



CITY OF BREMEN
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December 30, 2015

Jacqueline E. Neubert, CPA, CGFM, CFE
Department of Audits and Accounts
Senior Auditor
270 Washington Street, SW
Room 1-156
Atlanta, Georgia 30334-8400

Re: City of Bremen, Georgia
F/Y/E June 30, 2015

Dear Ms. Neubert:

We are enclosing our annual financial statements, corrective action plan and status of prior year findings for the year ended June 30, 2015.

If you have any questions please don't hesitate to contact us.

Sincerely,

CITY OF BREMEN

Amy Ridley
City Clerk

Current Year Findings

15-1 Segregation of Duties

Management Response and Corrective Action

The City agrees with the finding above as presented in the annual audited financial statements for the year ended June 30, 2015. The City's management agrees that there is currently a limited number of staff involved in the accounting process and this leads to incomplete segregation of duties. The City will review procedures with its outside consultant to complete an analysis of the cost and benefit to adequately segregate all transaction cycles.

Expenditures Exceeded Appropriations at the Legal Level of Control

Management Response and Corrective Action

The City agrees with the finding above as presented in the annual audited financial statements for the year ended June 30, 2015. We have contracted with an outside consultant to assist the City in alleviating this finding. The City had expenditures that exceeded appropriations at the legal level of control as disclosed on page 26 in the City's Annual Financial Report for the fiscal year ended June 30, 2014. We will continue to monitor the budget on a monthly basis to control expenditures and make necessary budget amendments between budget line items as necessary.

Status of Prior Year Findings

14-1 Segregation of Duties – See Finding 15-1 Segregation of Duties above.

CITY OF BREMEN, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

June 30, 2015

CITY OF BREMEN, GEORGIA

Annual Financial Report For the Fiscal Year Ended June 30, 2015

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

WILL M. ROBINSON, CPA, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Bremen, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bremen, Georgia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Bremen, Georgia'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, each major fund, and the aggregate remaining fund information of the City of Bremen, Georgia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–9, budgetary comparison information on pages 44–45, and schedule of changes in the City's net pension liability and related ratios and schedule of funding progress on pages 46–49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bremen, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of special purpose local option sales tax proceeds (as required by the Official Code of Georgia Annotated 48-8-21) listed in the table of contents 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 nonmajor fund financial statements and the schedule of special purpose local option sales tax proceeds 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 December 8, 2015, on our consideration of the City of Bremen, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bremen, Georgia's internal control over financial reporting and compliance.



Carrollton, Georgia
December 8, 2015

CITY OF BREMEN, GEORGIA

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2015

This management discussion and analysis of the City of Bremen, Georgia's financial performance provides an overall review of the City's financial activities for the fiscal year ended June 30, 2015. It is designed to give the reader an objective and easily readable analysis of the City's financial performance. The primary intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements, and the financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for FY2015 are as follows:

The City's total assets exceeded its total liabilities by \$13,952,552 (net position) for the fiscal year reported. In total, combined net assets decreased \$117,023 which represents a less than 1% decrease over FY2014.

1. Combined tax revenues accounted for \$4,073,975 or 78% of all revenues from governmental activities. Service specific revenues in the form of charges for services, grants, contributions, and fines and forfeitures accounted for \$1,134,807 or 22% of total revenues of \$5,208,782 from governmental activities.
2. The City had \$5,254,068 in expenses related to governmental activities; only \$1,106,779 of these expenses were offset by charges for services, grants, contributions, and fine and forfeitures. General revenues (primarily taxes) of \$4,118,810 provided for these services.
3. Total Water and Sewerage Fund revenues for fiscal year 2015 were \$2,618,091. Total expenses for fiscal year 2015 were \$2,485,350. The increase in net assets after depreciation and non-operating revenues and/or expenses was \$388,909 for the fiscal year end.
4. Revenues from the General Fund were \$4,411,571 for fiscal year 2015, an increase of 1% over the prior fiscal year. General Fund expenditures totaled \$4,321,291 for the fiscal year ending June 30, 2015, an increase of 2% over last fiscal year.

Overview of the Financial Statements

This annual financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Bremen as a financial whole; or as an entire operating entity. The government-wide statements (i.e. Statement of Net Position and Statement of Activities) provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what remains for future spending. For proprietary funds, the statements offer short and long term financial information about activities the City operates like businesses, such as water and sewer. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

Government-Wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of internal activities.

CITY OF BREMEN, GEORGIA

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2015

The first of these government-wide statements is the Statement of Net Position. This is the City-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of the City's infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and user charges, and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, judicial, public safety, public services, health and welfare, economic development and culture and recreation. Business-type activities include the City's water system. The City's fiduciary activities simply hold resources temporarily for others and are not included in the government-wide statements since these assets are not available to fund City programs.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-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 assist in understanding the differences between these two perspectives.

Proprietary funds are activities that the City operates similar to a business in that it attempts to recover costs through charges to the user. The City's only proprietary fund is an enterprise fund. Enterprise funds may be used to account for any activity or service that charges a fee to external users to cover the cost of operations, including cost of depreciation and debt service. The City operates its Water and Sewerage Fund as an enterprise fund. Proprietary fund statements use the accrual basis of accounting similar to the government-wide statements.

CITY OF BREMEN, GEORGIA

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2015

Fiduciary funds (i.e., the agency funds) are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements report similarly to proprietary funds.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information includes the budgetary comparison statement for the General Fund and the City's progress in its obligation to provide pension benefits and other post-employment benefits to its employees. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Financial Analysis of the City as a Whole

The City's net position at fiscal year-end is \$13,952,552. This is an \$117,023 decrease from last year's net position, restated of \$13,835,529. The following table provides a summary of the City's net position.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and						
other assets	\$ 2,117,268	\$ 2,421,011	\$ 309,343	\$ 88,713	\$ 2,426,611	\$ 2,509,724
Capital assets	6,763,998	7,138,334	10,816,374	11,097,949	17,580,372	18,236,283
Total assets	8,881,266	9,559,345	11,125,717	11,186,662	20,006,983	20,746,007
Deferred Outflows	98,216	-	27,702	-	125,918	-
Liabilities:						
Current liabilities	2,289,248	491,877	897,902	781,552	3,187,150	1,273,429
Long-term liabilities	1,612,061	3,025,775	1,210,555	1,635,031	2,822,616	4,660,806
Total liabilities	3,901,309	3,517,652	2,108,457	2,416,583	6,009,766	5,934,235
Deferred Inflows	148,589	-	21,994	-	170,583	-
Net position:						
Net investment in						
capital assets	4,955,798	5,085,898	9,265,918	9,112,225	14,221,716	14,198,123
Restricted	115,978	69,413	-	-	115,978	69,413
Unrestricted	(142,192)	886,382	(242,950)	(342,146)	(385,142)	544,236
Total net position	\$ 4,929,584	\$ 6,041,693	\$ 9,022,968	\$ 8,770,079	\$ 13,952,552	\$ 14,811,772

CITY OF BREMEN, GEORGIA

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2015

Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program:						
Charges for services	\$ 400,564	\$ 445,743	\$ 2,617,064	\$ 2,383,270	\$ 3,017,628	\$ 2,829,013
Operating grants	99,448	53,823	-	-	99,448	53,823
Capital grants	606,767	623,138	-	-	606,767	623,138
General:						
Property taxes	1,424,721	1,524,369	-	-	1,424,721	1,524,369
Alcoholic beverage taxes	136,529	125,491	-	-	136,529	125,491
Vehicle taxes	233,121	237,713	-	-	233,121	237,713
Sales taxes	994,445	977,011	-	-	994,445	977,011
Franchise taxes	531,129	493,573	-	-	531,129	493,573
Insurance premium taxes	336,068	321,213	-	-	336,068	321,213
Other taxes	450,904	362,078	-	-	450,904	362,078
Unrestricted investment earnings	-	35	1,027	1,865	1,027	1,900
Gain on sale of capital assets	-	13,320	12,761	-	12,761	13,320
Miscellaneous revenue	11,893	28,358	-	-	11,893	28,358
Total revenues	<u>5,225,589</u>	<u>5,205,865</u>	<u>2,630,852</u>	<u>2,385,135</u>	<u>7,856,441</u>	<u>7,591,000</u>
Program expenses:						
General government	518,208	528,054	-	-	518,208	528,054
Judicial	16,541	17,073	-	-	16,541	17,073
Public safety	2,570,202	2,579,610	-	-	2,570,202	2,579,610
Public works	684,920	571,034	-	-	684,920	571,034
Health and welfare	110,010	110,195	-	-	110,010	110,195
Culture and recreation	1,172,169	1,188,192	-	-	1,172,169	1,188,192
Housing and development	99,080	97,597	-	-	99,080	97,597
Interest on long-term debt	82,938	92,177	-	-	82,938	92,177
Water and sewerage	-	-	2,485,350	2,460,586	2,485,350	2,460,586
Total expenses	<u>5,254,068</u>	<u>5,183,932</u>	<u>2,485,350</u>	<u>2,460,586</u>	<u>7,739,418</u>	<u>7,644,518</u>
Excess (deficiency) before transfers	(28,479)	21,933	145,502	(75,451)	117,023	(53,518)
Transfers	<u>(243,407)</u>	<u>(236,317)</u>	<u>243,407</u>	<u>236,317</u>	<u>-</u>	<u>-</u>
Changes in net position	(271,886)	(214,384)	388,909	160,866	117,023	(53,518)
Beginning net position,	5,201,470	6,256,077	8,634,059	8,609,213	13,835,529	14,865,290
Ending net position	<u>\$ 4,929,584</u>	<u>\$ 6,041,693</u>	<u>\$ 9,022,968</u>	<u>\$ 8,770,079</u>	<u>\$ 13,952,552</u>	<u>\$ 14,811,772</u>

CITY OF BREMEN, GEORGIA

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2015

Governmental Activities

Please note that the most significant expense is public safety expenses of \$2,570,202 representing 49% of the total governmental expenses. The next most significant program expenses are culture and recreation which totals \$1,172,169 and 22%, public works which totals \$684,920 and 13%, general government which totals \$518,208 and 10% of the total governmental expenses.

Business-Type Activities

The most significant business-type activity of the City is the Water and Sewer Department. The majority of its revenue was derived from user fees charged for product and service.

Cost of Program Services

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below shows, for governmental and business-type activities, the combined total cost of services and the combined net cost of services, that is, it identifies the cost of these services supported by tax revenue.

Program revenues make up 47% of the combined revenues, which shows the City is dependent upon tax revenues for governmental activities.

Governmental and Business-Type Activities (Combined)		
	Total Cost of Services 2015	Net Cost of Services 2015
Program expenses:		
General government	\$ 518,208	\$ (406,534)
Judicial	16,541	(16,541)
Public safety	2,570,202	(2,349,198)
Public works	684,920	(205,936)
Health and welfare	110,010	(110,010)
Culture and recreation	1,172,169	(877,052)
Housing and development	99,080	(99,080)
Interest on long-term debt	82,938	(82,938)
Water and sewerage	2,485,350	131,714
Total expenses	<u>\$ 7,739,418</u>	<u>\$ (4,015,575)</u>

Governmental Fund Balance

The General Fund's fund balance for the fiscal year ending June 30, 2015 is \$1,597,221. The SPLOST Fund was closed out during the fiscal year ending June 30, 2015 and the Other Governmental Funds total fund balances are \$115,978; these funds include three special revenue funds and two capital projects fund. Total Governmental Fund's fund balance is \$1,713,199.

General Fund Budgeting Highlights

The City's budget is prepared according to Georgia law. The most significant budgeted fund is the General Fund. The actual revenues of \$4,411,571 were over the final budgeted amount of \$4,200,350 by \$211,221. The actual expenditures of \$4,321,291 were over the final budgeted amount of \$4,252,350 by \$68,941.

CITY OF BREMEN, GEORGIA

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2015

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the City had \$17,580,372 invested in capital assets. The following table provides a summary of the City's capital assets.

Capital Assets Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 636,284	\$ 636,284	\$ 182,960	\$ 182,960	\$ 819,244	\$ 819,244
Construction in progress	38,244	38,244	-	-	38,244	38,244
Buildings and improvements	4,451,952	4,721,577	-	-	4,451,952	4,721,577
Improvements other than buildings	1,442,003	1,552,124	-	-	1,442,003	1,552,124
Water & sewer system	-	-	10,633,414	10,914,989	10,633,414	10,914,989
Furniture and equipment	27,785	12,186	-	-	27,785	12,186
Vehicles	167,730	177,919	-	-	167,730	177,919
Total	<u>\$ 6,763,998</u>	<u>\$ 7,138,334</u>	<u>\$ 10,816,374</u>	<u>\$ 11,097,949</u>	<u>\$ 17,580,372</u>	<u>\$ 18,236,283</u>

The primary increases occurred in the governmental activities with increases to vehicles of approximately \$67,000 for public safety vehicles.

Additional information on the City's capital assets can be found in Note 5 of this report.

Long-Term Debt

At the end of the current fiscal year, the City had total debt outstanding of \$4,932,546. This debt includes compensated absences, capital leases payable, notes payable, OPEB obligation and other long-term debt. No additional debt was issued during the current fiscal year. The City is current on all required debt service obligations.

Outstanding Debt

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Compensated absences	\$ 63,907	\$ 64,955	\$ 25,051	\$ 25,262	\$ 88,958	\$ 90,217
Capital leases payable	15,397	45,260	624,787	808,836	640,184	854,096
Notes payable	1,792,803	2,007,176	925,669	1,176,888	2,718,472	3,184,064
OPEB obligation	1,410,553	1,187,704	-	-	1,410,553	1,187,704
Other long term debt	-	-	74,379	99,991	74,379	99,991
Total	<u>\$ 3,282,660</u>	<u>\$ 3,305,095</u>	<u>\$ 1,649,886</u>	<u>\$ 2,110,977</u>	<u>\$ 4,932,546</u>	<u>\$ 5,416,072</u>

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

CITY OF BREMEN, GEORGIA

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2015

Economic Outlook

The City of Bremen is located in Haralson and Carroll County, which is located in the north western part of the state, approximately 40 miles west of Atlanta. The 2000 U.S. Census population figure for the City of Bremen was 4,579 and the 2010 U.S. Census population figure was 6,227. City leaders have recognized and plans have been developed and/or implemented to maintain balanced, controlled and planned developments in concert with an economic development plan that encourages appropriate growth. The economic growth has also placed increased demands on services, but the City has adopted a conservative approach and implemented programs to meet these demands. The City has still been able to provide its services at a cost per capita that is comparable to other communities with similar demographic and economic characteristics.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information please contact, Perry Hicks, City Manager, City of Bremen, 232 Tallapoosa Street, Bremen, Georgia 30110, 770-537-2331, or phicks@bremenga.gov.

BASIC FINANCIAL STATEMENTS

CITY OF BREMEN, GEORGIA

Statement of Net Position June 30, 2015

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash	\$ 384,593	\$ 1,139,959	\$ 1,524,552
Taxes receivable, net of allowance	307,915	-	307,915
Accounts receivable, net of allowance	62,160	261,806	323,966
Internal balances	1,308,293	(1,308,293)	-
Due from other governments	54,307	-	54,307
Restricted assets:			
Cash	-	215,871	215,871
Capital assets:			
Nondepreciable capital assets	674,528	182,960	857,488
Depreciable capital assets, net	6,089,470	10,633,414	16,722,884
Total assets	<u>8,881,266</u>	<u>11,125,717</u>	<u>20,006,983</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	98,216	27,702	125,918
Total deferred inflows of resources	<u>98,216</u>	<u>27,702</u>	<u>125,918</u>
LIABILITIES			
Accounts payable	88,334	85,653	173,987
Accrued liabilities	65,224	25,989	91,213
Accrued interest	432	-	432
Customer deposits	-	215,871	215,871
Net pension liability	464,659	131,058	595,717
Capital leases due within one year	15,397	199,464	214,861
Capital leases due in more than one year	-	425,323	425,323
Other long-term liabilities due within one year	-	26,184	26,184
Other long-term liabilities due in more than one year	-	48,195	48,195
Compensated absences due within one year	49,817	15,909	65,726
Compensated absences due in more than one year	14,090	9,142	23,232
Notes payable due within one year	194,832	197,774	392,606
Notes payable due in more than one year	1,597,971	727,895	2,325,866
Net other post employment benefits obligation due in more than one year	1,410,553	-	1,410,553
Total liabilities	<u>3,901,309</u>	<u>2,108,457</u>	<u>6,009,766</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - intergovernmental	70,611	-	70,611
Deferred inflows related to pension	77,978	21,994	99,972
Total deferred inflows of resources	<u>148,589</u>	<u>21,994</u>	<u>170,583</u>
NET POSITION			
Net investment in capital assets	4,955,798	9,265,918	14,221,716
Restricted for:			
Capital projects	54,830	-	54,830
Culture and recreation	56,523	-	56,523
Public safety	4,625	-	4,625
Unrestricted	(142,192)	(242,950)	(385,142)
Total net position	<u>\$ 4,929,584</u>	<u>\$ 9,022,968</u>	<u>\$ 13,952,552</u>

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

CITY OF BREMEN, GEORGIA

Statement of Activities For the Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 518,208	\$ 53,934	\$ 57,740	\$ -	\$ (406,534)	\$ -	\$ (406,534)
Judicial	16,541	-	-	-	(16,541)	-	(16,541)
Public safety	2,570,202	155,540	41,708	23,756	(2,349,198)	-	(2,349,198)
Public works	684,920	-	-	478,984	(205,936)	-	(205,936)
Health and welfare	110,010	-	-	-	(110,010)	-	(110,010)
Culture and recreation	1,172,169	191,090	-	104,027	(877,052)	-	(877,052)
Housing and development	99,080	-	-	-	(99,080)	-	(99,080)
Interest on long-term debt	82,938	-	-	-	(82,938)	-	(82,938)
Total governmental activities	5,254,068	400,564	99,448	606,767	(4,147,289)	-	(4,147,289)
Business-type activities:							
Water and sewerage	2,485,350	2,617,064	-	-	-	131,714	131,714
Total business-type activities	2,485,350	2,617,064	-	-	-	131,714	131,714
Total primary government	\$ 7,739,418	\$ 3,017,628	\$ 99,448	\$ 606,767	(4,147,289)	131,714	(4,015,575)
General revenues:							
Property taxes					1,424,721	-	1,424,721
Alcoholic beverage taxes					136,529	-	136,529
Vehicle taxes					233,121	-	233,121
Sales taxes					994,445	-	994,445
Franchise taxes					531,129	-	531,129
Insurance premium taxes					336,068	-	336,068
Other taxes					450,904	-	450,904
Unrestricted investment earnings					-	1,027	1,027
Gain on sale of capital assets					-	12,761	12,761
Miscellaneous revenue					11,893	-	11,893
Transfers					(243,407)	243,407	-
Total general revenues and transfers					3,875,403	257,195	4,132,598
Change in net position					(271,886)	388,909	117,023
Net position, beginning of year					5,201,470	8,634,059	13,835,529
Net position, end of year					\$ 4,929,584	\$ 9,022,968	\$ 13,952,552

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

CITY OF BREMEN, GEORGIA

Balance Sheet Governmental Funds June 30, 2015

			Nonmajor Governmental Funds	Total Governmental Funds
ASSETS	General	SPLOST		
Cash	\$ 342,914	\$ -	\$ 41,679	\$ 384,593
Receivables:				
Taxes	287,219	-	20,696	307,915
Accounts	62,160	-	-	62,160
Due from other funds	-	-	-	-
Advance to other funds	1,308,293	-	-	1,308,293
Due from other governments	-	-	54,307	54,307
Total assets	\$ 2,000,586	\$ -	\$ 116,682	\$ 2,117,268
LIABILITIES				
Accounts payable	\$ 87,630	\$ -	\$ 704	\$ 88,334
Accrued liabilities	65,224	-	-	65,224
Due to other funds	-	-	-	-
Total liabilities	152,854	-	704	153,558
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes & fines	179,900	-	-	179,900
Unearned revenue - intergovernmental	70,611	-	-	70,611
Total deferred inflows of resources	250,511	-	-	250,511
FUND BALANCES				
Fund balances:				
Nonspendable:				
Advances to other funds	1,308,293	-	-	1,308,293
Restricted:				
Capital projects	-	-	54,830	54,830
Culture and recreation	-	-	56,523	56,523
Public safety	-	-	4,625	4,625
Unassigned	288,928	-	-	288,928
Total fund balances	1,597,221	-	115,978	1,713,199
Total liabilities, deferred inflows of resources and fund balances	\$ 2,000,586	\$ -	\$ 116,682	\$ 2,117,268

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

CITY OF BREMEN, GEORGIA

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2015

Total Governmental Fund Balances			\$ 1,713,199
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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.

Cost	\$ 12,316,695	
Less accumulated depreciation	<u>(5,552,697)</u>	6,763,998

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Property taxes and fines		179,900
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Net other post employment benefits obligations are not due and payable in the current period and therefore not reported in the funds.		(1,410,553)
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the deferred inflows are not due and payable in the current period and therefore are not reported in the Governmental Funds.

Deferred outflows related to pension	98,216	
Deferred inflows related to pension	<u>(77,978)</u>	<u>20,238</u>

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Note payable	(1,792,803)	
Accrued interest payable	(432)	
Net pension liability	(464,659)	
Compensated absences	(63,907)	
Capital leases	<u>(15,397)</u>	<u>(2,337,198)</u>

Net position of governmental activities		<u>\$ 4,929,584</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF BREMEN, GEORGIA

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2015

	General	SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 3,819,279	\$ -	\$ 254,696	\$ 4,073,975
Licenses and permits	41,078	-	-	41,078
Intergovernmental	127,353	534,727	-	662,080
Charges for services	203,946	-	-	203,946
Fines and forfeitures	163,887	-	7,788	171,675
Contributions and donations	44,135	-	-	44,135
Miscellaneous revenue	11,893	-	-	11,893
Total revenues	<u>4,411,571</u>	<u>534,727</u>	<u>262,484</u>	<u>5,208,782</u>
EXPENDITURES				
Current:				
General government	388,573	-	-	388,573
Judicial	16,541	-	-	16,541
Public safety	2,240,188	-	7,257	2,247,445
Public works	482,634	-	-	482,634
Health and welfare	101,514	-	-	101,514
Culture and recreation	960,465	-	98,283	1,058,748
Housing and development	100,213	-	-	100,213
Capital outlay	-	217,154	-	217,154
Debt service:				
Principal	29,864	110,208	104,166	244,238
Interest	1,299	77,488	4,715	83,502
Total expenditures	<u>4,321,291</u>	<u>404,850</u>	<u>214,421</u>	<u>4,940,562</u>
Excess (deficiency) of revenues over (under) expenditures	<u>90,280</u>	<u>129,877</u>	<u>48,063</u>	<u>268,220</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	114,473	724,813	108,881	948,167
Transfers out	<u>(724,813)</u>	<u>(352,288)</u>	<u>(114,473)</u>	<u>(1,191,574)</u>
Total other financing sources (uses)	<u>(610,340)</u>	<u>372,525</u>	<u>(5,592)</u>	<u>(243,407)</u>
Net change in fund balances	(520,060)	502,402	42,471	24,813
FUND BALANCE (DEFICIT), beginning of year	<u>2,117,281</u>	<u>(502,402)</u>	<u>73,507</u>	<u>1,688,386</u>
FUND BALANCE, end of year	<u>\$ 1,597,221</u>	<u>\$ -</u>	<u>\$ 115,978</u>	<u>\$ 1,713,199</u>

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

CITY OF BREMEN, 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 June 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	24,813
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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 depreciation exceeded capital outlays in the current period.

Capital outlay	\$	117,667	
Depreciation expense		<u>(492,003)</u>	(374,336)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	32,942	
Police fines	<u>(16,135)</u>	16,807

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments:		
Capital leases	29,863	
Notes payable	<u>214,373</u>	244,236

The increase in other post employment benefits obligations did not require the use of current financial resources and therefore was not reported as expenditures in governmental funds, but is an expense in the Statement of Activities.	(222,849)
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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.

Compensated absences	1,048	
Accrued interest	564	
Pension expense	<u>37,831</u>	39,443

Change in net position of governmental activities	\$	<u>(271,886)</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF BREMEN, GEORGIA

Statement of Net Position Proprietary Fund June 30, 2015

	Business-type Activities
	Enterprise Fund
	Water and Sewerage Fund
ASSETS	
CURRENT ASSETS	
Cash	\$ 1,139,959
Accounts receivable, net of allowances	261,806
Restricted assets, cash	
Customer deposits	215,871
Total current assets	<u>1,617,636</u>
NON CURRENT ASSETS	
Capital assets:	
Non depreciable	182,960
Depreciable, net of accumulated depreciation	10,633,414
Total capital assets (net of accumulated depreciation)	<u>10,816,374</u>
Total non current assets	<u>10,816,374</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	<u>27,702</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	85,653
Accrued liabilities	25,989
Compensated absences	15,909
Customer deposits, payable with restricted assets	215,871
Capital lease payable, current portion	199,464
Notes payable, current portion	197,774
Other long-term liabilities, current portion	26,184
Total current liabilities	<u>766,844</u>
LONG-TERM LIABILITIES	
Compensated absences	9,142
Capital lease payable	425,323
Notes payable	727,895
Advance from other funds	1,308,293
Net pension liability	131,058
Other long-term liabilities	48,195
Total long-term liabilities	<u>2,649,906</u>
Total liabilities	<u>3,416,750</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	<u>21,994</u>
NET POSITION	
Net investment in capital assets	9,265,918
Unrestricted	(242,950)
Total net position	<u>\$ 9,022,968</u>

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

CITY OF BREMEN, GEORGIA

*Statement of Revenues, Expense, and
Changes in Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2015*

	Business-type Activities
	Enterprise Fund
	Water and Sewerage Fund
OPERATING REVENUES	
Charges for services:	
Water sales	\$ 1,268,308
Sewer sales	924,605
Other charges	26,007
Sanitation charges	398,144
Total operating revenues	<u>2,617,064</u>
OPERATING EXPENSES	
Personnel costs	874,006
Contracted services	155,552
Supplies	1,095,958
Depreciation	291,948
Total operating expenses	<u>2,417,464</u>
Operating income	<u>199,600</u>
NONOPERATING REVENUES (EXPENSES)	
Gain on sale of capital assets	12,761
Interest income	1,027
Interest expense	(67,886)
Total nonoperating revenues (expenses)	<u>(54,098)</u>
Loss before transfers	<u>145,502</u>
TRANSFERS IN	<u>243,407</u>
Change in net position	388,909
NET POSITION, beginning of year, restated	<u>8,634,059</u>
NET POSITION, end of year	<u><u>\$ 9,022,968</u></u>

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

CITY OF BREMEN, GEORGIA

Statement of Cash Flows Proprietary Fund For the Fiscal Year Ended June 30, 2015

	Business-type Activities Enterprise Funds Water and Sewerage Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 2,631,435
Payments to employees	(880,763)
Payments to suppliers for goods and services provided	(1,347,101)
Net cash provided by operating activities	<u>403,571</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers in	243,407
Proceeds from sale of capital assets	12,761
Interest paid on capital debt	(70,322)
Purchase of property and equipment	(10,370)
Principal payments on long-term borrowings	(460,880)
Net cash used in capital and related financing activities	<u>(285,404)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	1,027
Net cash provided by investing activities	<u>1,027</u>
Net increase in cash and cash equivalents	119,194
Cash and cash equivalents, beginning of year (including restricted cash of \$210,607)	1,236,636
Cash and cash equivalents, end of year (including restricted cash of \$215,871)	<u><u>\$ 1,355,830</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Net operating income	\$ 199,600
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Depreciation	291,948
Decrease in accounts receivable	9,107
Increase in deferred outflows	(1,801)
Increase in accounts payable	14,952
Decrease in due to other funds	(110,543)
Increase in accrued liabilities	4,123
Decrease in net pension liability	(30,862)
Increase in customer deposits	5,264
Decrease in compensated absences	(211)
Increase in deferred inflows	21,994
Net cash provided by operating activities	<u><u>\$ 403,571</u></u>

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

CITY OF BREMEN, GEORGIA

Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2015

	Agency Fund
	<hr/>
ASSETS	
Cash	<u>\$ 15,072</u>
Total assets	<u><u>\$ 15,072</u></u>
LIABILITIES	
Due to other governments	<u>\$ 15,072</u>
Total liabilities	<u><u>\$ 15,072</u></u>

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

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements *June 30, 2015*

Note 1. Summary of Significant Accounting Policies

The financial statements of the City of Bremen, Georgia (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (the “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. Reporting Entity

The City of Bremen, Georgia was incorporated in 1883 under the provisions of an act of the General Assembly of Georgia. The City operates under the Mayor-Council form of government and provides the following services to its citizens as authorized by its charter: public safety (police and fire), recreation, water, and general and administrative services. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Bremen, Georgia (the “primary government”) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, the financial statements of the following component units are presented in the City's financial statements.

The City of Bremen Downtown Development Authority (the “Authority”) was created as a separate legal entity by action of the City Council to assist in the development and redevelopment activities in the downtown area. The seven member governing board of the Authority is appointed by the City Council. The Authority is blended as a special revenue fund of the City because it provides services almost exclusively for the benefit of the City. Separate financial statements are not prepared for the Authority.

The City of Bremen Development Authority (the “Development Authority”) was created as a separate legal entity by an act of the state legislature and “activated” by action of the City Council to promote and expand industry, welfare and trade for the public good and welfare of the City of Bremen, Georgia, and make long-range plans for such development and expansion. The governing board of the Authority is appointed by the City Council for fixed terms. The Development Authority is fiscally dependent upon the City because the City Council has the sole authority to levy taxes for the Development Authority. The Development Authority is audited along with the primary government's financial statements as a discretely presented component unit. There was no financial activity for the Development Authority in the current fiscal year. Separate financial statements are not prepared for the Development 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 non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. *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 net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements *June 30, 2015*

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Continued)

Program revenues include 1) charges to those 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, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. 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 ***capital projects SPLOST Fund*** accounts for the financial resources provided from the 1999, 2012 and 2009 one percent Special Purpose Local Option Sales Tax. Such resources are to be used for improvements to parks and recreation facilities, water and sewer projects, road improvements and the administrative building.

The City reports the following major proprietary fund:

The ***Water and Sewerage Fund*** accounts for the activities of the water distribution and sewer treatment system.

The City also reports the following fund types within the non-major governmental funds:

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital projects funds account for general capital projects funded by donations.

Agency Fund accounts for the collection and disbursement of monies by the City on behalf of other governments.

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

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of* accounting, as are for the proprietary fund and the fiduciary funds. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. 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. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to long-term debt, compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements *June 30, 2015*

Note 1. Summary of Significant Accounting Policies (Continued)

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

Property taxes, sales taxes, intergovernmental grants, 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.

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

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 water function and various other functions of the City. Elimination of these charges would distort the direct costs reported for the various functions concerned.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Investments

For purposes of the statement of cash flows, the Enterprise Funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Customer deposit resources in the water fund are restricted to the payment of customer's deposits as they become due.

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

F. Management Estimates

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

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements *June 30, 2015*

Note 1. Summary of Significant Accounting Policies (Continued)

G. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an asset at the time the individual item is purchased. Inventories reported in the governmental funds are equally offset by a fund balance reserve, which indicates that they do not constitute “available, spendable resources” even though they are a component of net current assets.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide and proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	20-50
Improvements other than buildings	10-20
Furniture and equipment	5-10
Vehicles	5-20
Water system	10-60

Prior to July 1, 2003, governmental funds’ infrastructure assets were not capitalized. The City is a Phase 3 entity and is not required to record infrastructure from years prior to implementation of the reporting model.

I. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts, as well as issuance costs, 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 other assets and amortized over the term of the related debt.

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 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.

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements *June 30, 2015*

Note 1. Summary of Significant Accounting Policies (Continued)

J. Compensated Absences

Accumulated sick pay benefits have not been recorded as a liability because these benefits are paid upon the illness of an employee and the amount of such payments cannot be reasonably estimated. Accumulated unpaid vacation costs are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

K. 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 management 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 purpose for which amounts in those funds can be spent. 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 Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.

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 Council has authorized the City Manager 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:

- (1) Committed
- (2) Assigned
- (3) Unassigned

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements *June 30, 2015*

Note 1. Summary of Significant Accounting Policies (Continued)

K. Fund Equity (Continued)

Net Position – Net position represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net position invested in capital assets, net of related debt, 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. 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 are 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.

L. Deferred outflows/inflows of resources

The City implemented GASB Statements No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and No. 65, Items Previously Reported as Assets and Liabilities, as of July 1, 2012. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

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

In addition to liabilities, the financial statements 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 or net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item that qualifies for reporting in this category. This item arises only under a modified accrual basis of accounting and, accordingly, the item, unavailable revenue from property taxes and police fines, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Bremen Retirement Plan (the “Plan”), and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements *June 30, 2015*

Note 2. Legal Compliance Budgets

The following procedures are used by the City in establishing the budgetary data reflected in the financial statements:

1. The City Charter establishes the fiscal year as the twelve-month period beginning July 1 and ending to June 30. Prior to June 30, the departments submit to the City Clerk a budget of estimated expenditures for the ensuing fiscal year, after which the City Manager and City Clerk subsequently submit a budget of estimated expenditures and revenues to the City Council for the City's operating funds. These include General, Administrative, Police and Fire, Streets, Library and Recreation, Senior Citizens, and Water and Sewer.
2. Upon receipt of the budget estimates, the Council holds a first meeting on the Budget Ordinance. Information about the Budget Ordinance is then published in the official newspaper of the City. The Council is precluded from passing the Budget Ordinance until ten days have passed after the Ordinance Publication.
3. The budget is then legally enacted through the passage of the Budget Ordinance.
4. The legal level of budgetary control is the departmental level. Budgeted amounts can be transferred between accounts within departments; however, any revisions of the total departmental budget must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. The budgets for the General Fund, special revenue funds, and capital project fund were adopted on a basis consistent with generally accepted accounting principles (GAAP).

Budgeted amounts are as originally adopted, or as amended by the City Council. No individual amendments were made during the current year.

The following General Fund functions had excesses of actual expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2015.

General government	
Elections	\$ 915
General administration	35,178
Judicial	
Municipal court	541
Public safety	
Police	12,560
Fire	6,200
Public works	
Highways and streets	36,715
Culture and recreation	
Parks	20,242
Housing and development	
Economic development	5,250
Transfers out	724,813

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements *June 30, 2015*

Note 3. Deposits

Custodial Credit Risk – Deposits:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. At June 30, 2015, all of the deposits of the City were fully collateralized in accordance with the state statutes.

Note 4. Receivables

Receivables at June 30, 2015, for the City's individual funds, including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Water and Sewerage</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Receivables:				
Taxes	\$ 293,942	\$ -	\$ 20,696	\$ 314,638
Accounts	119,479	327,189	-	446,668
Gross receivables	413,421	327,189	20,696	761,306
Less allowance for uncollectibles	(64,042)	(65,383)	-	(129,425)
Net total receivables	<u>\$ 349,379</u>	<u>\$ 261,806</u>	<u>\$ 20,696</u>	<u>\$ 631,881</u>

Property taxes attach as an enforceable lien on property as of January 3, 2015. Taxes are levied on August 15, 2013 and payable on or before December 1, 2013. The City bills and collects its own property taxes. Property taxes levied for the year ending June 30, 2015 and not collected are recorded as receivables, net of estimated uncollectibles.

Amounts due from other governments at June 30, 2015, are broken down as follows:

SPLOST 6 Fund:

Sales tax collections

Haralson County Board of Commissioners	\$ 53,784
Carroll County Board of Commissioners	523
	<u>\$ 54,307</u>

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements June 30, 2015

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 636,284	\$ -	\$ -	\$ 636,284
Construction in progress	38,244	-	-	38,244
Total	<u>674,528</u>	<u>-</u>	<u>-</u>	<u>674,528</u>
Capital assets, being depreciated:				
Buildings and improvements	7,303,200	-	-	7,303,200
Improvements other than buildings	3,132,857	29,508	-	3,162,365
Furniture and equipment	198,159	20,855	-	219,014
Vehicles	890,284	67,304	-	957,588
Total	<u>11,524,500</u>	<u>117,667</u>	<u>-</u>	<u>11,642,167</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,581,623)	(269,625)	-	(2,851,248)
Improvements other than buildings	(1,580,733)	(139,629)	-	(1,720,362)
Furniture and equipment	(185,973)	(5,256)	-	(191,229)
Vehicles	(712,365)	(77,493)	-	(789,858)
Total	<u>(5,060,694)</u>	<u>(492,003)</u>	<u>-</u>	<u>(5,552,697)</u>
Total capital assets, being depreciated, net	<u>6,463,806</u>	<u>(374,336)</u>	<u>-</u>	<u>6,089,470</u>
Governmental activities capital assets, net	<u>\$ 7,138,334</u>	<u>\$ (374,336)</u>	<u>\$ -</u>	<u>\$ 6,763,998</u>
Business Type activities:				
Capital assets, not being depreciated:				
Land	\$ 182,960	\$ -	\$ -	\$ 182,960
Total	<u>182,960</u>	<u>-</u>	<u>-</u>	<u>182,960</u>
Capital assets, being depreciated:				
Water & sewer system	17,790,717	10,370	-	17,801,087
Furniture and equipment	63,023	-	-	63,023
Vehicles	106,917	-	30,577	76,340
Total	<u>17,960,657</u>	<u>10,370</u>	<u>30,577</u>	<u>17,940,450</u>
Less accumulated depreciation for:				
Water & sewer system	(6,875,728)	(291,945)	-	(7,167,673)
Furniture and equipment	(63,023)	-	-	(63,023)
Vehicles	(106,917)	-	(30,577)	(76,340)
Total	<u>(7,045,668)</u>	<u>(291,945)</u>	<u>(30,577)</u>	<u>(7,307,036)</u>
Total capital assets, being depreciated, net	<u>10,914,989</u>	<u>(281,575)</u>	<u>-</u>	<u>10,633,414</u>
Business type activities capital assets, net	<u>\$ 11,097,949</u>	<u>\$ (281,575)</u>	<u>\$ -</u>	<u>\$ 10,816,374</u>

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements June 30, 2015

Note 5. Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 17,294
Public safety	208,055
Public works	108,419
Health and welfare	8,496
Culture and recreation	<u>149,739</u>
Total depreciation expense - governmental activities	<u>\$ 492,003</u>
Business-type activities:	
Water and sewerage	<u>\$ 291,945</u>
Total depreciation expense - business-type activities	<u>\$ 291,945</u>

Note 6. Long-Term Debt

Long-term liability activity for the year ended June 30, 2015 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due In More Than One Year
Governmental activities:						
Compensated absences	\$ 64,955	\$ 73,804	\$ 74,852	\$ 63,907	\$ 49,817	\$ 14,090
Capital lease payable	45,260	-	29,863	15,397	15,397	-
Notes payable	2,007,176	-	214,373	1,792,803	194,832	1,597,971
OPEB obligation	1,187,704	222,849	-	1,410,553	-	1,410,553
Governmental activities long-term liabilities	<u>\$ 3,305,095</u>	<u>\$ 296,653</u>	<u>\$ 319,088</u>	<u>\$ 3,282,660</u>	<u>\$ 260,046</u>	<u>\$ 3,022,614</u>
Business-type activities:						
Compensated absences	\$ 25,262	\$ 24,818	\$ 25,029	\$ 25,051	\$ 15,909	\$ 9,142
Capital leases payable	808,836	-	184,049	624,787	199,464	425,323
Other long term debt	99,991	-	25,612	74,379	26,184	48,195
Notes payable	1,176,888	-	251,219	925,669	197,774	727,895
Business-type activities long-term liabilities	<u>\$ 2,110,977</u>	<u>\$ 24,818</u>	<u>\$ 485,909</u>	<u>\$ 1,649,886</u>	<u>\$ 439,331</u>	<u>\$ 1,210,555</u>

The compensated absences liability will be paid from the General or Water and Sewerage Funds from which employees' salaries are paid. The capital leases, other long term debt, OPEB obligation and notes payable will be paid by the General Fund and the Water and Sewerage Fund.

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements June 30, 2015

Note 6. Long-Term Debt (Continued)

Governmental Activities:

Capital Lease Payable. The following is an analysis of leased assets under capital leases as of June 30, 2015:

	Cost	Amortization Expense	
		Current	Accumulated
Public Safety: Vehicle (fire truck)	\$ 265,500	\$ 26,550	\$ 250,013

The City incurred debt for the purchase of a fire truck.

Fiscal Year	Principal	Interest	Total
2016	\$ 15,397	\$ 185	\$ 15,582
	\$ 15,397	\$ 185	\$ 15,582

Current year amortization expense for the fire truck was \$26,550 for the year ended June 30, 2015.

Notes Payable. The City incurred debt to a leasing company for the construction of a public safety facility.

4.37%	20	2027	\$	15,641	\$	2,500,000	\$ 1,713,093
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Fiscal Year	Principal	Interest	Total
2016	\$ 115,122	\$ 72,574	\$ 187,696
2017	120,254	67,442	187,696
2018	125,616	62,080	187,696
2019	131,217	56,479	187,696
2020	137,067	50,629	187,696
2021-2025	782,640	155,841	938,481
2026-2027	301,177	11,649	312,826
	\$ 1,713,093	\$ 476,694	\$ 2,189,787

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements June 30, 2015

Note 6. Long-Term Debt (Continued)

Governmental Activities (Continued):

Notes Payable (Continued). The Downtown Development Authority incurred a note payable for the construction of a library expansion. The project is a joint operation with the West Georgia Regional Library System with an expected total cost of approximately \$2 million. The remainder of the financing for the expansion is being provided by the West Georgia Regional Library System through a state grant.

<u>Interest Rate</u>	<u>Term (yrs)</u>	<u>Due Date</u>	<u>Payment</u>	<u>Balance</u>	<u>Balance</u>
3.25%	5	2015	\$ 27,220	\$ 500,000	\$ 79,710

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 79,710	\$ 1,294	\$ 81,004
	<u>\$ 79,710</u>	<u>\$ 1,294</u>	<u>\$ 81,004</u>

Business-type Activities:

Capital Lease Payable. The following is an analysis of leased assets under capital leases as of June 30, 2015:

	<u>Cost</u>	<u>Amortization Expense</u>	
		<u>Current</u>	<u>Accumulated</u>
Water and Sewerage Fund:			
Water Meters	<u>\$ 2,158,454</u>	<u>\$ 35,974</u>	<u>\$ 325,267</u>

The City incurred debt to Old National Bank for construction of the radio-read water meter project.

<u>Interest Rate</u>	<u>Term (yrs)</u>	<u>Due Date</u>	<u>Payment</u>	<u>Balance</u>	<u>Balance</u>
4.649%	13	2018	\$14,072 - \$19,537	\$ 1,842,737	\$ 624,787

	<u>Business-type Activities</u>
Fiscal year ending June 30,	
2016	\$ 224,329
2017	230,614
2018	<u>214,870</u>
Total minimum lease payments	669,813
Less amount representing interest	<u>45,026</u>
Present value of minimum lease payments	<u>\$ 624,787</u>

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements June 30, 2015

Note 6. Long-Term Debt (Continued)

Business-type Activities (Continued):

Other Long Term Debt. The City entered into a contract for administrative expenses related to replacing water meters throughout the City. The original cost was \$315,717.

<u>Fiscal Year</u>	<u>Payments</u>
2016	\$ 26,184
2017	26,969
2018	21,226
	<u>\$ 74,379</u>

Notes Payable. The City incurred debt to the Georgia Environmental Facilities Authority (GEFA) for construction of various water system projects.

<u>Interest Rate</u>	<u>Term (yrs)</u>	<u>Due Date</u>	<u>Payment</u>	<u>Balance</u>	<u>Balance</u>
4.00%	20	2017	\$ 20,867	\$ 1,906,611	\$ 234,352
3.00%	20	2025	34,831	1,245,500	691,317
6.80%	25	2015	5,476	1,000,000	-
					<u>\$ 925,669</u>

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 197,774	\$ 27,415	\$ 225,189
2017	170,298	20,059	190,357
2018	69,918	15,946	85,864
2019	72,039	13,825	85,864
2020	394,336	34,984	429,320
2021-2025	21,304	160	21,464
	<u>\$ 925,669</u>	<u>\$ 112,389</u>	<u>\$ 1,038,058</u>

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements *June 30, 2015*

Note 7. Interfund receivables, payables and transfers

The composition of interfund balances as of June 30, 2015, is as follows:

	<u>Advance To</u> <u>Water and</u> <u>Sewerage Fund</u>
<u>Advance From</u> General Fund	<u>\$ 1,308,293</u>
Total	<u><u>\$ 1,308,293</u></u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, and (2) payments between funds are made. The balance above between the General Fund and SPLOST Fund represents expenditures of the SPLOST Fund paid by the General Fund due to the timing of receiving sales tax proceeds from Haralson County.

The composition of interfund transfers for the fiscal year ended June 30, 2015, is as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 114,473
SPLOST Fund	General Fund	724,813
Water and Sewerage Fund	SPLOST Fund	243,407
Downtown Development Authority Fund	SPLOST Fund	108,881
		<u><u>\$ 1,191,574</u></u>

These transfers to the General Fund from the nonmajor governmental fund (Hotel/Motel Fund) is the General Fund's portion of hotel/motel taxes for general operations of the City. The transfers from the SPLOST fund were used to pay debt service on SPLOST funded projects in the Water and Sewerage Fund and Downtown Development Authority Fund.

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements *June 30, 2015*

Note 8. Joint Venture

The City, in conjunction with the cities of Buchanan, Tallapoosa and Waco, has created the Haralson County Water Authority and the Haralson County Landfill. The Haralson County Water Authority's board is composed of one representative from each of the municipalities, the Commissioner of Haralson County, and three representatives from the private sector. The Haralson County Landfill Board is composed of the Commissioner of Haralson County and one representative from each city. For the year ended June 30, 2015, the City purchased water from the Haralson County Water Authority at a cost of \$430,717. The City did not pay landfill fees to the Haralson County Landfill in the current year due to the closing of the Haralson County Landfill. The City of Bremen has no equity interest in either entity nor does the City materially contribute to the continued existence of either entity. The City's only interest is a commitment to purchase a minimum amount of water until the year 2031 from the Haralson County Water Authority. Separate financial statements may be obtained from the Haralson County Water Authority, 4277 Georgia Highway 120, Buchanan, Georgia 30113-4911. Complete financial statements are not prepared for the Haralson County Landfill. No related party transactions have occurred between the City of Bremen and the Haralson County Water Authority or the Haralson County Landfill.

Under Georgia Law, the City, in conjunction with other cities and counties in the northwest Georgia area, is a member of the Northwest Georgia Regional Commission (NWGRC) and is required to pay annual dues thereto. During its year ended June 30, 2015, the City paid \$6,209 in such dues. Membership in an NWGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the NWGRC in Georgia. The NWGRC Board membership includes the chief elected official of each City and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an NWGRC. Separate financial statements may be obtained from the Northwest Georgia Regional Commission, P.O. Box 1798, Rome, Georgia 30162-1798.

Note 9. Hotel/Motel Lodging Tax

The City has levied a 5% lodging tax. A summary of the transactions for the year ended June 30, 2015 follows:

	2015	Percentage of Total Available Receipts
Beginning balance for tourism expenditures	\$ 34,886	
Lodging tax receipts collected during current fiscal year	199,866	
Total lodging tax receipts available for current fiscal year	234,752	
Disbursements:		
General Fund	79,946	34%
Tourism expenditures:		
Bremen Textile and Railroad Museum	80,000	34%
Haralson County Chamber of Commerce	18,283	8%
Total expenditures during current fiscal year	178,229	
Ending balance for future tourism expenditures	\$ 56,523	

All expenditures were for promotion of tourism as required by O.C.G.A. 48-13-51.

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements *June 30, 2015*

Note 10. Defined Benefit Pension Plan

A. Plan Description

The City's contributes to the City of Bremen Retirement Plan (the "Plan"), which is a participating member in the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan defined benefit pension plan. O.C.G.A. Section 47-5-1 et Seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the GMEBS to the respective employer entities. For the City of Bremen Retirement Plan, that authority rests with the City of Bremen, Georgia. The benefit provisions and all other requirements are established and maybe amended by City ordinance. It is the responsibility of the GMEBS to function as the investment and administrative agent for the City of Bremen, Georgia with respect to the pension plan. The City of Bremen Retirement Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information to the Plan. That report may be obtained by writing to Georgia Municipal Association, Employee Benefit Section, 201 Pryor Street, SW, Atlanta, Georgia 30303-3606.

B. Benefits Provided

The City of Bremen Retirement Plan provides retirement, disability, and death benefits. Retirement benefits are determined as 1.25 percent of the employee's final 3-year average compensation times the employee's years of service. Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. The change has no impact on service credited under the Plan and no impact on benefits. As a result of this change, all employees are now include in the valuation. This change has minimal impact on the Plan's liability. Elected officials are not covered. The employees are vested after five years. The normal retirement age is sixty five plus five years with the early retirement age being fifty five plus ten years. As of January 1, 2015, the date of the most recent actuarial valuation, the plan membership included the following categories of participants.

Benefits for retired participants and beneficiaries	19
Terminated vested participants	17
Active vested participants	<u>29</u>
Total present value of vested benefits	65
Nonvested benefits	<u>34</u>
Total present value of accrued plan benefits	<u><u>99</u></u>

C. Contributions

Recommended Contribution: The GMEBS Board of Trustees has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the Plan. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly).

State Funding Standards: The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these standards is \$120,960. The minimum contribution has been determined as the sum of 1) the normal cost (including administrative expenses), 2) the 30-year level percentage of payroll amortization of the unfunded actuarial liability of the 10-year level percentage of payroll amortization of the surplus, and 3) interest on these amounts from the

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements June 30, 2015

Note 10. Defined Benefit Pension Plan

C. Contributions (Continued):

valuation date to the date contributions are paid (assumed monthly). The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. If the City contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet the applicable state funding standards.

The City makes 100% of the contributions to the Plan. The contractually required contributions, which are actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute at an actuarially determined rate; the current rate is 7.44% of annual covered payroll.

D. Net Pension Liability

The City's net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015.

Actuarial assumptions. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.75% to 8.00%, include an inflation assumption of 3.25%
Investment rate of return	7.75%, based on long-term expected rate of return on pension plan investments
Mortality Rates:	
<i>Healthy:</i>	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females
<i>Disabled:</i>	RP-2000 Disabled Retiree Mortality Table with sex-distinct rates
<i>Plan Determination Basis:</i>	1994 Group Annuity Reserving Unisex Table
RP-2000 Mortality Tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2010 to June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.	

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to June 30, 2014.

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

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements June 30, 2015

10. Defined Benefit Pension Plan

D. Net Pension Liability (Continued):

allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic Equity	50%	5.95%	9.20%
International Equity	15%	6.45%	9.70%
Fixed Income	25%	1.55%	4.80%
Real Estate	10%	3.75%	7.00%
Cash	0%		
Total	100%		

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

Changes In Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2013	\$ 3,414,572	\$ 2,678,567	\$ 736,005
Changes for the year:			
Service cost	69,921	-	69,921
Interest	257,145	-	257,145
Differences between expected and actual experience	13,312	-	13,312
Assumption Changes	(25,294)	-	(25,294)
Contributions—employer	-	156,978	(156,978)
Net investment income	-	304,562	(304,562)
Benefit payments, including refunds of employee contributions	(193,154)	(193,154)	-
Administrative expense	-	(6,167)	6,167
Net changes	121,930	262,219	(140,289)
Balances at September 30, 2014	<u>\$ 3,536,502</u>	<u>\$ 2,940,786</u>	<u>\$ 595,716</u>

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements June 30, 2015

10. Defined Benefit Pension Plan

D. Net Pension Liability (Continued):

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's Net Pension Liability	\$ 1,077,240	\$ 595,716	\$ 198,884

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report.

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of \$105,566. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,095	\$ -
Changes of assumptions	-	21,080
Net difference between projected and actual earnings on pension plan investments	-	78,892
City contributions from October 1, 2014 thru June 30, 2015	114,824	-
	<u>\$ 125,919</u>	<u>\$ 99,972</u>

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements *June 30, 2015*

10. Defined Benefit Pension Plan

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Deferred Outflows(Inflows) Recognized in Future Years</u>					
<u>Year Ended June 30</u>					
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Thereafter</u>
\$ (21,720)	\$ (21,720)	\$ (21,720)	\$ (21,720)	\$ (1,997)	\$ -

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 January 1, 2015.

Note 11. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is a defined contribution plan. The plan is administered and trusted by the Variable Annuity Life Insurance Company (VALIC). The assets are held by VALIC and not recorded in these financial statements. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The City does not match any eligible participants' contributions. All employee annual contributions are limited to maximums established by Internal Revenue Service guidelines. For the year ended June 30, 2015, employees contributed \$15,603 to the VALIC plan.

Note 12. Other Post Employment Benefits

In addition to the pension benefits described in Notes 10 and 11, the City provides, through passage of local ordinance, post-retirement health benefits to all full-time City employees enrolled in the City's pension plan. The plan is a single employer plan. Provided they have twenty (20) years of total service with the City and are otherwise eligible for retirement under the City's pension plan, public safety employees are eligible for the program at age sixty (60) and all other employees are eligible at age sixty two (62). Currently, no employees are eligible for post-retirement health care benefits. The City pays the entire premium for the retiree's existing health insurance coverage for an eighteen (18) month COBRA period. At the conclusion of the COBRA period, the City pays the entire premium for employee coverage under a group retiree program. Dependent coverage is available on a retiree-pay-all basis. Coverage ends upon Medicare eligibility of the covered individual. Expenditures for post-retirement health care benefits are currently recognized as incurred and amounted to no expenditures for the year ended June 30, 2015.

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements June 30, 2015

Note 12. Other Post Employment Benefits (Continued):

Membership

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the OPEB Health Care Plan as of July 1, 2012.

Participants	
Actives fully eligible to retire	-
Actives not yet fully eligible to retire	67
Retirees	-
Total	<u>67</u>

Contributions

The annual required contribution amount is determined using actuarial methods and assumptions approved by the Council. The Council establishes and may amend the funding policy for the OPEB Health Care Plan, which is currently pay as you go. The OPEB Health Care Plan does not issue a stand-alone financial report.

The City's actuarially required contribution, OPEB cost, and increase in net OPEB obligation for the year ended June 30, 2015, were computed as follows:

	2015	2014
Annual Required Contribution	\$ 260,278	260,278
Interest on Net OPEB Obligation	35,631	28,785
Adjustment to the ARC	<u>(58,831)</u>	<u>(47,527)</u>
Annual OPEB Cost	237,078	241,536
Actual Contribution	<u>(14,229)</u>	<u>(13,326)</u>
Increase in Net OPEB Obligation	222,849	228,210
Net OPEB obligation, beginning of year	<u>1,187,704</u>	<u>959,494</u>
Net OPEB obligation, end of year	<u>\$ 1,410,553</u>	<u>1,187,704</u>

Schedule of Employer Contributions

Fiscal Year Ended June 30,	(1) Annual OPEB Cost	(2) Actual OPEB Contribution	(3) Percentage of OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 237,078	\$ -	0.00%	\$ 1,410,553
2014	241,536	-	0.00%	1,187,704
2013	246,348	-	0.00%	959,494
2012	236,026	-	0.00%	713,146
2011	236,026	-	0.00%	477,120

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements June 30, 2015

Note 12. Other Post Employment Benefits (Continued)

OPEB Health Care Plan

As of the most recent valuation date, July 1, 2012, the funded status of the OPEB Health Care Plan was as follows:

Actuarial Value of Asset (AVA)	\$ -
Actuarial Accrued Liability (AAL)	\$ (1,423,729)
Unfunded Actuarial Accrued Liability (UAAL)	\$ (1,423,729)
Funded Ratio (Assets as a percentage of AAL)	0.00%
Annual Covered Payroll	Not Available
UAAL as a Percentage of Covered Payroll	Not Available

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 continued revision as results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Calculations are based on the plan in effect at July 1, 2012 and on the pattern of sharing of costs between the employer and plan members to that point.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial calculations reflect a long-term perspective. Calculations are based on the plan in effect at July 1, 2012. The assumptions used in the July 1, 2012 actuarial valuation are as follows:

The assumptions used in the July 1, 2012 actuarial valuation are as follows:

Measurement Date	July 1, 2012
Investment Rate of Return	
Expected Rate on Plan Assets	Not Applicable
Expected Return on City's Assets	3.00%
Rate of Compensation Increase	Not Applicable
Initial Health Care Cost Trend Rate	
Medical Plans	7.60%
Ultimate Health Care Trend Rate	5.00%
Fiscal Year the Ultimate Rate is Reached	Fiscal Year 2023
Actuarial Cost Method	Projected Unit Credit
(Alternative Measurement Method)	

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements *June 30, 2015*

Note 12. Other Post Employment Benefits (Continued)

OPEB Health Care Plan (Continued)

Amortization Method	Level Dollar - Open
Amortization Period (years)	30
Method Used to Determine Actuarial Value of Assets	Not Applicable

Note 13. Risk Management

The City is exposed to various risks of losses related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, 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 claims of loss. The City is also to allow the pool's agent 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 funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost 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 carries commercial insurance for other risks of losses, such as general property and liability insurance. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 14. Commitments and Contingencies

Grant Contingencies:

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

Note 15. Related Organization

Housing Authority of the City of Bremen:

The City Council is responsible for appointing various members of the Housing Authority Board, but the City's accountability for the Housing Authority does not extend beyond making these appointments.

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements *June 30, 2015*

Note 16. Governmental Accounting Standards Board (GASB) Statements No. 68 and 71 Restatement

For the fiscal year ended June 30, 2015, the City implemented the provisions of GASB No. 68 and 71 – *Accounting and Financial Reporting for Pensions*. Accordingly, beginning net positions of the Water and Sewerage Fund, the Governmental activities, and the Business-Type Activities was reduced as presented in the schedule below. These reductions reflect the recording of net pension liabilities, deferred inflows of resources and deferred outflows of resources as required under the new GASB Statements.

Net Position, Water and Sewerage Fund, June 30, 2014, as previously reported	\$ 8,770,079
Implementation of GASB No. 68 and 71 - <i>Accounting and Financial Reporting for Pensions</i>	(136,020)
Beginning Net Position, Water and Sewerage Fund, June 30, 2014, restated	<u>\$ 8,634,059</u>
Net position, Governmental Activities, June 30, 2014, as previously reported	\$ 6,041,693
Implementation of GASB No. 68 and 71 - <i>Accounting and Financial Reporting for Pensions</i>	(840,223)
Beginning net position, Governmental Activities, June 30, 2014, restated	<u>\$ 5,201,470</u>
Net Position, Business-Type Activities, June 30, 2014, as previously reported	\$ 8,770,079
Implementation of GASB No. 68 and 71 - <i>Accounting and Financial Reporting for Pensions</i>	(136,020)
Beginning Net Position, Business-Type Activities, June 30, 2014, restated	<u>\$ 8,634,059</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BREMEN, GEORGIA

*Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2015*

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 3,783,985	\$ 3,783,985	\$ 3,819,279	\$ 35,294
Licenses and permits	43,510	43,510	41,078	(2,432)
Intergovernmental	37,100	37,100	127,353	90,253
Charges for services	134,720	134,720	203,946	69,226
Fines and forfeitures	196,000	196,000	163,887	(32,113)
Contributions and donations	-	-	44,135	44,135
Investment income	35	35	-	(35)
Miscellaneous	5,000	5,000	11,893	6,893
Total revenues	4,200,350	4,200,350	4,411,571	211,221
EXPENDITURES				
Current:				
General government				
City Council	13,605	13,605	9,101	4,504
Mayor	3,835	3,835	3,687	148
Elections	-	-	915	(915)
General administration	339,692	339,692	374,870	(35,178)
Total general government	357,132	357,132	388,573	(31,441)
Judicial				
Municipal court	16,000	16,000	16,541	(541)
Public safety				
Police	1,437,181	1,437,181	1,449,741	(12,560)
Fire	784,247	784,247	790,447	(6,200)
Total public safety	2,221,428	2,221,428	2,240,188	(18,760)
Public works				
Highways and streets	445,919	445,919	482,634	(36,715)
Health and welfare				
Senior citizens	138,213	138,213	101,514	36,699
Culture and recreation				
Parks	629,038	629,038	649,280	(20,242)
Libraries	314,400	314,400	311,185	3,215
Total culture and recreation	943,438	943,438	960,465	(17,027)
Housing and development				
Codes & inspection	94,210	94,210	90,963	3,247
Economic development	4,000	4,000	9,250	(5,250)
Total housing and development	98,210	98,210	100,213	(2,003)

(Continued)

CITY OF BREMEN, GEORGIA

*Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2015*

	Budget			Variance With
	Original	Final	Actual	Final Budget
Debt service:				
Principal	29,864	29,864	29,864	-
Interest	2,146	2,146	1,299	847
Total debt service	32,010	32,010	31,163	847
 Total expenditures	 4,252,350	 4,252,350	 4,321,291	 (68,941)
 Excess (deficiency) of revenues over (under) expenditures	 (52,000)	 (52,000)	 90,280	 142,280
 OTHER FINANCING SOURCES				
Transfers in	52,000	52,000	114,473	62,473
Transfers out	-	-	(724,813)	(724,813)
Total other financing sources	52,000	52,000	(610,340)	(662,340)
 Net change in fund balances	 -	 -	 (520,060)	 (520,060)
 FUND BALANCE				
Beginning of year	 2,117,281	 2,117,281	 2,117,281	 -
 End of year	 \$ 2,117,281	 \$ 2,117,281	 \$ 1,597,221	 \$ (520,060)

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

CITY OF BREMEN, GEORGIA

Required Supplementary Information Defined Benefit Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability										
Service cost	\$ 69,921	(Historical Information prior to implementation of GASB 67/68 is not required)								
Interest	257,145									
Differences between expected and actual experience	13,312									
Amortization of experience differences	-									
Assumption Changes	(25,294)									
Benefit payments, including refunds of employee contributions	(193,154)									
Net change in total pension liability	121,930									
Total Pension Liability										
Beginning of Year	3,414,572									
End of Year(a)	<u>\$ 3,536,502</u>									
Plan Fiduciary Net Position										
Contributions - employer	\$ 156,978	(Historical Information prior to implementation of GASB 67/68 is not required)								
Contributions - employee	-									
Net investments income	304,562									
Benefit payments, including refunds of employee contributions	(193,154)									
Administrative expense	(6,167)									
Net change in fiduciary net pension	262,219									
Plan Fiduciary Net Position										
Beginning of Year	2,678,567									
End of Year(b)	<u>\$ 2,940,786</u>									
City's Net Pension Liability(a) - (b)	<u>\$ 595,716</u>									
Plan's fiduciary net position as a percentage of the total pension liability	83.16%	(Historical Information prior to implementation of GASB 67/68 is not required)								
Covered - employee payroll	\$ 2,343,527									
City's net pension liability as a percentage of covered employee payroll	25.42%									

Schedule of Contributions

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	*	(Historical Information prior to implementation of GASB 67/68 is not required)								
Contributions in relation to the actuarially determined contribution	*									
Contribution deficiency (excess)	*									
Covered - employee payroll	*									
Contributions as a percentage of covered employee payroll	*									

* 2015 information will be determined after fiscal year end and will be included in the 2016 valuation report.

CITY OF BREMEN, GEORGIA

Notes to the Required Supplementary Information
June 30, 2015

Notes to Schedule of Contributions

Valuation Date	The actuarially determined contribution rate was determined as of January 1, 2015, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially contribution rate will be reported for the fiscal year ending June 30, 2016.
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Methods and assumptions used to determine contribution rates:

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 10 years
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of 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	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Normal Retirement Age	65 + 5
Early Retirement	55 + 10

Mortality Rates:

Healthy: RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females

Disabled: RP-2000 Disabled Retiree Mortality Table with sex-distinct rates

Plan Determination Basis: 1994 Group Annuity Reserving Unisex Table

RP-2000 Mortality Tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2010 to June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.

Other information: See the “Actuarial Valuation History for Notes to Schedules” on following page for the history of changes to plan provisions.

CITY OF BREMEN, GEORGIA

Notes to the Required Supplementary Information June 30, 2015

Actuarial Valuation History for Notes to Schedules

Changes of Assumptions

- As a result of the plan change to provide immediate participation for Employees for the Fiscal Year end in 2016, the eligibility assumption has been changed from one year to immediate. The increase in the Plan's NPL is minimal and has been included in the differences between expected and actuarial experience.
 - Amounts reported for the Fiscal Year ending in 2016 and later reflect the following assumption changes based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2010.
 - The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.
 - The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
 - The retirement rates where normal retirement is only available on or after 65 were changed from prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 63, 45% at age 65, and 100% at age 70.
 - The inflation assumption was decreased from 3.50% to 3.25%.
 - The salary increase assumption was changed from select period rates during the first five year of services, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Benefit Changes

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

CITY OF BREMEN, GEORGIA

Required Supplementary Information

Schedule of Funding Progress

OPEB Health Care Plan

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Funded Ratio (1)/(2)	(4) Unfunded / (Surplus) AAL (1)-(2)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Liability as a Percentage of Covered Payroll
July 1, 2012	\$ -	\$ 1,423,729	0.00%	\$ 1,423,729	Not Available	0.00%
July 1, 2009 *	-	1,313,976	0.00%	1,313,976	Not Available	0.00%

Note: See assumptions used for the schedule disclosed in the notes to the basic financial statements.

*First year of implementation.

COMBINING FUND STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

CITY OF BREMEN, GEORGIA

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2015

ASSETS	Special Revenue Funds			Capital Project Funds		
	Downtown	Hotel/	Confiscated	General	SPLOST 6	Total
	Development Authority	Motel	Assets			
Cash	\$ -	\$ 35,827	\$ 5,329	\$ -	\$ 523	\$ 41,679
Taxes receivable	-	20,696	-	-	-	20,696
Due from other governments	-	-	-	-	54,307	54,307
Total assets	<u>\$ -</u>	<u>\$ 56,523</u>	<u>\$ 5,329</u>	<u>\$ -</u>	<u>\$ 54,830</u>	<u>\$ 116,682</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ 704	\$ -	\$ -	\$ 704
Due to other funds	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>704</u>	<u>-</u>	<u>-</u>	<u>704</u>
FUND BALANCES						
Restricted for:						
Capital projects	-	-	-	-	54,830	54,830
Culture and recreation	-	56,523	-	-	-	56,523
Public safety	-	-	4,625	-	-	4,625
Total fund balances	<u>-</u>	<u>56,523</u>	<u>4,625</u>	<u>-</u>	<u>54,830</u>	<u>115,978</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 56,523</u>	<u>\$ 5,329</u>	<u>\$ -</u>	<u>\$ 54,830</u>	<u>\$ 116,682</u>

CITY OF BREMEN, GEORGIA

*Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015*

	Special Revenue Funds			Capital Project Funds		
	Downtown Development Authority	Hotel/ Motel	Confiscated Assets	General	SPLOST 6	Total
REVENUES						
Taxes	\$ -	\$ 199,866	\$ -	\$ -	\$ 54,830	\$ 254,696
Fines and forfeitures	-	-	7,788	-	-	7,788
Contributions and donations	-	-	-	-	-	-
Total revenues	-	199,866	7,788	-	54,830	262,484
EXPENDITURES						
Current:						
Public safety	-	-	7,257	-	-	7,257
Culture and recreation	-	98,283	-	-	-	98,283
Debt Service:						
Principal	104,166	-	-	-	-	104,166
Interest	4,715	-	-	-	-	4,715
Total expenditures	108,881	98,283	7,257	-	-	214,421
Excess (deficiency) of revenues over (under) expenditures	(108,881)	101,583	531	-	54,830	48,063
OTHER FINANCING SOURCES(USES)						
Transfers in	108,881	-	-	-	-	108,881
Transfers out	-	(79,946)	-	(34,527)	-	(114,473)
Total other financing sources(uses)	108,881	(79,946)	-	(34,527)	-	(5,592)
Net change in fund balances	-	21,637	531	(34,527)	54,830	42,471
FUND BALANCE, beginning of year	-	34,886	4,094	34,527	-	73,507
FUND BALANCE, end of year	\$ -	\$ 56,523	\$ 4,625	\$ -	\$ 54,830	\$ 115,978

**SPECIAL PURPOSE LOCAL
OPTION SALES TAX PROCEEDS SCHEDULES**

CITY OF BREMEN, GEORGIA

*Schedule of Expenditures of
Special Purpose Local Option Sales Tax Proceeds
2009 Issue
For the Fiscal Year Ended June 30, 2015*

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Debt Service	\$ 2,376,000	\$ 2,376,000	\$ 2,629,633	\$ 539,984	\$ 3,169,617
Water and Sewer Improvement Project and Various Other Capital Improvements	2,142,345	2,142,345	1,238,512	217,154	1,455,666
	<u>\$ 4,518,345</u>	<u>\$ 4,518,345</u>	<u>\$ 3,868,145</u>	<u>\$ 757,138</u>	<u>\$ 4,625,283</u>

Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

SPLOST Fund

Total Expenditures	\$ 404,850
Transfers out (A)	352,288
	<u>\$ 757,138</u>

(A) Transfer outs were recorded in order to properly record debt service payments in the Enterprise Fund; Water & Sewerage Fund. Projects were an approved SPLOST project per the referendum above.

CITY OF BREMEN, GEORGIA

*Schedule of Expenditures of
Special Purpose Local Option Sales Tax Proceeds
2014 Issue - Haralson County, Georgia
For the Fiscal Year Ended June 30, 2015*

Project Description	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Public Safety Facilities and Equipment	\$ 425,000	\$ -	\$ -	\$ -
Water and Wastewater Facilities and Equipment	900,000	-	-	-
Recreation, Parks and Cultural Arts Facilities and Equipment	550,000	-	-	-
Public Safety Complex and Water Capital Improvements	1,790,000	-	-	-
Roads, Streets, Bridges, Sidewalks & Drainage Improvements	308,200	-	-	-
	<u>\$ 3,973,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BREMEN, GEORGIA

*Schedule of Expenditures of
Special Purpose Local Option Sales Tax Proceeds
2014 Issue - Carroll County, Georgia
For the Fiscal Year Ended June 30, 2015*

Project Description	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Water and Sewer Capital Outlay Projects, and Roads, Streets, Bridges, and Sidewalk Projects	\$ 38,400	\$ -	\$ -	\$ -
	<u>\$ 38,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMPLIANCE SECTION

WILL M. ROBINSON, CPA, P.C.*Certified Public Accountants*

**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
City of Bremen, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bremen, Georgia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Bremen, Georgia's basic financial statements and have issued our report thereon dated December 8, 2015.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as 15-1, to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bremen, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of

our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Bremen, Georgia's Response to Findings

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Will M. Adams, CPA, P.C." The signature is written in a cursive, flowing style.

Carrollton, Georgia
December 8, 2015

CITY OF BREMEN, GEORGIA

Schedule Of Findings And Responses For The Fiscal Year Ended June 30, 2015

A. SUMMARY OF AUDIT RESULTS:

Financial Statements

The auditor's report expresses an unqualified opinion on the financial statements of the City of Bremen, Georgia.

One reportable condition relating to the audit of the financial statements is reported in the Report on Compliance and Internal Control over Financial Statements Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, and is included in the Schedule of Findings and Questioned Costs as item 15-1. This reportable condition is deemed to be a material weakness.

No instances of noncompliance material to the audit of the financial statements of the City of Bremen, Georgia are reported in the Report on Compliance and Internal Control over Financial Statements Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Federal Awards

There was not an audit of major federal award programs as of June 30, 2015 due to the total amount expended being less than \$500,000.

CITY OF BREMEN, GEORGIA

Schedule Of Findings And Responses For The Fiscal Year Ended June 30, 2015

B. SCHEDULE OF FINDINGS AND RESPONSES

15-1 Segregation of Duties

Condition: There is not an appropriate segregation of duties between the recording, distribution, and reconciliation of cash accounts and other operational functions.

Criteria: Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business

Context/Cause: During our testing of the City's accounts, it was following was noted:

Clerks did not have separate physically controlled cash supplies and their daily work was not segregated from each others.

Payments on both the water and sewer and tax accounts receivable subsidiary ledgers is posted by City personnel who also maintain the subsidiary ledgers master file and input billing data.

Effect: Failure to periodically segregate duties between the recording, distribution, and reconciliation of cash accounts can lead to the misappropriation of funds without such actions being detected during the normal course of business.

Recommendation: The duties of recording, distribution, and reconciliation of cash accounts should be segregated between employees.

Auditee's Response: We concur with the finding above. We have segregated duties within limited staff to the extent possible and will continue to work toward further segregation of duties in the future.

C. FEDERAL AWARDS

There was not an audit of major federal award programs as of June 30, 2015 due to the total amount expended being less than \$500,000.

CITY OF BREMEN, GEORGIA

Schedule Of Findings And Responses For The Fiscal Year Ended June 30, 2015

D. STATUS OF PRIOR YEAR FINDINGS: FINANCIAL STATEMENT AUDIT

14-1 Segregation of Duties

Condition: There is not an appropriate segregation of duties between the recording, distribution, and reconciliation of cash accounts and other operational functions.

Criteria: Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business

Context/Cause: During our testing of the City's accounts, it was following was noted:

Clerks did not have separate physically controlled cash supplies and their daily work was not segregated from each others.

Payments on both the water and sewer and tax accounts receivable subsidiary ledgers is posted by City personnel who also maintain the subsidiary ledgers master file and input billing data.

Effect: Failure to periodically segregate duties between the recording, distribution, and reconciliation of cash accounts can lead to the misappropriation of funds without such actions being detected during the normal course of business.

Recommendation: The duties of recording, distribution, and reconciliation of cash accounts should be segregated between employees.

Auditee's Response: We concur with the finding above. We have segregated duties within limited staff to the extent possible and will continue to work toward further segregation of duties.

Current Year Status: This remains a finding for this year.