deferred outflows of resources related to pension are not available to pay for current period expenditures and, therefore, are not reported in the funds. | 1,150,763 |
| Internal service funds are used by management to charge the costs 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 position. | (336,230) |
| Deferred inflows of resources related to pensions are not due and payable in the current period and, therefore, are not reported in the funds. | (173,710) |
| 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: | |
| Notes payable | (588,549) |
| Financed purchases | (1,381,559) |
| Bonds payable | (15,425,000) |
| Unamortized bond premium | (1,378,020) |
| Accrued interest payable | (133,760) |
| Accrued compensated absences | (288,558) |
| Net pension liability | (2,572,871) |
| Landfill post-closure care obligation | (237,308) |
| Net position of governmental activities | $ 10,923,646 |

**The accompanying notes are an integral part of these financial statements.**

# CITY OF BAINBRIDGE, GEORGIA
## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | General | SPLOST | TSPLOST | Bainbridge Public Facilities Authority | Other Governmental Funds | Totals Governmental Funds |
|---|---|---|---|---|---|---|
| Revenues: | | | | | | |
| Taxes | $ 6,404,297 | $ - | $ - | $ - | $ 203,371 | $ 6,607,668 |
| Licenses and permits | 176,432 | - | - | - | - | 176,432 |
| Intergovernmental | 1,732,263 | 2,233,794 | 1,466,030 | - | 2,723 | 5,434,810 |
| Charges for services | 47,368 | - | - | - | - | 47,368 |
| Fines and forfeitures | 180,194 | - | - | - | - | 180,194 |
| Investment earnings | 2 | 379 | 1,501 | 15,616 | 45 | 17,543 |
| Other revenues | 91,677 | 120,000 | - | - | 1,699 | 213,376 |
| Total revenues | 8,632,233 | 2,354,173 | 1,467,531 | 15,616 | 207,838 | 12,677,391 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 3,447,637 | - | - | - | 1,260 | 3,448,897 |
| Judicial | 237,632 | - | - | - | - | 237,632 |
| Public safety | 4,683,237 | - | - | - | 1,737 | 4,684,974 |
| Public works | 4,130,646 | - | - | - | - | 4,130,646 |
| Community development | 1,359,209 | - | - | - | 81,167 | 1,440,376 |
| Capital projects | - | 2,744,702 | 755,289 | 71,739 | - | 3,571,730 |
| Debt service | | | | | | |
| Principal | 342,019 | 2,283,772 | 201,384 | 775,000 | 158,745 | 3,760,920 |
| Interest | 118,703 | 24,227 | 20,541 | 447,313 | 32,183 | 642,967 |
| Underwriters discount | - | - | - | 286,019 | - | 286,019 |
| Total expenditures | 14,319,083 | 5,052,701 | 977,214 | 1,580,071 | 275,092 | 22,204,161 |
| Excess (deficiency) of revenues over (under) expenditures | (5,686,850) | (2,698,528) | 490,317 | (1,564,455) | (67,254) | (9,526,770) |
| Other financing sources (uses): | | | | | | |
| Transfers in | 5,965,401 | 3,324,384 | - | 1,222,290 | 2,613,086 | 13,125,161 |
| Transfers out | - | (1,410,457) | (391,017) | (8,364,728) | (121,765) | (10,287,967) |
| Issuance of note payable | - | 588,549 | - | - | - | 588,549 |
| Issuance of financed purchase agreement | 119,921 | 401,700 | - | - | - | 521,621 |
| Issuance of bond payable | - | - | - | 10,890,000 | - | 10,890,000 |
| Premium on bond issuance | - | - | - | 1,346,754 | - | 1,346,754 |
| Payment to escrow for refunded debt | - | - | - | (1,847,366) | (2,422,158) | (4,269,524) |
| Proceeds from sale of capital assets | 367,050 | - | - | - | - | 367,050 |
| Total other financing sources (uses) | 6,452,372 | 2,904,176 | (391,017) | 3,246,950 | 69,163 | 12,281,644 |
| Net change in fund balances | 765,522 | 205,648 | 99,300 | 1,682,495 | 1,909 | 2,754,874 |
| Fund balances, beginning of year | 2,711,182 | 712,071 | 1,079,759 | 118,419 | 32,836 | 4,654,267 |
| Fund balances, end of year | $ 3,476,704 | $ 917,719 | $ 1,179,059 | $ 1,800,914 | $ 34,745 | $ 7,409,141 |

**The accompanying notes are an integral part of these 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, 2020

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | $ | 2,754,874 |
| 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. This is the amount by which capital outlays exceeded depreciation in the current period. | | |
| Capital outlay | | 5,305,575 |
| Depreciation expense | | (1,719,124) |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position | | (1,358,202) |
| The issuance of long-term debt provides current financial resources while the repayment of principle on long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. | | |
| Principal repayments | | 3,760,920 |
| Issuance of bonds | | (10,890,000) |
| Premium on bond issuance | | (1,346,754) |
| Payment of refunded general obligation debt to escrow agent | | 4,269,524 |
| Initiation of financed purchases | | (521,620) |
| Initiation of note payable | | (588,549) |
| Amortization of bond premium | | 75,409 |
| Amortization of deferred charge on refunding | | (107,067) |
| 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. | | (11,316) |
| Internal service funds are used by management to charge costs of various services and benefits to individual funds. The net revenues (expenses) of certain activities of internal service funds are reported with governmental activities. | | 87,828 |
| 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 governmental funds. Adjustments for these items are as follow: | | |
| Accrued interest on debt | | 18,561 |
| Compensated absences | | (35,049) |
| Net pension liability and deferred inflows and outflows | | (91,002) |
| Change in net position of governmental activities | $ | (395,992) |

**The accompanying notes are an integral part of these financial statements.**

# CITY OF BAINBRIDGE, GEORGIA

## PROPRIETARY FUNDS
## STATEMENT OF NET POSITION
## September 30, 2020

| | Enterprise Funds Major | | | | | |
|---|---|---|---|---|---|---|
| | Water and Sewer | Natural Gas | Sanitation | Tele-communications | Totals | Internal Service Funds |
| **ASSETS** | | | | | | |
| Current assets: | | | | | | |
| Cash | $ 301,816 | $ 40,082 | $ 4 | $ 11,447 | $ 353,349 | $ - |
| Receivables, net | | | | | | |
| Utility accounts | 375,636 | 114,823 | 185,123 | 118,224 | 793,806 | - |
| Other | - | - | - | - | - | 91 |
| Due from other funds | 71,008 | 104 | 245,675 | 223,221 | 540,008 | 548,554 |
| Due from other governments | 556 | 4 | - | 380 | 940 | 3,562 |
| Inventory | 103,499 | 17,538 | 4,412 | 14,160 | 139,609 | 72,865 |
| Prepaid items | 111,533 | 11,365 | 18,089 | 1,976 | 142,963 | 95,975 |
| Total current assets | 964,048 | 183,916 | 453,303 | 369,408 | 1,970,675 | 721,047 |
| **NON-CURRENT ASSETS** | | | | | | |
| Capital assets: | | | | | | |
| Construction in progress | 230,473 | - | - | - | 230,473 | - |
| Land | - | - | 13,870 | 95,397 | 109,267 | - |
| Buildings and improvements | 38,298,177 | 4,315,830 | 615,097 | 247,818 | 43,476,922 | 23,749 |
| Machinery and equipment | 2,020,576 | 278,196 | 4,322,614 | 968,842 | 7,590,228 | 200,339 |
| | 40,549,226 | 4,594,026 | 4,951,581 | 1,312,057 | 51,406,890 | 224,088 |
| Less accumulated depreciation | (15,927,144) | (2,316,251) | (3,122,948) | (490,200) | (21,856,543) | (192,210) |
| Total capital assets | 24,622,082 | 2,277,775 | 1,828,633 | 821,857 | 29,550,347 | 31,878 |
| Total assets | 25,586,130 | 2,461,691 | 2,281,936 | 1,191,265 | 31,521,022 | 752,925 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | | | |
| Difference between expected and actual experience | 69,777 | 15,115 | 54,076 | - | 138,968 | 22,263 |
| Assumption changes | 76,513 | 16,574 | 59,296 | - | 152,383 | 24,412 |
| Contributions subsequent to the measurement date | 57,419 | 12,438 | 44,499 | - | 114,356 | 18,320 |
| Total deferred outflow of resources | 203,709 | 44,127 | 157,871 | - | 405,707 | 64,995 |
| **CURRENT LIABILITIES** | | | | | | |
| Accounts payable | 48,743 | 148,500 | 33,169 | 37,101 | 267,513 | 33,996 |
| Accrued expenses | 2,572 | 43,290 | - | - | 45,862 | 150 |
| Checks written in excess of bank balance | - | - | - | - | - | 39,428 |
| Claims payable | - | - | - | - | - | 245,000 |
| Due to other funds | 419,057 | 198,233 | 528,310 | 343,954 | 1,489,554 | 618,778 |
| Customer deposit payable | 346,339 | - | - | - | 346,339 | - |
| Unearned revenue | 9,343 | - | - | - | 9,343 | - |
| Compensated absences - current portion | 29,248 | 11,326 | 22,223 | - | 62,797 | 12,074 |
| Financed purchases - current portion | 57,329 | 7,666 | - | - | 64,995 | 8,813 |
| Total current liabilities | 912,631 | 409,015 | 583,702 | 381,055 | 2,286,403 | 958,239 |
| **NON-CURRENT LIABILITIES** | | | | | | |
| Compensated absences, net of current portion | 12,535 | 4,854 | 9,524 | - | 26,913 | 5,175 |
| Financed purchasess, net of current portion | 129,498 | 8,224 | - | - | 137,722 | 3,671 |
| Net pension liability | 455,450 | 98,659 | 352,968 | - | 907,077 | 145,315 |
| Total long-term liabilities | 597,483 | 111,737 | 362,492 | - | 1,071,712 | 154,161 |
| Total liabilities | 1,510,114 | 520,752 | 946,194 | 381,055 | 3,358,115 | 1,112,400 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | |
| Difference between expected and actual experience | 20,229 | 4,382 | 15,677 | - | 40,288 | 6,454 |
| Net difference between projected and actual earnings on pension plan investments | 10,521 | 2,279 | 8,154 | - | 20,954 | 3,357 |
| Total deferred inflow of resources | 30,750 | 6,661 | 23,831 | - | 61,242 | 9,811 |
| **NET POSITION** | | | | | | |
| Net investment in capital assets | 24,435,255 | 2,261,885 | 1,828,633 | 821,857 | 29,347,630 | 19,394 |
| Unrestricted (deficit) | (186,280) | (283,480) | (358,851) | (11,647) | (840,258) | (323,685) |
| Total net position (deficit) | $ 24,248,975 | $ 1,978,405 | $ 1,469,782 | $ 810,210 | 28,507,372 | $ (304,291) |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | | | | | 31,939 | |
| Net position of business-type activities | | | | | $ 28,539,311 | |

**The accompanying notes are an integral part of these financial statements.**

# CITY OF BAINBRIDGE, GEORGIA

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

| | Business-type Activities - Enterprise Funds | | | | | |
|---|---|---|---|---|---|---|
| | Water and Sewer | Natural Gas | Sanitation | Tele-communications | Totals | Internal Service Funds |
| **Operating revenues** | | | | | | |
| Charges for services | $ 5,489,351 | $ 1,252,917 | $ 2,850,742 | $ 467,371 | $ 10,060,381 | $ 3,279,170 |
| Other revenues | 71,826 | 56,112 | 20,000 | 333,109 | 481,047 | 756,160 |
| Total operating revenues | 5,561,177 | 1,309,029 | 2,870,742 | 800,480 | 10,541,428 | 4,035,330 |
| **Operating expenses** | | | | | | |
| Personal services | 1,195,100 | 288,800 | 857,158 | - | 2,341,058 | 369,521 |
| Cost of operations | 1,561,020 | 1,058,680 | 1,080,422 | 565,863 | 4,265,985 | 419,738 |
| Depreciation | 814,103 | 95,258 | 653,429 | 34,644 | 1,597,434 | 14,258 |
| Benefits and claims | - | - | - | - | - | 3,113,752 |
| Total operating expenses | 3,570,223 | 1,442,738 | 2,591,009 | 600,507 | 8,204,477 | 3,917,269 |
| Operating income (loss) | 1,990,954 | (133,709) | 279,733 | 199,973 | 2,336,951 | 118,061 |
| **Non-operating revenues (expenses)** | | | | | | |
| Investment income | 539 | 72 | 5 | 24 | 640 | 695 |
| Interest expense | (12,120) | (2,453) | (14,955) | - | (29,528) | (543) |
| Gain (loss) from disposal of capital assets | 3,056 | (118,344) | - | - | (115,288) | 1,709 |
| Total non-operating revenues (expenses) | (8,525) | (120,725) | (14,950) | 24 | (144,176) | 1,861 |
| Income (loss) before transfers and contributions | 1,982,429 | (254,434) | 264,783 | 199,997 | 2,192,775 | 119,922 |
| **Transfers** | | | | | | |
| Transfers in | 503,808 | - | 619,581 | - | 1,123,389 | - |
| Transfers out | (2,877,351) | (149,861) | (633,371) | (300,000) | (3,960,583) | - |
| Total transfers | (2,373,543) | (149,861) | (13,790) | (300,000) | (2,837,194) | - |
| **Capital contributions** | 1,353,129 | - | - | - | 1,353,129 | - |
| Change in net position | 962,015 | (404,295) | 250,993 | (100,003) | 708,710 | 119,922 |
| **Net position (deficit), beginning of year** | 23,286,960 | 2,382,700 | 1,218,789 | 910,213 | | (424,213) |
| **Net position (deficit), end of year** | $ 24,248,975 | $ 1,978,405 | $ 1,469,782 | $ 810,210 | | $ (304,291) |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | | | | | 32,094 | |
| Change in net position of business-type activities | | | | | $ 740,804 | |

**The accompanying notes are an integral part of these financial statements.**

# CITY OF BAINBRIDGE, GEORGIA

## STATEMENT OF CASH FLOWS
## PROPRIETARY FUNDS
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Business-type Activities - Enterprise Funds | | | | | |
|---|---|---|---|---|---|---|
| | Water and Sewer | Natural Gas | Sanitation | Tele-communications | Totals | Internal Service Funds |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | | |
| Cash received from customers | $ 5,660,672 | $ 1,294,287 | $ 2,915,377 | $ 801,387 | $ 10,671,723 | $ 4,052,365 |
| Cash payments for good and services | (1,156,197) | (765,548) | (1,172,049) | (440,822) | (3,534,616) | (417,701) |
| Cash payments to employees | (1,146,588) | (284,991) | (803,588) | - | (2,235,167) | (368,822) |
| Cash payments for claims and benefits | - | - | - | - | - | (3,282,426) |
| Net cash provided by (used in) operating activities | 3,357,887 | 243,748 | 939,740 | 360,565 | 4,901,940 | (16,584) |
| **CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES** | | | | | | |
| Transfers from other funds | 503,808 | - | 619,581 | - | 1,123,389 | - |
| Transfers to other funds | (2,877,351) | (149,861) | (633,371) | (300,000) | (3,960,583) | - |
| Net cash used in non-capital financing activities | (2,373,543) | (149,861) | (13,790) | (300,000) | (2,837,194) | - |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | | | |
| Purchase of capital assets | (741,166) | (148,640) | (262,129) | (50,030) | (1,201,965) | - |
| Proceeds from sale of capital assets | 3,056 | 59,727 | - | - | 62,783 | 10,899 |
| Principal payments on financed purchases | (90,391) | (2,481) | (650,920) | - | (743,792) | (10,859) |
| Interest paid | (12,120) | (2,453) | (14,955) | - | (29,528) | (543) |
| Net cash used in capital and related financing activities | (840,621) | (93,847) | (928,004) | (50,030) | (1,912,502) | (503) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | |
| Interest received | 539 | 72 | 5 | 24 | 640 | 695 |
| Net cash provided by investing activities | 539 | 72 | 5 | 24 | 640 | 695 |
| Net increase (decrease) in cash | 144,262 | 112 | (2,049) | 10,559 | 152,884 | (16,392) |
| **Cash and cash equivalents** | | | | | | |
| Begininning of year | 157,554 | 39,970 | 2,053 | 888 | 200,465 | 16,392 |
| End of year | $ 301,816 | $ 40,082 | $ 4 | $ 11,447 | $ 353,349 | $ - |

**(Continued)**

# CITY OF BAINBRIDGE, GEORGIA

## STATEMENT OF CASH FLOWS
## PROPRIETARY FUNDS
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Business-type Activities- Enterprise Funds | | | | | |
|---|---|---|---|---|---|---|
| | Water and Sewer | Natural Gas | Sanitation | Tele-communications | Totals | Internal Service Funds |
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES** | | | | | | |
| Operating income (loss) | $ 1,990,954 | $ (133,709) | $ 279,733 | $ 199,973 | $ 2,336,951 | $ 118,061 |
| Depreciation | 814,103 | 95,258 | 653,429 | 34,644 | 1,597,434 | 14,258 |
| Changes in assets and liabilities, deferred outflows and inflows of resources: | | | | | | |
| Decrease in accounts receivables | 118,705 | 10,760 | 44,635 | 1,287 | 175,387 | 208 |
| (Increase) decrease in due from other funds | (57,101) | 34,512 | (245,675) | (154,382) | (422,646) | (287,172) |
| (Increase) decrease in due from other goverrmments | 4,240 | 66,261 | - | (380) | 70,121 | (1,281) |
| (Increase) decrease in inventory | (7,540) | (3,188) | 1,583 | (131) | (9,276) | 62 |
| (Increase) decrease in prepaid items | 103,133 | 4,644 | (2,936) | (241) | 104,600 | (57,507) |
| Increase in net difference between expected and actual experience | (39,105) | (8,041) | (30,965) | - | (78,111) | (11,943) |
| Increase assumption changes | (63,069) | (13,109) | (49,725) | - | (125,903) | (19,634) |
| Increase (decrease) in contributions subsequent to the measurement date | (894) | 2,097 | (4,236) | - | (3,033) | 2,791 |
| Increase (decrease) in accounts payable | (16,963) | 79,033 | (22,922) | 29,952 | 69,100 | (73,289) |
| Increase (decrease) in accrued liabilities | 3,462 | 46,895 | 4,802 | - | 55,159 | (1,399) |
| Increase in due to other funds | 358,985 | 175,570 | 178,323 | 249,843 | 962,721 | 305,280 |
| Decrease in due to other governments | (23,450) | (91,763) | - | - | (115,213) | - |
| Increase (decrease) in customer deposits | 25,826 | (40,195) | - | - | (14,369) | - |
| Decrease in claim payable | - | - | - | - | - | (74,929) |
| Decrease in net difference between projected and actual earnings on pension plan investments | (60,241) | (15,929) | (42,241) | - | (118,411) | (22,826) |
| Increase in net pension liability | 206,842 | 34,652 | 175,935 | - | 417,429 | 53,308 |
| Net cash provided by (used in) operating activities | $ 3,357,887 | $ 243,748 | $ 939,740 | $ 360,565 | $ 4,901,940 | $ (56,012) |
| **NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:** | | | | | | |
| Capital assets transferred from other funds | $ 1,353,129 | $ - | $ - | $ - | $ 1,353,129 | $ - |
| Net noncash investing, capital and financing activities | $ 1,353,129 | $ - | $ - | $ - | $ 1,353,129 | $ - |

**The accompanying notes are an integral part of these financial statements.**

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Bainbridge, Georgia (the "City") have been prepared in conformity with U. S. generally accepted accounting principles ("GAAP") as applied to governmental entities units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

### A. The Financial 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 Board (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and 34", the financial statements of its component units. The fiscal year of the component units is September 30. The component units discussed below are included in the reporting entity because of the financial relationship with the City.

**Discretely Presented Component Units**

**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 and improvement 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. Separate financial statements are not prepared for the Downtown Development Authority but are included in the City's Annual Financial Report.

**Bainbridge Convention and Visitor's Bureau (CVB):** The Bainbridge Convention and Visitor's 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 in the area. The City's Board of Aldermen approves the annual budget of the Bureau and provides the majority of the Bureau's resources for current year expenses. Separate financial statements are not prepared for the Bainbridge Convention and Visitor's Bureau but are included in the City's Annual Financial Report.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### A. The Financial Reporting Entity (Continued)

**Blended Component Units**

**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. Two members are appointed by the Mayor, and the other five members are appointed by the City's Board of Aldermen. Separate financial statements are not prepared for the Downtown Bainbridge Development Authority.

**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 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 Aldermen and Mayor. The City Aldermen and Mayor may nominate and appoint up to three additional members. Separate financial statements are not prepared for the City of Bainbridge Public Facilities Authority.

### 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. *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.

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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### C. Measurement Focus, Basis of Accounting, and Basis of 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 the 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 City 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 year. 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 payment is due

Property taxes, sales taxes, franchise taxes, licenses, and investment income 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 City.

The City reports the following major governmental funds:

The ***General Fund*** is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

The ***SPLOST Fund*** is used to account for projects financed by a 1% special purpose local option sales tax as well as loan proceeds used for these same projects.

The ***T-SPLOST Fund*** is a capital projects fund that is used to account for transportation projects financed by a 1% special purpose sales and use tax.

The ***Public Facilities Authority Fund*** is a capital projects fund that provides funding through intergovernmental agreements for the construction of governmental facilities.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The City reports the following major proprietary funds:

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.

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

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

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

Additionally, the City reports the following fund types:

The ***Special Revenue Funds*** are used to account for the proceeds of specific revenue sources that relate to expenditures for specified purposed.

The ***Capital Projects 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)

The ***Internal Service Funds*** are used to account for the 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 the government-wide financial statements. Exceptions to this general rule are charges between the City'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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

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. The principal operating revenues of the enterprise funds and internal service funds are charges to customers for sales and services provided. Operating expenses for the enterprise 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 length budgets.

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

- 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.
- A public hearing on the budget is held, giving notice thereof at least ten days in advance.
- The budget is then revised and adopted by the Board of Aldermen before September 30 of each year.
- The level of control (the level at which expenditures may not legally exceed appropriations) of 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.

Encumbrances 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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Budgets and Budgetary Accounting (Continued)

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, 2020.

The following General Fund departments and special revenue funds incurred expenditures in excess of budgeted amounts. Excess expenditures were funded by excess revenues.

| | | |
|---|---|---|
| General Fund | | |
| City attorney | $ | 1,483 |
| Building code enforcement | | 29,024 |
| Code enforcement | | 2,844 |
| Public works - maintenance | | 3,127 |
| Public works - streets | | 96,019 |
| Public works - parks | | 7,204 |
| Public safety | | 55,931 |
| Bricks for Veterans Fund | | 1,220 |

### E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. 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, obligation of other counties, municipal corporations, and political subdivisions of the State which are rated "AA" or better by Moody's Investor's 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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### F. Short-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" in the fund financial statements. Short-term interfund loans are classified as "interfund receivables/payables". Long-term interfund loans are classified as advances. Any residual balances outstanding between governmental and business-type activities are reported in the government-wide statement of net position as "internal balances."

### G. Grants from Other Governments

Federal and state governmental units represent an important source of supplementary funding used to finance housing, business development employment, construction programs, capital asset additions, and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded in both governmental and proprietary funds. Grant contributions in the proprietary funds, which are for the purpose of construction activities, land easement, or capital asset acquisitions, are recorded as capital contributions within the statement of revenues, expenses and changes in fund net assets. For all funds, a grant receivable is recorded when the City has a right to receive the related grant amounts.

### H. Inventory

Inventory is 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.

### I. Prepaid Items

Certain payments made to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

### J. 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. Capital assets are defined by the City as assets with an initial, individual cost of $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### J. Capital Assets (Continued)

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

The cost of normal maintenance and repairs that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate are not capitalized.

Depreciation is provided on the straight-line method over the following estimated useful lives:

| Assets | Years |
|---|---|
| Buildings | 25 –50 |
| Improvements | 25 |
| System improvements | 30 |
| Machinery and equipment | 5 – 15 |
| Infrastructure | 15 – 50 |

### K. Long-Term Liabilities

In the government-wide financial statements and proprietary fund types 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 type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year the debt is issued.

In the fund financial statements, governmental fund types 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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### L. Compensated Absences

Accumulated unpaid vacation pay amounts are accrued when incurred by the City in the government-wide and proprietary fund 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.

### M. 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 three items that qualify for reporting in this category that are related to changes in its net pension liability. Any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources. Changes in actuarial assumptions, which adjust the net pension liability, are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Additionally, experience gains or losses result from periodic studies by the City's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members.

In addition to liabilities, the governmental funds balance sheet and 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 fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, arising under the modified accrual basis of accounting that qualifies for reporting in this category. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from fines not received within 60 days after year end. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. Deferred revenue is reported in the governmental fund balance sheet and the statement of net position for property taxes levied as of September 30, 2020 for the September 30, 2021 budget.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### M. Deferred Outflows/Inflows of Resources (Continued)

Additionally, the City has two items that qualify for reporting in this category related to the City's net pension liability which are reported in the government-wide and proprietary fund statements of net position. The differences between projected investment return on pension investments and actual return on those investments is deferred and amortized against pension expense over a five year period, resulting in recognition as a deferred inflow of resources. Additionally, experience gains or losses result from periodic studies by the City's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members.

### N. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

***Fund Balance*** - Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance 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. The City does not have a formal fund balance policy. Fund balances are classified as follows:

- ***Nonspendable*** - Fund balances are reported as nonspendable when amounts cannot be spent because they are either: a) not in spendable form (i.e., items that are not expected to be converted to cash) or b) legally or contractually required to be maintained intact.

- ***Restricted*** - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- ***Committed*** - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Alderman through the adoption of a resolution prior to the end of a fiscal year. Only the City Alderman may modify or rescind the commitment.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### N. Fund Equity (Continued)

- ***Assigned*** - Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Alderman has authorized City management to assign fund balances.

- ***Unassigned*** - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

***Flow Assumptions –*** When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

***Net Position –*** Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction, or improvement of those assets. The following calculations provide further detail into the net investment in capital assets reported by the City.

| | Governmental Activities | Business-type Activities | Total Primary Government |
|---|---|---|---|
| Capital assets, net of depreciation | $ 24,534,168 | $ 29,550,347 | $ 54,084,515 |
| Less - financed purchases | (1,394,043) | (202,717) | (1,596,760) |
| Less - notes payable | (588,549) | - | (588,549) |
| Less - bonds payable | (16,803,020) | - | (16,803,020) |
| Plus - unspent proceeds | 1,737,547 | - | 1,737,547 |
| Plus - proceeds used for business-type activities assets | 588,549 | - | - |
| Net investment in capital assets | $ 8,074,652 | $ 29,347,630 | $ 36,833,733 |

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### N. Fund Equity (Continued)

Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available

### O. 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, the 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.

## NOTE 2. CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the government's deposit 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, 2020, the City was not exposed to custodial credit risk.

## NOTE 3. RECEIVABLES

**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 value of real and personal property (excluding motor vehicles and mobile home taxes) at January 1, 2019 was $335,922,243.

## NOTE 3. RECEIVABLES (CONTINUED)

Based on the 2019 millage levy of 4.075, a property tax owner would pay $4.075 per $1,000 of assessed valuation. Current tax collections of $1,312,826 for the fiscal year ended September 30, 2020 were 95.9% of the levy.

Receivables as of September 30, 2020, including the applicable allowances for uncollectible accounts, are as follows:

| | General | SPLOST | TSPLOST | Water and Sewer | Natural Gas |
|---|---|---|---|---|---|
| Receivables: | | | | | |
| Accounts | $ 1,334,951 | $ 7,087 | $ - | $ - | $ - |
| Taxes | 2,419,064 | - | - | - | - |
| Intergovernmental | 200,063 | 414,011 | 248,733 | - | - |
| Utility | - | - | - | 549,065 | 117,354 |
| Gross receivables | 3,954,078 | 421,098 | 248,733 | 549,065 | 117,354 |
| Less allowance for uncollectible | (46,931) | - | - | (173,429) | (2,531) |
| Net total receivables | $ 3,907,147 | $ 421,098 | $ 248,733 | $ 375,636 | $ 114,823 |

| | Sanitation | Telecom-munications | Internal Service | Nonmajor Governmental Funds |
|---|---|---|---|---|
| Receivables: | | | | |
| Accounts | $ - | $ 118,224 | $ 91 | $ 21,204 |
| Taxes | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Utility | 243,489 | - | - | - |
| Gross receivables | 243,489 | 118,224 | 91 | 21,204 |
| Less allowance for uncollectible | (58,366) | - | - | - |
| Net total receivables | $ 185,123 | $ 118,224 | $ 91 | $ 21,204 |

## NOTE 4. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances at September 30, 2020 are summarized as follows:

| | Payable Fund | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | General Fund | SPLOST Fund | Water and Sewer Fund | Natural Gas Fund | Sanitation Fund | Tele-communications Fund | Nonmajor Funds | Internal Service Funds | Total |
| **Receivable Fund:** | | | | | | | | | |
| General Fund | $ - | $ 1,440 | $ 213,863 | $ 88,850 | $ - | $ 343,954 | $ 34,689 | $ 618,778 | $ 1,301,574 |
| TSPLOST Fund | 247,924 | - | - | - | - | - | - | - | 247,924 |
| Water and Sewer Fund | - | - | - | 68,063 | 2,945 | - | - | - | 71,008 |
| Natural Gas Fund | - | - | - | - | 104 | - | - | - | 104 |
| Sanitation Fund | 245,675 | - | - | - | - | - | - | - | 245,675 |
| Telecommunications Fund | - | - | 140,480 | 35,044 | 47,697 | - | - | - | 223,221 |
| Internal Service Funds | - | - | 64,714 | 6,276 | 477,564 | - | - | - | 548,554 |
| Total | $ 493,599 | $ 1,440 | $ 419,057 | $ 198,233 | $ 528,310 | $ 343,954 | $ 34,689 | $ 618,778 | $ 2,638,060 |

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 fiscal year are as follows:

| | Transfers Out | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Transfers in | SPLOST Fund | TSPLOST Fund | Public Facilities Authority | Water & Sewer Fund | Natural Gas Fund | Sanitation Fund | Tele-communications Fund | Nonmajor Governmental Funds | Total |
| General Fund | $ - | $ 391,017 | $ 1,492,036 | $ 2,877,351 | $ 149,861 | $ 633,371 | $ 300,000 | $ 121,765 | $ 5,965,401 |
| SPLOST Fund | - | - | 3,324,384 | - | - | - | - | - | 3,324,384 |
| Public Facilties Authority Fund | 1,222,290 | - | - | - | - | - | - | - | 1,222,290 |
| Water & Sewer Fund | - | - | 503,808 | - | - | - | - | - | 503,808 |
| Sanitation Fund | - | - | 619,581 | - | - | - | - | - | 619,581 |
| Nonmajor Governmental Funds | 188,167 | - | 2,424,919 | - | - | - | - | - | 2,613,086 |
| Total | $ 1,410,457 | $ 391,017 | $ 8,364,728 | $ 2,877,351 | $ 149,861 | $ 633,371 | $ 300,000 | $ 121,765 | $ 14,248,550 |

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. Transfers from TSPLOST Fund to General Fund are for reimbursement of salaries and equipment rental for TSPLOST projects.

## NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2020, was as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | $ 2,361,139 | $ - | $ - | $ - | $ 2,361,139 |
| Construction in progress | 1,236,365 | 4,527,486 | - | (3,959,255) | 1,804,596 |
| Total | 3,597,504 | 4,527,486 | - | (3,959,255) | 4,165,735 |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 15,069,763 | 18,850 | (18,825) | 1,458,124 | 16,527,912 |
| Machinery and equipment | 9,124,957 | 759,239 | (362,748) | - | 9,521,448 |
| Infrastructure | 10,085,826 | - | - | 1,148,002 | 11,233,828 |
| Total | 34,280,546 | 778,089 | (381,573) | 2,606,126 | 37,283,188 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (5,081,426) | (789,346) | 18,825 | - | (5,851,947) |
| Machinery and equipment | (6,312,214) | (596,914) | 348,485 | - | (6,560,643) |
| Infrastructure | (4,155,043) | (347,122) | - | - | (4,502,165) |
| Total | (15,548,683) | (1,733,382) | 367,310 | - | (16,914,755) |
| Total capital assets, being depreciated, net | 18,731,863 | (955,293) | (14,263) | 2,606,126 | 20,368,433 |
| Governmental activities capital assets, net | $ 22,329,367 | $ 3,572,193 | $ (14,263) | $ (1,353,129) | $ 24,534,168 |

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Business-type activities:** | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | $ 109,267 | $ - | $ - | $ - | $ 109,267 |
| Construction in progress | 309,205 | 229,858 | - | (308,590) | 230,473 |
| Total | 418,472 | 229,858 | - | (308,590) | 339,740 |
| Capital assets, being depreciated: | | | | | |
| Buildings and plant in service | 42,368,332 | 178,550 | (392,803) | 2,063,128 | 44,217,207 |
| Machinery and equipment | 6,457,795 | 289,749 | - | 102,399 | 6,849,943 |
| Total | 48,826,127 | 468,299 | (392,803) | 2,165,527 | 51,067,150 |
| Less accumulated depreciation for: | | | | | |
| Buildings and plant in service | (16,609,871) | (821,306) | 214,732 | - | (17,216,445) |
| Machinery and equipment | (3,863,970) | (776,128) | - | - | (4,640,098) |
| Total | (20,473,841) | (1,597,434) | 214,732 | - | (21,856,543) |
| Total capital assets, being depreciated, net | 28,352,286 | (1,129,135) | (178,071) | 2,165,527 | 29,210,607 |
| Business-type activities capital assets, net | $ 28,770,758 | $ (899,277) | $ (178,071) | $ 1,856,937 | $ 29,550,347 |

## NOTE 5. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the Downtown Development Authority for the fiscal year ended September 30, 2020, was as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Component Unit - DDA** | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | $ 23,113 | $ 228,363 | $ - | $ - | $ 251,476 |
| Construction in progress | 298,458 | 165,445 | - | (301,523) | 162,380 |
| Total | 321,571 | 393,808 | - | (301,523) | 413,856 |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | - | - | - | 301,523 | 301,523 |
| Total | - | - | - | 301,523 | 301,523 |
| Total capital assets, being depreciated, net | - | - | - | 301,523 | 301,523 |
| Governmental activities capital assets, net | $ 321,571 | $ 393,808 | $ - | $ - | $ 715,379 |

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

| | |
|---|---|
| Governmental activities: | |
| General government | $ 474,265 |
| Public safety | 212,796 |
| Public works | 472,966 |
| Community development | 573,355 |
| Total depreciation expense - governmental activities | $ 1,733,382 |
| | |
| Business-type activities: | |
| Water and sewer | $ 814,103 |
| Natural gas | 95,258 |
| Sanitation | 653,429 |
| Telecommunications | 34,644 |
| Total depreciation expense - business-type activities | $ 1,597,434 |

No depreciation expense was incurred during the fiscal year ended September 30, 2020 for the Downtown Development Authority as the depreciable capital asset was not put into service until year end.

## NOTE 6. LONG-TERM DEBT

### Governmental Activities

**Notes Payable (Direct Borrowings)**

During November 2011, the City entered into a $3,000,000 loan agreement with the Georgia Environmental Finance Authority (GEFA) for the purpose of financing the installation of water meters, new water lines, and pump stations with appurtenances. In addition, the funds were used for the construction of sewer extension projects and capital improvements to the wastewater treatment plant. During the fiscal year ended September 30, 2020, this loan was repaid in full from the proceeds of a bond issuance.

In 2019 the City entered into an agreement with the Georgia Environmental Finance Authority to finance the installation of new gravity sewer lines, rehabilitate five pump stations, and related appurtenances. The total amount of the loan was $588,549, with an interest rate of 1.25%. Principal and interest payments are due monthly beginning January 1, 2021 through December 2040.

Upon the occurrence of an event of default, GEFA, at its option, without demand or notice of any kind, may declare the loans immediately due and payable, whereupon all outstanding principal and accrued interest shall become immediately due and payable.

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

| Fiscal Year Ending September 30, | Principal | Interest | Total |
|---|---|---|---|
| 2021 | $ 19,519 | $ 5,437 | $ 24,956 |
| 2022 | 26,311 | 6,963 | 33,274 |
| 2023 | 26,643 | 6,631 | 33,274 |
| 2024 | 26,978 | 6,296 | 33,274 |
| 2025 | 27,316 | 5,958 | 33,274 |
| 2026 – 2030 | 141,849 | 24,522 | 166,371 |
| 2031 – 2035 | 150,964 | 15,407 | 166,371 |
| 2036 – 2040 | 160,695 | 5,676 | 166,371 |
| 2041 | 8,274 | 18 | 8,292 |
| Total | $ 588,549 | $ 76,908 | $ 665,457 |

## NOTE 6. LONG-TERM DEBT (CONTINUED)

### Governmental Activities (Continued)

**Financed Purchases (Direct Borrowing)**

The City has entered into financed purchase agreements to finance the acquisition of various equipment and vehicles. These agreements qualify as financed purchases for accounting purposes (title transfers at the end of the agreement). The financed purchase agreements have maturity dates ranging from 2020 through 2025 and bear interest at rates of 1.26% to 4.72%.

At September 30, 2020, the City had $2,762,698 of equipment and vehicles under financed purchase agreements for its governmental activities, with accumulated depreciation totaling $1,011,002, and current year depreciation of $341,116. For its business type activities, the City had $484,593 of equipment and vehicles under financed purchase agreements, with accumulated depreciation totaling $216,783 and current year depreciation of $76,664.

At September 30, 2020, future payments for financed purchases of governmental activities are as follows:

| Fiscal Year Ending September 30, | Principal | Interest | Total |
|---|---|---|---|
| 2021 | $ 546,416 | $ 52,074 | $ 598,490 |
| 2022 | 492,939 | 32,418 | 525,357 |
| 2023 | 138,720 | 12,999 | 151,719 |
| 2024 | 127,513 | 6,602 | 134,115 |
| 2025 | 88,455 | 2,696 | 91,151 |
| Total | $ 1,394,043 | $ 106,789 | $ 1,500,832 |

At September 30, 2020, future payments for financed purchases of business-type activities are as follows:

| Fiscal Year Ending September 30, | Principal | Interest | Total |
|---|---|---|---|
| 2021 | $ 64,995 | $ 12,584 | $ 77,579 |
| 2022 | 56,830 | 10,301 | 67,131 |
| 2023 | 42,146 | 6,354 | 48,500 |
| 2024 | 22,843 | 714 | 23,557 |
| 2025 | 15,903 | 78 | 15,981 |
| Total | $ 202,717 | $ 30,031 | $ 232,748 |

## NOTE 6. LONG-TERM DEBT (CONTINUED)

**Revenue Bonds (Direct Placement)**

During July 2013, the Downtown Bainbridge Development Authority (component unit) issued Series 2013 Revenue Bonds in the amount of $4,291,327 for the purpose of refunding the Downtown Bainbridge Development Authority Series 2011 Bonds and to provide financing for the cost of construction, remodeling and altering a City administrative building. The bonds were serviced through biannual payments from the City. During the fiscal year ended September 30, 2020, the bonds were refunded through the issuance of the Bainbridge Public Facilities Authority Revenue Bonds Series 2019B.

On July 1, 2013, the Bainbridge Public Facilities Authority (component unit) 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.

As discussed below, the Series 2013 Revenue Bonds were refunded in part by the issuance of the Bainbridge Public Facilities Authority Series 2019A Revenue Bonds. The outstanding balance of the Series 2013 Revenue Bonds at September 30, 2020 was $5,310,000. The Series 2013 Revenue Bonds are due in annual installments with interest rates at 2.00% to 4.00%.

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 mature on September 1, 2028. Interest rates on the 2019A Bonds range from 2.00% to 2.85% with interest due semi-annually on February 1 and September 1, beginning February 1, 2020.

## NOTE 6. LONG-TERM DEBT (CONTINUED)

**Revenue Bonds (Direct Placement) (Continued)**

The Series 2019B Bonds were issued in the amount of $8,645,000 for the purpose of financing the acquisition, construction, and equipping of recreation, public safety, and utilities facilities for the City, refunding the Downtown Bainbridge Development Authority Series 2013 Revenue Bonds, and various outstanding loans made to the City of Bainbridge by the Georgia Environmental Finance Authority, other leases held by the City and paying the cost of issuance of the Series 2019B Bonds. Principal payments on the 2019B Bonds are due annually beginning September 1, 2028, and the bonds mature on September 1, 2039. Interest is due semi-annually on February 1 and September 1, beginning February 1, 2020, at rates ranging from 3.00% to 4.00%.

Debt service requirements to maturity for the revenue bonds at September 30, 2020, are as follows:

| Fiscal Year Ending September 30, | Principal | Interest | Total |
|---|---|---|---|
| 2021 | $ 975,000 | $ 549,850 | $ 1,524,850 |
| 2022 | 605,000 | 525,750 | 1,130,750 |
| 2023 | 625,000 | 508,706 | 1,133,706 |
| 2024 | 640,000 | 490,967 | 1,130,967 |
| 2025 | 660,000 | 472,678 | 1,132,678 |
| 2026 – 2030 | 3,645,000 | 2,026,299 | 5,671,299 |
| 2031 – 2035 | 4,355,000 | 1,320,200 | 5,675,200 |
| 2036 – 2039 | 3,920,000 | 386,800 | 4,306,800 |
| Total | $ 15,425,000 | $ 6,281,250 | $ 21,706,250 |

## NOTE 6. LONG-TERM DEBT (CONTINUED)

**Component Unit – Downtown Development Authority - Notes Payable (Direct Borrowing)**

During September 2019, the Downtown Development Authority entered into a note payable agreement with a local financial institution in the amount of $200,000. Principal and interest are payable monthly until maturity in September 2021. The note bears interest at a rate of 2.00% annually.

In December 2019, the Downtown Development Authority entered into a note payable agreement with a local financial institution in the amount of $138,000 for the purchase of commercial property. Principal and interest are payable monthly until maturity in December 2020. The note bears interest at a rate of 2.00% annually.

In May 2020, the Downtown Development Authority entered into a note payable agreement with a local financial institution in the amount of $155,000 for the purchase of two parking lots and for capital improvements. Principal and interest are payable monthly until maturity in May 2025. The note bears interest at a rate of 2.00% annually.

Debt service requirements to maturity for the notes payable at September 30, 2020, are as follows:

| Fiscal Year Ending September 30, | Principal | Interest | Total |
|---|---|---|---|
| 2021 | $ 208,440 | $ 8,733 | $ 217,173 |
| 2022 | 70,024 | 4,585 | 74,609 |
| 2023 | 71,440 | 3,169 | 74,609 |
| 2024 | 73,225 | 1,725 | 74,950 |
| 2025 | 31,686 | 784 | 32,470 |
| Total | $ 454,815 | $ 18,996 | $ 473,811 |

## NOTE 6. LONG-TERM DEBT (CONTINUED)

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2020:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Revenue bonds payable | $ 9,625,902 | $ 10,890,000 | $ (5,090,902) | $ 15,425,000 | $ 975,000 |
| Premium | 106,675 | 1,346,754 | (75,409) | 1,378,020 | - |
| Note payable from direct borrowing | 2,283,772 | 588,549 | (2,283,772) | 588,549 | 19,519 |
| Financed purchases | 1,431,985 | 521,620 | (559,562) | 1,394,043 | 546,416 |
| Landfill postclosure care | 237,308 | - | - | 237,308 | - |
| Compensated absences | 271,755 | 202,316 | (168,264) | 305,807 | 214,064 |
| Net pension liability | 1,657,594 | 1,629,574 | (568,982) | 2,718,186 | - |
| Governmental activities: Long-term liabilities | $ 15,614,991 | $ 15,178,813 | $ (8,746,891) | $ 22,046,913 | $ 1,754,999 |
| **Business-type activities:** | | | | | |
| Compensated absences | $ 75,790 | $ 65,238 | $ (51,318) | $ 89,710 | $ 62,797 |
| Financed purchases | 946,509 | - | (743,792) | 202,717 | 64,995 |
| Net pension liability | 489,648 | 607,292 | (189,863) | 907,077 | - |
| Business-type activities: Long-term liabilities | $ 1,511,947 | $ 672,530 | $ (984,973) | $ 1,199,504 | $ 127,792 |
| **Component unit - DDA** | | | | | |
| Note payable from direct borrowing | $ 200,000 | $ 293,000 | $ (38,185) | $ 454,815 | $ 208,440 |

Compensated absences, landfill postclosure care costs, and the net pension liability of governmental activities are typically liquidated by the General Fund. Compensated absences and the net pension liability of business-type activities are liquidated by the Water and Sewer Fund, Natural Gas Fund, and Sanitation Fund.

## NOTE 7. LANDFILL POSTCLOSURE 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 postclosure care costs that will be incurred. The recognition of these landfill postclosure care costs has been accrued in full because the landfill is no longer accepting waste. The estimated liability for landfill postclosure care costs is $237,308 as of September 30, 2020, 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 postclosure 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, 2020. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

## NOTE 8. PENSION PLAN

**Plan Description**

The City contributes to the Georgia Municipal Employee Benefit System ("GMEBS"), an agent multiple-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 may be 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.

The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or 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.

## NOTE 8. PENSION PLAN (CONTINUED)

**Plan Description (Continued)**

As of January 1, 2020, the date of the most recent actuarial valuation, there were 246 participants consisting of the following:

| | |
|---|---|
| Inactive plan members or beneficiaries currently receiving benefits | 75 |
| Inactive plan members entitled to, but not receiving benefits | 40 |
| Active plan members | 131 |
| Total | 246 |

*Contributions.* The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the City Commission, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by Plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of Plan members, as determined by the City Commission. For the year ended September 30, 2020, the actuarially determined rate was 7.89% of annual pay. City contributions to the Plan were $457,763 for the year ended September 30, 2020.

**Net Pension Liability of the City**

The City's net pension liability was measured as of September 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020.

*Actuarial assumptions*. The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.25% |
| Salary increases | 3.00% – 8.50%, including inflation |
| Investment rate of return | 7.375%, net of pension plan investment expense, including inflation |

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

## NOTE 8. PENSION PLAN (CONTINUED)

**Net Pension Liability of the City (Continued)**

The investment return and inflation assumptions used in the January 1, 2020 valuation were based on the results of an actuarial study in December 2019. The mortality and other actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – September 30, 2019.

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 difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020, are summarized in the table on the following page.

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return* |
|---|---|---|
| Domestic equity | 45% | 6.41% |
| International equity | 20% | 6.96% |
| Real estate | 10% | 4.76% |
| Domestic fixed income | 5% | 3.06% |
| Global fixed income | 20% | 1.96% |
| Cash | 0% | |
| Total | 100% | |

* Rates shown are net of the 2.25% assumed rate of inflation.

*Discount Rate*. The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all of the projected benefit payments to determine the total pension liability.

## NOTE 8. PENSION PLAN (CONTINUED)

**Net Pension Liability of the City (Continued)**

*Changes in the Net Pension Liability of the City*. The changes in the components of the net pension liability of the City for the year ended September 30, 2020, were as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|---|---|---|
| **Beginning Balance** | $ 12,962,003 | $ 10,811,197 | $ 2,150,806 |
| **Changes for the year:** | | | |
| Service cost | 129,354 | - | 129,354 |
| Interest | 950,651 | - | 950,651 |
| Differences between expected and actual experience | 421,002 | - | 421,002 |
| Contributions - employer | - | 450,322 | (450,322) |
| Net investment income | - | 309,739 | (309,739) |
| Benefit payments, including refunds of employee contributions | (832,019) | (832,019) | - |
| Administrative expense | - | (28,311) | 28,311 |
| Other changes | 710,935 | - | 710,935 |
| **Net changes** | 1,379,923 | (100,269) | 1,480,192 |
| **Ending Balance** | $ 14,341,926 | $ 10,710,928 | $ 3,630,998 |

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

*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 7.375%, 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 (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

| | 1% Decrease (6.375%) | Current Discount Rate (7.375%) | 1% Increase (8.375%) |
|---|---|---|---|
| City's net pension liability | $ 5,218,801 | $ 3,630,998 | $ 2,286,414 |

## NOTE 8. PENSION PLAN (CONTINUED)

**Net Pension Liability of the City (Continued)**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2020, and the current sharing pattern of costs between employer and employee.

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

For the year ended September 30, 2020, the City recognized pension expense of $603,807. At September 30, 2020, 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 |
|---|---|---|
| Net difference between projected and actual earnings on pension plan investments | $ - | $ (83,877) |
| Differences between expected and actual experience | 556,283 | (161,273) |
| Changes in actuarial assumptions | 609,984 | - |
| City contributions subsequent to the measurement date | 457,763 | - |
| Total | $ 1,624,030 | $ (245,150) |

City contributions subsequent to the measurement date of $457,763 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending September 30, 2021. 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 ending September 30, | |
|---|---|
| 2021 | $ 175,136 |
| 2022 | 197,708 |
| 2023 | 233,814 |
| 2024 | 314,459 |
| Total | $ 921,117 |

## NOTE 9. POSTEMPLOYMENT 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, 2020, 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 plan is financed on a pay-as-you-go basis. During the year ending September 30, 2020 the City contributed $56,342 to the plan. Employees are not required to contribute to the Plan. There are no assets accumulated in a trust to pay related benefits.

Total OPEB Liability – An 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.*

## NOTE 10. 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.

## NOTE 10. RISK MANAGEMENT (CONTINUED)

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.

## NOTE 10. RISK MANAGEMENT (CONTINUED)

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.

## NOTE 11. 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 (QBE). 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 year ended September 30, 2020 and 2019.

## NOTE 11. GROUP INSURANCE (CONTINUED)

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 reasonably 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.

| | **September 30, 2020** | September 30, 0 |
|---|---|---|
| Claims liability, beginning of year | **$ 319,929** | $ 183,375 |
| Incurred claims (including IBNRs) | **2,343,510** | 2,203,229 |
| Claims paid | **(2,418,439)** | (2,066,675) |
| Claims liability, end of year | **$ 245,000** | $ 319,929 |

## NOTE 12. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the southwest Georgia area, is a member of the Southwest Georgia Regional Commission ("RC") and is required to pay annual dues thereto. During its fiscal year ended September 30, 2020, the City paid $13,270 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated ("O.C.G.A."), §50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. §50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from: Southern Georgia Regional Commission, 327 W. Savannah St., Valdosta, Georgia 30601.

## NOTE 13. 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.

## NOTE 14. TAX ABATEMENT PROGRAMS

GASB Statement No. 77, *Tax Abatement Disclosures,* requires the City to disclose information for any tax abatement agreements either entered into by the City, or agreements entered into by other governments that reduce the County's tax revenues. As of September 30, 2020, the County did not have any such agreements, either entered into by the City or by other governments.

## NOTE 15. 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, 2020, the outstanding principal amount of the guaranteed debt is $560,979. 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, 2020, the outstanding principal amount of the loan was $163,261. 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.

## NOTE 15. GUARANTEES (CONTINUED)

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, 2020, the outstanding principal amount of the guaranteed debt is $9,480,000. 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.

## NOTE 16. 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, 2020, there was one series of Revenue Bonds outstanding detailed as follows:

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

## NOTE 17. HOTEL/MOTEL TAX

The City imposes a 5% hotel/motel tax on lodging facilities within the City. For the fiscal year ended September 30, 2020, $200,139 of hotel/motel tax was collected and spent by the City to promote tourism in accordance with OCGA 48-13-51.

## NOTE 18. SUBSEQUENT EVENT

In February 2021, the Bainbridge Public Facilities Authority issued the Series 2021 A & B Revenue Bonds in the original aggregate principal amount of $17,605,000 to provide funds for (a) refunding all of the City of Bainbridge Public Facilities Authority Revenue Bonds, Series 2013, currently outstanding in the aggregate principal amount of $5,310,000, (b) financing, in whole or in part, (i) the acquisition, construction , and equipping of an approximately 60,000-square foot investment (spec) building in the City's Commodore industrial park, and (ii) the acquisition, construction, renovation, and equipping of an existing, approximately 85,000-square foot commercial building located in the western corridor of the City, and (iii) the acquisition, construction, and equipping of recreation facilities related to the City's riverfront area known as Chason Park, (c) related capitalized interest, and (d) the costs of issuance of the Series 2021 Bonds.

The Series 2021A bonds were issued in the aggregate amount of $12,320,000, with interest rates ranging from 2.00% to 2.60%. Principal payments on the 2021A bonds are due annually beginning September 1, 2022 with maturity dates ranging from September 1, 2022 through September 1, 2041.

The Series 2021B bonds were issued in the aggregate principal amount of $5,285,000, with interest rates ranging from 2.00% to 3.00%. Principal payments on the 2021B bonds are due annually beginning September 1, 2025 with maturity dates ranging from September 1, 2025 through September 1, 2041.

# REQUIRED SUPPLEMENTARY INFORMATION

# CITY OF BAINBRIDGE, GEORGIA

## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
## AND RELATED RATIOS
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|
| **Total pension liability** | | | | | | |
| Service cost | **$ 129,354** | $ 130,052 | $ 122,901 | $ 126,686 | $ 131,037 | $ 155,977 |
| Interest on total pension liability | **950,651** | 943,557 | 910,296 | 939,969 | 874,344 | 872,039 |
| Differences between expected and actual experience | **421,002** | (156,157) | 286,049 | (337,899) | 630,372 | (188,034) |
| Changes of assumptions | **-** | - | 193,828 | - | - | (82,949) |
| Changes of benefit terms | **-** | - | - | (308,161) | - | - |
| Benefit payments, including refunds of employee contributions | **(832,019)** | (812,325) | (803,914) | (803,028) | (774,930) | (679,640) |
| Other | **710,935** | | | | | |
| **Net change in total pension liability** | **1,379,923** | 105,127 | 709,160 | (382,433) | 860,823 | 77,393 |
| **Total pension liability - beginning** | **12,962,003** | 12,856,876 | 12,147,716 | 12,530,149 | 11,669,326 | 11,591,933 |
| **Total pension liability - ending (a)** | **14,341,926** | 12,962,003 | 12,856,876 | 12,147,716 | 12,530,149 | 11,669,326 |
| **Plan fiduciary net position** | | | | | | |
| Contributions - employer | **450,322** | 435,729 | 493,675 | 424,435 | 513,517 | 508,312 |
| Net investment income | **309,739** | 998,189 | 1,360,020 | 973,314 | 112,520 | 942,322 |
| Benefit payments, including refunds of member contributions | **(832,019)** | (812,325) | (803,914) | (803,028) | (774,930) | (679,640) |
| Administrative expenses | **(28,311)** | (27,316) | (30,375) | (17,074) | (20,370) | (16,261) |
| Other | **-** | - | - | (262,379) | - | - |
| **Net change in plan fiduciary net position** | **(100,269)** | 594,277 | 1,019,406 | 315,268 | (169,263) | 754,733 |
| **Plan fiduciary net position - beginning** | **10,811,197** | 10,216,920 | 9,197,514 | 8,882,246 | 9,051,509 | 8,296,776 |
| **Plan fiduciary net position - ending (b)** | **10,710,928** | 10,811,197 | 10,216,920 | 9,197,514 | 8,882,246 | 9,051,509 |
| **City's net pension liability (asset) - ending (a) - (b)** | **$ 3,630,998** | $ 2,150,806 | $ 2,639,956 | $ 2,950,202 | $ 3,647,903 | $ 2,617,817 |
| **Plan fiduciary net position as a percentage of the total pension liability** | **84.51%** | 84.51% | 79.47% | 75.71% | 70.89% | 77.57% |
| **Covered-employee payroll** | **$ 5,139,295** | $ 5,080,129 | $ 4,988,379 | $ 4,665,079 | $ 4,902,829 | $ 4,742,203 |
| **Net pension liability as a percentage of covered-employee payroll** | **70.65%** | 42.34% | 52.92% | 63.24% | 74.40% | 55.20% |

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

# CITY OF BAINBRIDGE, GEORGIA

## SCHEDULE OF CITY CONTRIBUTIONS
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|
| Actuarially determined contribution | **$ 427,040** | $ 489,079 | $ 493,675 | $ 424,435 | $ 423,714 | $ 513,517 |
| Contributions in relation to the actuarially determined contribution | **457,763** | 489,079 | 493,675 | 424,435 | 423,714 | 513,517 |
| Contribution deficiency (excess) | $ (30,723) | $ - | $ - | $ - | $ - | $ - |
| Covered-employee payroll | **$ 5,804,992** | $ 5,139,295 | $ 5,080,129 | $ 4,988,379 | $ 4,665,079 | $ 4,902,829 |
| Contributions as a percentage of covered-employee payroll | **7.89%** | 9.52% | 9.72% | 8.51% | 9.08% | 10.47% |

**Notes to the Schedule**

| | |
|---|---|
| Actuarial Cost Method | Projected Unit Credit. |
| Amortization Method | Closed level dollar for remaining unfunded liability. |
| Remaining Amortization Period | Remaining amortization period varies for the bases, with a net effective amortization period of 15 years. |
| Actuarial 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. |
| Actuarial Assumptions: | |
| Net Investment Rate of Return | 7.375% |
| Projected Salary Increases | 2.25% plus service based merit increases |
| Cost of Living Adjustments | 0.00% |

Changes since prior valuation:

- The mortality table for the healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in ages for males and one year for females to the sex-distinct Pri-2012 head-count weighted Healthy Retiree Table with rates multiplied by 1.25.
- The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with the rates multiplied by 1.25.
- The mortality table for active participants, terminated vested participants, and deferred beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Employee Morality Table.
- Future mortality improvement based on projecting generationally from 2012 using 60% of the sex-distinct Scale SSA2019. Previously future mortality improvements were not explicitly projected.

Changes since prior valuation (continued):

- The prior retirement assumption was based on the Plan's normal retirement eligibility. If the normal retirement eligibility was only available on or after age 65, the prior assumption was 60% at ages 65 to 69 and 100% at age 70 and older. If normal retirement eligibility was available prior to age 65, the rates were 10% ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70 and older as long as a participant was at least eligible for early retirement.
- The new assumption relates to when a given participant is eligible for normal retirement (either regular normal retirement or alternative normal retirement). Retirement rates do not apply if a participant is not eligible for either early or normal retirement. The retirement rates where normal retirement is available on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at age 65, 25% at ages 66 to 71, and 100% at ages 72 and older.
- Where normal retirement is available to a given participant at age 62, 63, or 64, the new retirement rates are 3% when first eligible for early retirement through age 60, 10% at ages 61 to 64, 35% at age 65, 25% ages 66 to 71, and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 30%.
- Where the normal retirement is available at age 60 or 61, the new retirement rates are 3% when first eligible for early retirement through age 59, 10% at ages 60 to 64, 35% at age 65, 25% at ages 66 to 71, and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 20%.
- Where the normal retirement is available prior to age 60, the new retirement rates are 3% when first eligible for early retirement through the year prior to normal retirement eligibility, 10% from normal retirement eligibility through age 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65, 25% at ages 66 to 71, and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 10%.
- The turnover rates were changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service based rates only.
- The disability rates were changed to 50% of the rates in the prior age-based table.
- The inflation assumption was decreased from 2.75% to 2.25%.
- The salary increase assumption was changed from service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of service to a service-based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at 15 years of service.
- The investment return assumption was decreased from 7.50% to 7.375%.

**The schedule will present ten years of information once it is 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, 2020

| | Budget Amounts | | | Variance with |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| **Revenues:** | | | | |
| Taxes | $ 6,234,568 | $ 6,234,568 | $ 6,404,297 | $ 169,729 |
| Licenses and permits | 173,017 | 173,017 | 176,432 | 3,415 |
| Intergovernmental | 497,000 | 1,250,596 | 1,732,263 | 481,667 |
| Charges for services | 50,020 | 50,020 | 47,368 | (2,652) |
| Fines and forfeitures | 330,000 | 330,000 | 180,194 | (149,806) |
| Investment earnings | 12,000 | 12,000 | 2 | (11,998) |
| Other revenues | 65,000 | 563,071 | 91,677 | (471,394) |
| Total revenues | 7,361,605 | 8,613,272 | 8,632,233 | 18,961 |
| **Expenditures:** | | | | |
| General government: | | | | |
| Mayor and council | 1,023,575 | 1,551,231 | 712,542 | 838,689 |
| City manager | 305,561 | 305,561 | 276,643 | 28,918 |
| Finance, budget, and accounting | 1,091,666 | 1,091,666 | 1,088,312 | 3,354 |
| Purchasing | 474,176 | 1,332,362 | 1,326,864 | 5,498 |
| City attorney | 15,000 | 15,000 | 16,483 | (1,483) |
| Total general government | 2,909,978 | 4,295,820 | 3,420,844 | 874,976 |
| Judicial: | | | | |
| City court | 333,314 | 333,314 | 237,632 | 95,682 |
| Community development: | | | | |
| Mainstreet tourism | 692,853 | 692,853 | 612,154 | 80,699 |
| Building code enforcement | 123,498 | 124,868 | 153,892 | (29,024) |
| Communications | 132,593 | 132,593 | 110,563 | 22,030 |
| Code enforcement | 452,963 | 452,963 | 455,807 | (2,844) |
| Total community development | 1,401,907 | 1,403,277 | 1,332,416 | 70,861 |
| Public works: | | | | |
| Maintenance | 138,121 | 142,371 | 145,498 | (3,127) |
| Streets | 1,866,147 | 2,578,607 | 2,674,626 | (96,019) |
| Parks | 1,226,008 | 1,226,008 | 1,233,212 | (7,204) |
| Total public works | 3,230,276 | 3,946,986 | 4,053,336 | (106,350) |
| Public safety: | | | | |
| Services | 4,198,057 | 4,627,306 | 4,683,237 | (55,931) |
| Debt service | | | | |
| Principal | 382,038 | 430,200 | 342,019 | 88,181 |
| Interest | 24,216 | 30,522 | 118,703 | (88,181) |
| Total debt service | 406,254 | 460,722 | 460,722 | - |
| Total expenditures | 12,479,786 | 15,067,425 | 14,188,187 | 879,238 |
| Deficiency of revenues over expenditures | (5,118,181) | (6,454,153) | (5,555,954) | 898,199 |

**(Continued)**

# 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, 2020

| | Budget Amounts | | | Variance with |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| **Other financing sources (uses):** | | | | |
| Transfers in | $ 5,454,030 | $ 6,692,048 | $ 5,965,401 | $ (726,647) |
| Transfers out | (680,849) | (680,849) | - | 680,849 |
| Proceeds from the sale of capital assets | 345,000 | 345,000 | 367,050 | 22,050 |
| Issuance of financed purchase agreement | - | - | 119,921 | 119,921 |
| Total other financing sources (uses) | 5,118,181 | 6,356,199 | 6,452,372 | 96,173 |
| Net change in fund balance | $ - | $ (97,954) | $ 896,418 | $ 994,372 |
| **Reconciliation to GAAP Basis** | | | | |
| Unbudgeted capital outlay | | | (130,896) | |
| | | | $ 765,522 | |

# COMBINING BALANCE SHEET
# NONMAJOR GOVERNMENTAL FUNDS
# SEPTEMBER 30, 2020

| | Special Revenue Funds | | | Capital Projects Fund | |
|---|---|---|---|---|---|
| | Hotel/Motel Tax Fund | Confiscated Assets Fund | Bricks for Veterans Fund | Downtown Bainbridge Development Authority | Total Nonmajor Governmental Funds |
| **ASSETS** | | | | | |
| Cash | $ 20,385 | $ 34,306 | $ 1,659 | $ - | $ 56,350 |
| Accounts receivable | 21,204 | - | - | - | 21,204 |
| Total assets | $ 41,589 | $ 34,306 | $ 1,659 | $ - | $ 77,554 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| **LIABILITIES** | | | | | |
| Due to other funds | $ 33,469 | $ - | $ 1,220 | $ - | $ 34,689 |
| Due to component units | 8,120 | - | - | - | 8,120 |
| Total liabilities | 41,589 | - | 1,220 | - | 42,809 |
| **FUND BALANCES (DEFICIT)** | | | | | |
| Restricted for: | | | | | |
| Public safety | - | 34,306 | - | - | 34,306 |
| General government | - | - | 439 | - | 439 |
| Total fund balances (deficit) | - | 34,306 | 439 | - | 34,745 |
| Total liabilities and fund balances | $ 41,589 | $ 34,306 | $ 1,659 | $ - | $ 77,554 |

# COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Special Revenue Funds | | | Capital Projects Fund | |
|---|---|---|---|---|---|
| | Hotel/Motel Tax Fund | Confiscated Assets Fund | Bricks for Veterans Fund | Downtown Bainbridge Development Authority | Total Nonmajor Governmental Funds |
| **Revenues** | | | | | |
| Taxes | $ 203,371 | $ - | $ - | $ - | $ 203,371 |
| Intergovernmental | - | 2,723 | - | - | 2,723 |
| Investment earnings | 17 | 28 | - | - | 45 |
| Other revenues | - | - | 1,699 | - | 1,699 |
| Total revenues | 203,388 | 2,751 | 1,699 | - | 207,838 |
| **Expenditures** | | | | | |
| Current: | | | | | |
| General government | - | - | 1,260 | - | 1,260 |
| Public safety | - | 1,737 | - | - | 1,737 |
| Community development | 81,167 | - | - | - | 81,167 |
| Debt service: | | | | | |
| Principal | - | - | - | 158,745 | 158,745 |
| Interest | - | - | - | 32,183 | 32,183 |
| Total expenditures | 81,167 | 1,737 | 1,260 | 190,928 | 275,092 |
| Excess (deficiency) of revenues over (under) expenditures | 122,221 | 1,014 | 439 | (190,928) | (67,254) |
| **Other financing sources (uses)** | | | | | |
| Transfers in | - | - | - | 2,613,086 | 2,613,086 |
| Transfers out | (121,765) | - | - | - | (121,765) |
| Payment to escrow for refunded debt | - | - | - | (2,422,158) | (2,422,158) |
| Total other financing sources (uses) | (121,765) | - | - | 190,928 | 69,163 |
| Net change in fund balances | 456 | 1,014 | 439 | - | 1,909 |
| **Fund balances (deficits), beginning of year** | (456) | 33,292 | - | - | 32,836 |
| **Fund balances (deficits), end of year** | $ - | $ 34,306 | $ 439 | $ - | $ 34,745 |

# CITY OF BAINBRIDGE, GEORGIA
## HOTEL/MOTEL TAX FUND
## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|
| **Revenues** | | | |
| Taxes | $ 210,823 | $ 203,371 | $ (7,452) |
| Investment earnings | 17 | 17 | - |
| Total revenues | 210,840 | 203,388 | (7,452) |
| **Expenditures** | | | |
| Current: | | | |
| Community development | 84,330 | 81,167 | 3,163 |
| Total expenditures | 84,330 | 81,167 | 3,163 |
| **Excess of revenues over expenditures** | 126,510 | 122,221 | (10,615) |
| **Other financing uses:** | | | |
| Transfers out | (126,510) | (121,765) | (4,745) |
| **Net change in fund balance** | - | 456 | (15,360) |
| **Fund balance (deficit), beginning of year** | | (456) | |
| **Fund balance (deficit), end of year** | | $ - | |

# CITY OF BAINBRIDGE, GEORGIA
## CONFISCATED ASSETS FUND
## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|
| **Revenues** | | | |
| Intergovernmental | $ 2,723 | $ 2,723 | $ - |
| Investment earnings | 29 | 28 | (1) |
| Total revenues | 2,752 | 2,751 | (1) |
| **Expenditures** | | | |
| Current: | | | |
| Public safety | 2,752 | 1,737 | 1,015 |
| Total expenditures | 2,752 | 1,737 | 1,015 |
| Net change in fund balance | - | 1,014 | 1,014 |
| **Fund balance, beginning of year** | | 33,292 | |
| **Fund balance, end of year** | | $ 34,306 | |

# CITY OF BAINBRIDGE, GEORGIA
## BRICKS FOR VETERANS FUND
## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Final Budget | Actual | Variance |
|---|---|---|---|
| **Revenues** | | | |
| Other revenues | $ 1,699 | $ 1,699 | $ - |
| Total revenues | 1,699 | 1,699 | - |
| **Expenditures** | | | |
| Current: | | | |
| General government | 40 | 1,260 | (1,220) |
| Total expenditures | 40 | 1,260 | (1,220) |
| Net change in fund balance | 1,659 | 439 | (1,220) |
| **Fund balance, beginning of year** | | - | |
| **Fund balance, end of year** | | $ 439 | |

# CITY OF BAINBRIDGE, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX FOR FISCAL YEAR ENEDED SEPTEMBER 30, 2020

| Project | Original Estimated Cost | Prior Years | Current Year | Total |
|---|---|---|---|---|
| Water and Sewer bond service | $ 6,500,000 | $ 73,343 | $ 136,878 | $ 210,221 |
| General Fund bond service | 3,000,000 | 13,440 | - | 13,440 |
| Road Construction and Improvements | 1,700,000 | 83,032 | - | 83,032 |
| Recreation Improvements | 1,000,000 | 146,245 | 432,055 | 578,300 |
| Public Safety Equipment | 1,082,000 | 45,096 | 576,643 | 621,739 |
| | $ 13,282,000 | 361,156 | 1,145,576 | 1,506,732 |
| Debt Service Expenditures | | 6,269,227 | 1,060,829 | 7,330,056 |
| | | $ 6,630,383 | $ 2,206,405 | $ 8,836,788 |
| GEFA funding for water and sewer project | | | 932,369 | |
| Proceeds from bond issuance used for debt service payments | | | 2,256,439 | |
| Proceeds from bond issuance used for recreation, public safety, and utilities facilities and equipment | | | 1,067,945 | |
| | | | $ 6,463,158 | |
| Total expenditures - SPLOST Fund | | | $ 5,052,701 | |
| Transfers out - SPLOST Fund | | | 1,410,457 | |
| | | | $ 6,463,158 | |

Note: Original Estimated Cost per Intergovernmental contract with Decatur County.

# CITY OF BAINBRIDGE, GEORGIA
## SCHEDULE OF EXPENDITURES OF TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX
## FOR FISCAL YEAR ENDED SEPTEMBER 30, 2020

| Project | Original and Current Estimated Cost | Prior Years | Current Year | Total |
|---|---|---|---|---|
| Equipment | $ 1,317,500 | $ 971,237 | $ 204,094 | $ 1,175,331 |
| Paving | 5,779,321 | 318,632 | 883,760 | 1,202,392 |
| Sidewalk and Concrete Repair | 683,179 | - | - | - |
| Storm Water Improvements | 620,000 | 271,975 | 78,993 | 350,968 |
| | $ 8,400,000 | 1,561,844 | 1,166,847 | 2,728,691 |
| Debt service - principal payments | | 239,425 | 201,384 | 440,809 |
| | | $ 1,801,269 | $ 1,368,231 | $ 3,169,500 |
| Total expenditures - TSPLOST Fund | | | 977,214 | |
| Transfers out - TSPLOST Fund | | | 391,017 | |
| | | | $ 1,368,231 | |

Note: Original Estimated Cost per Intergovernmental contract with Decatur County.

# CITY OF BAINBRIDGE, GEORGIA
## COMBINING STATEMENT OF NET POSITION
## INTERNAL SERVICE FUNDS
## SEPTEMBER 30, 2020

| | Employee Benefits Fund | City Shop Fund | Total |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Accounts receivable, net of allowances | $ 91 | $ - | $ 91 |
| Due from other funds | - | 548,554 | 548,554 |
| Due from other governments | - | 3,562 | 3,562 |
| Inventory | - | 72,865 | 72,865 |
| Prepaid items | 95,975 | - | 95,975 |
| Total current assets | 96,066 | 624,981 | 721,047 |
| **NON-CURRENT ASSETS** | | | |
| Capital assets: | | | |
| Buildings and improvements | - | 23,749 | 23,749 |
| Machinery and equipment | - | 200,339 | 200,339 |
| | - | 224,088 | 224,088 |
| Less accumulated depreciation | - | (192,210) | (192,210) |
| Total capital assets | - | 31,878 | 31,878 |
| Total assets | 96,066 | 656,859 | 752,925 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Differences between expected and actual experience | - | 22,263 | 22,263 |
| Assumption changes | - | 24,412 | 24,412 |
| Contributions subsequent to the measurement date | - | 18,320 | 18,320 |
| Total deferred outflows of resources | - | 64,995 | 64,995 |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Checks written in excess of bank balance | 39,428 | - | 39,428 |
| Accounts payable | 21,414 | 12,582 | 33,996 |
| Accrued expenses | - | 150 | 150 |
| Claims payable | 245,000 | - | 245,000 |
| Due to other funds | 18,177 | 600,601 | 618,778 |
| Current portion - compensated absences | - | 12,074 | 12,074 |
| Current portion - financed purchases | - | 8,813 | 8,813 |
| Total current liabilities | 324,019 | 634,220 | 958,239 |

(Continued)

# CITY OF BAINBRIDGE, GEORGIA
## COMBINING STATEMENT OF NET POSITION
## INTERNAL SERVICE FUNDS
## SEPTEMBER 30, 2020

| | Employee Benefits Fund | City Shop Fund | Total |
|---|---|---|---|
| **LONG-TERM LIABILITIES** | | | |
| Compensated absences, net of current portion | $ - | $ 5,175 | $ 5,175 |
| Financed purchases, net of current portion | - | 3,671 | 3,671 |
| Net pension liability | - | 145,315 | 145,315 |
| Total long-term liabilities | - | 154,161 | 154,161 |
| Total liabilities | 324,019 | 788,381 | 1,112,400 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Differences between expected and actual experience | - | 6,454 | 6,454 |
| Net difference between projected and actual earnings on pension plan investments | - | 3,357 | 3,357 |
| Total deferred inflows of resources | - | 9,811 | 9,811 |
| **NET POSITION** | | | |
| Net investment in capital assets | - | 19,394 | 19,394 |
| Unrestricted (deficit) | (227,953) | (95,732) | (323,685) |
| Total net position (deficit) | $ (227,953) | $ (76,338) | $ (304,291) |

# CITY OF BAINBRIDGE, GEORGIA
## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
## INTERNAL SERVICE FUNDS
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Employee Benefits Fund | City Shop Fund | Total |
|---|---|---|---|
| **OPERATING REVENUES** | | | |
| Charges for services | $ 2,493,827 | $ 785,343 | $ 3,279,170 |
| Other revenues | 756,160 | - | 756,160 |
| Total operating revenues | 3,249,987 | 785,343 | 4,035,330 |
| **OPERATING EXPENSES** | | | |
| Personal services | - | 369,521 | 369,521 |
| Cost of operations | - | 419,738 | 419,738 |
| Depreciation | - | 14,258 | 14,258 |
| Benefits and claims | 3,113,752 | - | 3,113,752 |
| Total operating expenses | 3,113,752 | 803,517 | 3,917,269 |
| Operating income (loss) | 136,235 | (18,174) | 118,061 |
| **NON-OPERATING INCOME (EXPENSE)** | | | |
| Investment income | 695 | - | 695 |
| Interest expense | - | (543) | (543) |
| Gain on sale of assets | - | 1,709 | 1,709 |
| Total non-operating income, net | 695 | 1,166 | 1,861 |
| Change in net position | 136,930 | (17,008) | 119,922 |
| **NET POSITION (DEFICIT), beginning of year** | (364,883) | (59,330) | (424,213) |
| **NET POSITION (DEFICIT), end of year** | $ (227,953) | $ (76,338) | $ (304,291) |

# CITY OF BAINBRIDGE, GEORGIA
## COMBINING STATEMENT OF CASH FLOWS
## INTERNAL SERVICE FUNDS
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Employee Benefits Fund | City Shop Fund | Total |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash received from customers | $ 3,268,489 | $ 783,876 | $ 4,052,365 |
| Payments for goods and services | - | (417,701) | (417,701) |
| Payments to employees | - | (368,822) | (368,822) |
| Payments for claims and benefits | (3,282,426) | - | (3,282,426) |
| Net cash used in operating activities | (13,937) | (2,647) | (16,584) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | |
| Principal paid on financed purchases | - | (10,859) | (10,859) |
| Interest paid on financed purchases | - | (543) | (543) |
| Proceeds from sale of capital assets | - | 10,899 | 10,899 |
| Net cash used in capital and related financing activities | - | (503) | (503) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Interest received | 695 | - | 695 |
| Net cash provided by investing activities | 695 | - | 695 |
| Net decrease in cash | (13,242) | (3,150) | (16,392) |
| **Cash:** | | | |
| Beginning of year | 13,242 | 3,150 | 16,392 |
| End of year | $ - | $ - | $ - |

(Continued)

# CITY OF BAINBRIDGE, GEORGIA
## COMBINING STATEMENT OF CASH FLOWS
## INTERNAL SERVICE FUNDS
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Employee Benefits Fund | City Shop Fund | Total |
|---|---|---|---|
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES** | | | |
| Operating income (loss) | $ 136,235 | $ (18,174) | $ 118,061 |
| Depreciation | - | 14,258 | 14,258 |
| Changes in assets and liabilities: | | | |
| Decrease in accounts receivables | 208 | - | 208 |
| (Increase) decrease in due from other funds | 117 | (287,289) | (287,172) |
| Increase in due from other governments | - | (1,281) | (1,281) |
| Decrease in inventory | - | 62 | 62 |
| (Increase) decrease in prepaid items | (60,653) | 3,146 | (57,507) |
| Increase in net difference between expected and actual experience | - | (11,943) | (11,943) |
| Increase in assumption changes | - | (19,634) | (19,634) |
| Decrease in contributions subsequent to the measurement date | - | 2,791 | 2,791 |
| Increase in checks in excess of bank balance | 39,428 | - | 39,428 |
| Decrease in accounts payable | (72,520) | (769) | (73,289) |
| Decrease in accrued liabilities | - | (1,399) | (1,399) |
| Increase in due to other funds | 18,177 | 287,103 | 305,280 |
| Decrease in claims payable | (74,929) | - | (74,929) |
| Decrease in net difference between projected and actual earnings on pension plan investments | - | (22,826) | (22,826) |
| Increase in net pension liability | - | 53,308 | 53,308 |
| Net cash used in operating activities | $ (13,937) | $ (2,647) | $ (16,584) |

# CITY OF BAINBRIDGE, GEORGIA
## BALANCE SHEET
## COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
## SEPTEMBER 30, 2020

| | |
|---|---|
| **ASSETS** | |
| Cash | $ 14,223 |
| Total assets | 14,223 |
| **LIABILITIES** | |
| Accounts payable | 1,710 |
| Due to primary government | 388 |
| Total liabilities | 2,098 |
| **FUND BALANCE** | |
| Assigned for downtown development | 12,125 |
| Total fund balance | $ 12,125 |

# CITY OF BAINBRIDGE, GEORGIA
## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
## COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | |
|---|---|
| **REVENUES** | |
| Intergovernmental | $ 50,000 |
| Investment income | 154 |
| Other revenues | 14,137 |
| Total revenues | 64,291 |
| **EXPENDITURES** | |
| Current: | |
| Community development | 476,983 |
| Debt service: | |
| Principal | 38,185 |
| Interest | 3,912 |
| Total expenditures | 519,080 |
| Deficiency of revenues over expenditures | (454,789) |
| **OTHER FINANCING SOURCES** | |
| Issuance of notes payable | 293,000 |
| Total other financing sources | 293,000 |
| Net change in fund balance | (161,789) |
| **FUND BALANCE, BEGINNING OF YEAR** | 173,914 |
| **FUND BALANCE, END OF YEAR** | $ 12,125 |

# CITY OF BAINBRIDGE, GEORGIA
## BALANCE SHEET
## COMPONENT UNIT - CONVENTION AND VISITORS BUREAU
## SEPTEMBER 30, 2020

| | | |
|---|---|---|
| **ASSETS** | | |
| Cash | $ | 37,343 |
| Due from primary government | | 8,120 |
| Prepaid items | | 108 |
| Total assets | | 45,571 |
| **LIABILITIES** | | |
| Accounts payable | | 771 |
| Due to primary government | | 4,856 |
| Total liabilities | | 5,627 |
| **FUND BALANCE** | | |
| Assigned for tourism | | 39,944 |
| Total fund balance | $ | 39,944 |

# CITY OF BAINBRIDGE, GEORGIA
## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
## COMPONENT UNIT - CONVENTION AND VISITORS BUREAU
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | | |
|---|---|---|
| **REVENUES** | | |
| Intergovernmental | $ | 81,166 |
| Investment income | | 96 |
| Total revenues | | 81,262 |
| **EXPENDITURES** | | |
| Current: | | |
| Culture and recreation | | 92,078 |
| Total expenditures | | 92,078 |
| Net change in fund balances | | (10,816) |
| **FUND BALANCES, BEGINNING OF YEAR** | | 50,760 |
| **FUND BALANCES, END OF YEAR** | $ | 39,944 |

# COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

# 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*

**To the Honorable Mayor and Members**
**of the City Council**
**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, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bainbridge, Georgia (the "City") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Bainbridge, Georgia's basic financial statements and have issued our report thereon dated June 22, 2021.

**Internal Control Over Financial Reporting**
In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-002 to be a material weakness.

A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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 financial statements. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2020-003.

**The City of Bainbridge, Georgia's Responses to Findings**

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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 result of that testing, and not to provide an opinion on the effectiveness of the City'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.

Mauldin & Jenkins, LLC

Albany, Georgia
June 22, 2021

MAULDIN & JENKINS
CPAs & ADVISORS

# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**To the Honorable Mayor and Members**
**of the City Council**
**City of Bainbridge, Georgia**

## Report on Compliance for Each Major Federal Program

We have audited the City of Bainbridge, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Bainbridge, Georgia's major federal programs for the fiscal year ended September 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended September 30, 2020.

**Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 22, 2021

# CITY OF BAINBRIDGE, GEORGIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| Federal Grantor/ Pass-Through Program Title | Federal CFDA Number | Agency or Pass-through Grantor's Number | Federal Expenditures | Passed-Through to Subrecipients |
|---|---|---|---|---|
| **U.S. Environmental Protection Agency** | | | | |
| **Passed-Through Georgia Environmental Finance Authority** | | | | |
| Capitalization Grant for Clean Water State Revolving Fund | 66.458 | CW2017029 | $ 808,671 | $ - |
| **U.S. Department of Homeland Security** | | | | |
| **Direct Awards** | | | | |
| Disaster Grants - Public Assistance | 97.036 | N/A | 1,693,293 | - |
| **U.S. Department of the Treasury** | | | | |
| **Direct Awards** | | | | |
| Coronavirus Relief Fund | 66.818 | ATLBF EPA | 632,418 | - |
| **Total Expenditures of Federal Awards** | | | $ 3,134,382 | $ - |

**See Notes to Schedule of Expenditures of Federal Awards**

# CITY OF BAINBRIDGE, GEORGIA

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

### NOTE 1. BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of the City of Bainbridge, Georgia (the "City") and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

### NOTE 2. MEASUREMENT FOCUS

The determination of when an award is expended is based on when the activity related to the award occurred.

### NOTE 3. DE MINIMIS INDIRECT COST RATE

The City chose not to use the 10% de minimis cost rate for the year ended September 30, 2020.

# CITY OF BAINBRIDGE, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

---

## SECTION I
## SUMMARY OF AUDITOR'S RESULTS

***Financial Statements***

| | |
|---|---|
| Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified? | _X_ Yes ___ No |
| Significant deficiencies identified? | _X_ Yes ___ None Reported |
| Noncompliance material to financial statements noted? | _X_ Yes ___ No |

***Federal Awards***

| | |
|---|---|
| Internal control over major programs: | |
| Material weaknesses identified? | ___ Yes _X_ No |
| Significant deficiencies identified? | ___ Yes _X_ None Reported |
| Type of auditor's report issued on compliance for major federal programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)? | ___ Yes _X_ No |

Identification of major program:

| CFDA Number | Name of Federal Program or Cluster |
|---|---|
| 66.458 | Capitalization Grant for Clean Water State Revolving Fund |
| 97.036 | Disaster Grants – Public Assistance |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs: | $750,000 |
| Auditee qualified as low-risk auditee? | ___ Yes _X_ No |

# CITY OF BAINBRIDGE, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

---

## SECTION II
## FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

**2020–001. Proper Recording of Capital Assets and Lease Activity**

Criteria: Under the economic resources measurement focus used by proprietary funds, the cost of property, equipment, and construction in progress are recorded as capital assets when the costs are incurred. Additionally, payments made under operating leases should be recorded as an expense. Principal payments made under a capital leases should be recorded as a reduction in the capital lease payable, and the interest portion of the capital lease payment should be recorded as interest expense.

Condition: The City was not properly recording capital assets or contributed capital during fiscal year 2020.

Effect: An adjustment was made in the Water & Sewer Fund to increase construction in progress by $48,390, contributed capital by $53,358 and expenses by $4,968. An adjustment was required in the Gas Fund to decrease construction in progress by $18,797, increase capital leases payable by $7,319 and increase rental expense by $26,116. An adjustment was made in the City Shop Fund to decrease construction in progress by $27,170, decrease capital leases payable by $10,859 and increase rental expense by $16,311.

Recommendation: We recommend the City review all capital asset transactions to ensure all are properly accounted for.

Views of Responsible Officials and Planned Corrective Action: We will review transactions to ensure all capital assets and lease transactions are properly recorded and accounted for.

**2020–002. Proper Recording of Transactions Related to Bond Issuance**

Criteria: Transactions related to the issuance of bonds should be recorded in the appropriate expenditure accounts and as other financing sources (uses) rather than recording all activity in one account.

Condition: The City recorded the use of bond proceeds in one expenditure account (Miscellaneous Projects and Debt), rather than properly classifying the use of funds.

Effect: Reclassification entries were necessary to properly reflect bond issuance costs ($286,019), bond premium ($1,346,754), amounts transferred to the escrow account for future debt service ($1,847,366), and amounts transferred to other funds for capital outlay and debt service expenditures ($8,364,728).

Recommendation: We recommend the City review bond documents to ensure the proper recording of all bond related transactions.

Views of Responsible Officials and Planned Corrective Action: For future debt issuances we will review bond documents to ensure the appropriate recording of transactions.

# CITY OF BAINBRIDGE, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

---

## SECTION II
## FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

**2020–003. Improper Use of TSPLOST Funds in Prior Year**

Criteria: The Official Code of Georgia (OCGA) Section 48-8-260 identifies eligible uses of transportation special purpose local option sales tax collections.

Condition: In the prior year, TSPLOST funds reimbursed the General Fund for expenditures that were not for allowable purposes under OCGA Section 48-8-260. At September 30, 2020, the General Fund has not yet reimbursed the TSPLOST Fund $247,924 for these unallowable expenditures.

Effect: Because repayment for unallowable expenditures of TSPLOST funds did not occur in the current year, the City is not in compliance with State law.

Recommendation: We recommend the City's General Fund reimburse the TSPLOST Fund for the unallowable expenditures.

Views of Responsible Officials and Planned Corrective Action: The City's General Fund will reimburse the TSPLOST Fund in fiscal year 2021.

## SECTION III
## FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

# CITY OF BAINBRIDGE, GEORGIA

## SCHEDULE OF PRIOR YEAR FINDINGS
## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

**2019–001. Recording of Unbilled Receivables**

Criteria: Internal controls should be in place to provide reasonable assurance that the correct billing register is used to calculate unbilled receivables.

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

Auditee Response/Status: Resolved.

**2019–002. Improper use of TSPLOST Funds**

Criteria: Internal controls over the accumulation of data and review for compliance as it relates to TSPLOST funding did not ensure proper accounting and compliance with State law.

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 date, or occurred in a different fiscal year.

Auditee Response/Status: Unresolved. See current year finding 2020-003

BAINBRIDGE
GEORGIA

## MANAGEMENT'S CORRECTIVE ACTION PLAN
## FOR THE YEAR ENDED SEPTEMBER 30, 2020

**2020-001. Proper Recording of Capital Assets and Lease Activity**

***Name of Contact Person Responsible for Corrective Action Plan:*** Lisa Taylor, Administrative Services Director

***Corrective Action Plan:*** Management will implement steps to ensure that all capital leases and the related assets are properly recorded and accounted for.

***Anticipated Completion Date:*** Fiscal Year 2021

**2019-002. Reconciliation of Pooled Cash Account**

***Name of Contact Person Responsible for Corrective Action Plan:*** Lisa Taylor, Administrative Services Director

***Corrective Action Plan:*** Management will implement steps to ensure that all future issuances of debt are properly recorded and accounted for.

***Anticipated Completion Date:*** Fiscal Year 2021

**2019-003. Improper Use of TSPLOST Funds in Prior Year**

***Name of Contact Person Responsible for Corrective Action Plan:*** Lisa Taylor, Administrative Services Director

***Corrective Action Plan:*** The TPLOST Fund will be reimbursed in FY2021.

***Anticipated Completion Date:*** Fiscal Year 2021