

CITY OF BREMEN, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

June 30, 2017

CITY OF BREMEN, GEORGIA

*Annual Financial Report
For the Fiscal Year Ended June 30, 2017*

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FINANCIAL SECTION

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, 2017, 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, 2017, 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 43–44, and schedule of changes in the City’s net pension liability and related ratios and schedule of funding progress on pages 45–48 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 and combining and individual fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual 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 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 29, 2017, 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 29, 2017

CITY OF BREMEN, GEORGIA

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

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, 2017. 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 FY2017 are as follows:

The City's total assets exceeded its total liabilities by \$14,033,699 (net position) for the fiscal year reported. In total, combined net assets decreased \$84,355 which represents a less than 1% decrease over FY2016.

1. Combined tax revenues accounted for \$4,061,795 or 74% of all revenues from governmental activities. Service specific revenues in the form of charges for services, grants, contributions, and fines and forfeitures accounted for \$1,377,432 or 25% of total revenues of \$5,465,506 from governmental activities.
2. The City had \$6,067,866 in expenses related to governmental activities; only \$1,377,432 of these expenses were offset by charges for services, grants, contributions, and fine and forfeitures. General revenues (primarily taxes) of \$4,088,074 provided for these services.
3. Total Water and Sewerage Fund revenues for fiscal year 2017 were \$3,019,795. Total expenses for fiscal year 2017 were \$2,603,277. The increase in net assets after depreciation and non-operating revenues and/or expenses, capital contributions, and transfers was \$775,774 for the fiscal year end.
4. Revenues from the General Fund were \$4,563,104 for fiscal year 2017, an increase of 1% over the prior fiscal year. General Fund expenditures totaled \$4,613,185 for the fiscal year ending June 30, 2017, an increase of 4% 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, 2017

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, 2017

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 \$14,033,699. This is a \$84,355 decrease from last fiscal year's net position of \$14,088,054. The following table provides a summary of the City's net position.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	\$ 1,631,472	\$ 2,085,065	\$ 1,128,177	\$ 648,066	\$ 2,759,649	\$ 2,733,131
Capital assets	6,190,469	6,427,775	10,672,367	10,867,072	16,862,836	17,294,847
Total assets	<u>7,821,941</u>	<u>8,512,840</u>	<u>11,800,544</u>	<u>11,515,138</u>	<u>19,622,485</u>	<u>20,027,978</u>
Deferred Outflows	<u>147,042</u>	<u>196,676</u>	<u>41,470</u>	<u>55,455</u>	<u>188,512</u>	<u>252,131</u>
Liabilities:						
Current liabilities	2,862,287	2,609,499	909,156	1,025,641	3,771,443	3,635,140
Long-term liabilities	1,352,099	1,486,120	666,978	1,053,931	2,019,077	2,540,051
Total liabilities	<u>4,214,386</u>	<u>4,095,619</u>	<u>1,576,134</u>	<u>2,079,572</u>	<u>5,790,520</u>	<u>6,175,191</u>
Deferred Inflows	<u>13,983</u>	<u>13,154</u>	<u>2,795</u>	<u>3,710</u>	<u>16,778</u>	<u>16,864</u>
Net position:						
Net investment in capital assets	4,712,754	4,829,806	9,645,901	9,377,059	14,358,655	14,206,865
Restricted	110,718	177,124	-	-	110,718	177,124
Unrestricted	(1,082,858)	(406,187)	617,184	110,252	(465,674)	(295,935)
Total net position	<u>\$ 3,740,614</u>	<u>\$ 4,600,743</u>	<u>\$10,263,085</u>	<u>\$ 9,487,311</u>	<u>\$ 14,003,699</u>	<u>\$ 14,088,054</u>

CITY OF BREMEN, GEORGIA

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Summary of Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program:						
Charges for services	\$ 507,777	\$ 475,107	\$ 3,019,780	\$ 2,784,666	\$ 3,527,557	\$ 3,259,773
Operating grants	113,186	50,045	-	-	113,186	50,045
Capital grants	756,469	169,629	142,632	-	899,101	169,629
General:						
Property taxes	1,377,910	1,366,438	-	-	1,377,910	1,366,438
Alcoholic beverage taxes	146,916	143,372	-	-	146,916	143,372
Vehicle taxes	205,545	234,518	-	-	205,545	234,518
Sales taxes	908,929	1,571,115	-	-	908,929	1,571,115
Franchise taxes	502,954	533,595	-	-	502,954	533,595
Insurance premium taxes	388,902	359,033	-	-	388,902	359,033
Other taxes	530,639	452,182	-	-	530,639	452,182
Unrestricted investment earnings	-	-	15	16	15	16
Gain on sale of capital assets	6,521	10,743	-	-	6,521	10,743
Miscellaneous revenue	19,758	38,289	-	-	19,758	38,289
Total revenues	<u>5,465,506</u>	<u>5,404,066</u>	<u>3,162,427</u>	<u>2,784,682</u>	<u>8,627,933</u>	<u>8,188,748</u>
Program expenses:						
General government	597,407	620,590	-	-	597,407	620,590
Judicial	19,962	16,289	-	-	19,962	16,289
Public safety	2,791,170	2,621,854	-	-	2,791,170	2,621,854
Public works	955,603	744,410	-	-	955,603	744,410
Health and welfare	138,976	114,754	-	-	138,976	114,754
Culture and recreation	1,378,581	1,188,359	-	-	1,378,581	1,188,359
Housing and development	118,725	101,676	-	-	118,725	101,676
Interest on long-term debt	67,442	74,265	-	-	67,442	74,265
Water and sewerage	-	-	2,644,422	2,571,049	2,644,422	2,571,049
Total expenses	<u>6,067,866</u>	<u>5,482,197</u>	<u>2,644,422</u>	<u>2,571,049</u>	<u>8,712,288</u>	<u>8,053,246</u>
Excess (deficiency) before transfers	(602,360)	(78,131)	518,005	213,633	(84,355)	135,502
Transfers	(257,769)	(250,710)	257,769	250,710	-	-
Changes in net position	(860,129)	(328,841)	775,774	464,343	(84,355)	135,502
Beginning net position,	4,600,743	4,929,584	9,487,311	9,022,968	14,088,054	13,952,552
Ending net position	<u>\$ 3,740,614</u>	<u>\$ 4,600,743</u>	<u>\$10,263,085</u>	<u>\$ 9,487,311</u>	<u>\$ 14,003,699</u>	<u>\$ 14,088,054</u>

CITY OF BREMEN, GEORGIA

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Governmental Activities

Please note that the most significant expense is public safety expenses of \$2,791,170 representing 46% of the total governmental expenses. The next most significant program expenses are culture and recreation which totals \$1,378,581 and 23%, public works which totals \$955,603 and 16%, general government which totals \$597,407 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 45% of the combined revenues, which shows the City is dependent upon tax revenues for governmental activities.

<u>Governmental and Business-Type Activities (Combined)</u>		
	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>
Program expenses:		
General government	\$ 597,407	\$ (448,809)
Judicial	19,962	(19,962)
Public safety	2,791,170	(2,216,902)
Public works	955,603	(662,084)
Health and welfare	138,976	(138,976)
Culture and recreation	1,378,581	(1,017,534)
Housing and development	118,725	(118,725)
Interest on long-term debt	67,442	(67,442)
Water and sewerage	2,644,422	517,990
Total expenses	<u>\$ 8,712,288</u>	<u>\$ (4,172,444)</u>

Governmental Fund Balance

The General Fund's fund balance for the fiscal year ending June 30, 2017 is \$1,831,908. The SPLOST Fund's fund balance for the fiscal year ending June 30, 2017 was a deficit of \$550,237 and the Other Governmental Funds total fund balances are \$14,741; these funds include two special revenue funds. The total fund balance for all governmental funds is \$1,296,412.

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 \$4,563,104 were over the final budgeted amount of \$4,554,605 by \$8,499. The actual expenditures of \$4,613,185 were over the final budgeted amount of \$4,665,240 by \$52,055.

CITY OF BREMEN, GEORGIA

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the City had \$16,862,836 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	
	2017	2016	2017	2016	2017	2016
Land	\$ 641,684	\$ 641,684	\$ 182,960	\$ 182,960	\$ 824,644	\$ 824,644
Construction in progress	48,232	38,244	131,568	-	179,800	38,244
Buildings and improvements	3,913,080	4,182,326	-	-	3,913,080	4,182,326
Improvements other than buildings	1,332,523	1,304,417	-	-	1,332,523	1,304,417
Water & sewer system	-	-	10,067,840	10,343,867	10,067,840	10,343,867
Furniture and equipment	46,798	55,166	198,087	221,877	244,885	277,043
Vehicles	208,152	205,938	91,912	118,368	300,064	324,306
Total	\$ 6,190,469	\$ 6,427,775	\$ 10,672,367	\$ 10,867,072	\$ 16,862,836	\$ 17,294,847

The primary increases occurred in the governmental activities with increases to vehicles of approximately \$370,000 for public safety and public works 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 \$5,255,027. 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	
	2017	2016	2017	2016	2017	2016
Compensated absences	\$ 46,140	\$ 48,945	\$ 15,842	\$ 19,799	\$ 61,982	\$ 68,744
Capital leases payable	-	-	469,125	762,118	469,125	762,118
Notes payable	1,477,715	1,597,969	557,341	727,895	2,035,056	2,325,864
OPEB obligation	1,924,997	1,670,852	-	-	1,924,997	1,670,852
Net pension liability	579,586	630,994	163,455	177,955	743,041	808,949
Other long term debt	-	-	20,826	47,998	20,826	47,998
Total	\$ 4,028,438	\$ 3,948,760	\$ 1,226,589	\$ 1,735,765	\$ 5,255,027	\$ 5,684,525

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, 2017

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, 2017*

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 525,586	\$ 1,166,344	\$ 1,691,930
Taxes receivable, net of allowance	281,058	-	281,058
Accounts receivable, net of allowance	56,557	285,089	341,646
Internal balances	716,296	(716,296)	-
Due from other governments	51,975	-	51,975
Restricted assets:			
Cash	-	393,040	393,040
Capital assets:			
Nondepreciable capital assets	689,916	314,528	1,004,444
Depreciable capital assets, net	5,500,553	10,357,839	15,858,392
Total assets	<u>7,821,941</u>	<u>11,800,544</u>	<u>19,622,485</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	147,042	41,470	188,512
Total deferred inflows of resources	<u>147,042</u>	<u>41,470</u>	<u>188,512</u>
LIABILITIES			
Accounts payable	185,948	105,521	291,469
Accrued liabilities	-	4,182	4,182
Customer deposits	-	239,842	239,842
Net pension liability	579,586	163,455	743,041
Capital leases due within one year	-	289,570	289,570
Capital leases due in more than one year	-	179,555	179,555
Other long-term liabilities due within one year	-	20,826	20,826
Compensated absences due within one year	46,140	15,842	61,982
Notes payable due within one year	125,616	69,918	195,534
Notes payable due in more than one year	1,352,099	487,423	1,839,522
Net other post employment benefits obligation due in more than one year	1,924,997	-	1,924,997
Total liabilities	<u>4,214,386</u>	<u>1,576,134</u>	<u>5,790,520</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	13,983	2,795	16,778
Total deferred inflows of resources	<u>13,983</u>	<u>2,795</u>	<u>16,778</u>
NET POSITION			
Net investment in capital assets	4,712,754	9,645,901	14,358,655
Restricted for:			
Capital projects	93,999	-	93,999
Culture and recreation	16,719	-	16,719
Unrestricted	(1,082,858)	617,184	(465,674)
Total net position	<u>\$ 3,740,614</u>	<u>\$ 10,263,085</u>	<u>\$ 14,003,699</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, 2017*

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		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 597,407	\$ 106,651	\$ 41,947	\$ -	\$ (448,809)	\$ -	\$ (448,809)
Judicial	19,962	-	-	-	(19,962)	-	(19,962)
Public safety	2,791,170	137,247	71,239	365,782	(2,216,902)	-	(2,216,902)
Public works	955,603	-	-	293,519	(662,084)	-	(662,084)
Health and welfare	138,976	-	-	-	(138,976)	-	(138,976)
Culture and recreation	1,378,581	263,879	-	97,168	(1,017,534)	-	(1,017,534)
Housing and development	118,725	-	-	-	(118,725)	-	(118,725)
Interest on long-term debt	67,442	-	-	-	(67,442)	-	(67,442)
Total governmental activities	<u>6,067,866</u>	<u>507,777</u>	<u>113,186</u>	<u>756,469</u>	<u>(4,690,434)</u>	<u>-</u>	<u>(4,690,434)</u>
Business-type activities:							
Water and sewerage	<u>2,644,422</u>	<u>3,019,780</u>	<u>-</u>	<u>142,632</u>	<u>-</u>	<u>517,990</u>	<u>517,990</u>
Total business-type activities	<u>2,644,422</u>	<u>3,019,780</u>	<u>-</u>	<u>142,632</u>	<u>-</u>	<u>517,990</u>	<u>517,990</u>
Total primary government	<u>\$ 8,712,288</u>	<u>\$ 3,527,557</u>	<u>\$ 113,186</u>	<u>\$ 899,101</u>	<u>(4,690,434)</u>	<u>517,990</u>	<u>(4,172,444)</u>
General revenues:							
Property taxes					1,377,910	-	1,377,910
Alcoholic beverage taxes					146,916	-	146,916
Vehicle taxes					205,545	-	205,545
Sales taxes					908,929	-	908,929
Franchise taxes					502,954	-	502,954
Insurance premium taxes					388,902	-	388,902
Other taxes					530,639	-	530,639
Unrestricted investment earnings					-	15	15
Gain on sale of capital assets					6,521	-	6,521
Miscellaneous revenue					19,758	-	19,758
Transfers					<u>(257,769)</u>	<u>257,769</u>	<u>-</u>
Total general revenues and transfers					<u>3,830,305</u>	<u>257,784</u>	<u>4,088,089</u>
Change in net position					<u>(860,129)</u>	<u>775,774</u>	<u>(84,355)</u>
Net position, beginning of year					<u>4,600,743</u>	<u>9,487,311</u>	<u>14,088,054</u>
Net position, end of year					<u>\$ 3,740,614</u>	<u>\$ 10,263,085</u>	<u>\$ 14,003,699</u>

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

CITY OF BREMEN, GEORGIA

Balance Sheet Governmental Funds June 30, 2017

ASSETS	General	SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
Cash	\$ 474,531	\$ -	\$ 51,055	\$ 525,586
Receivables:				
Taxes	257,728	-	23,330	281,058
Accounts	56,557	-	-	56,557
Due from other funds	578,702	-	-	578,702
Advance to other funds	716,296	-	-	716,296
Due from other governments	-	51,975	-	51,975
Total assets	\$ 2,083,814	\$ 51,975	\$ 74,385	\$ 2,210,174
LIABILITIES				
Accounts payable	\$ 102,794	\$ 28,403	\$ 54,751	\$ 185,948
Accrued liabilities	-	-	-	-
Due to other funds	-	573,809	4,893	578,702
Total liabilities	102,794	602,212	59,644	764,650
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes & fines	149,112	-	-	149,112
Total deferred inflows of resources	149,112	-	-	149,112
FUND BALANCES				
Fund balances (deficit):				
Nonspendable:				
Advances to other funds	716,296	-	-	716,296
Restricted:				
Capital projects	93,999	-	-	93,999
Culture and recreation	-	-	16,719	16,719
Unassigned	1,021,613	(550,237)	(1,978)	469,398
Total fund balances	1,831,908	(550,237)	14,741	1,296,412
Total liabilities, deferred inflows of resources and fund balances	\$ 2,083,814	\$ 51,975	\$ 74,385	\$ 2,210,174

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, 2017

Total Governmental Fund Balances	\$ 1,296,412
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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	\$ 12,550,260	
Less accumulated depreciation	<u>(6,359,791)</u>	6,190,469

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

Property taxes and fines	149,112
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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.

(1,924,997)

The deferred outflows are not current assets or financial resources; and 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	147,042	
Deferred inflows related to pension	<u>(13,983)</u>	<u>133,059</u>

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

Note payable	(1,477,715)	
Net pension liability	(579,586)	
Compensated absences	<u>(46,140)</u>	<u>(2,103,441)</u>

Net position of governmental activities

\$ 3,740,614

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, 2017*

	<u>General</u>	<u>SPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 3,811,309	\$ -	\$ 257,259	\$ 4,068,568
Licenses and permits	90,325	-	-	90,325
Intergovernmental	180,473	662,470	-	842,943
Charges for services	280,205	-	-	280,205
Fines and forfeitures	154,322	-	995	155,317
Contributions and donations	26,712	-	-	26,712
Miscellaneous revenue	19,758	-	-	19,758
Total revenues	<u>4,563,104</u>	<u>662,470</u>	<u>258,254</u>	<u>5,483,828</u>
EXPENDITURES				
Current:				
General government	452,123	-	-	452,123
Judicial	19,962	-	-	19,962
Public safety	2,451,816	-	7,268	2,459,084
Public works	440,931	-	-	440,931
Health and welfare	127,932	-	-	127,932
Culture and recreation	991,556	-	238,448	1,230,004
Housing and development	128,865	-	-	128,865
Capital outlay	-	655,032	-	655,032
Debt service:				
Principal	-	120,254	-	120,254
Interest	-	67,442	-	67,442
Total expenditures	<u>4,613,185</u>	<u>842,728</u>	<u>245,716</u>	<u>5,701,629</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,081)</u>	<u>(180,258)</u>	<u>12,538</u>	<u>(217,801)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	7,731	-	-	7,731
Transfers in	102,904	-	-	102,904
Transfers out	-	(257,769)	(102,904)	(360,673)
Total other financing sources (uses)	<u>110,635</u>	<u>(257,769)</u>	<u>(102,904)</u>	<u>(250,038)</u>
Net change in fund balances	60,554	(438,027)	(90,366)	(467,839)
FUND BALANCE, beginning of year	<u>1,771,354</u>	<u>(112,210)</u>	<u>105,107</u>	<u>1,764,251</u>
FUND BALANCE (deficit), end of year	<u>\$ 1,831,908</u>	<u>\$ (550,237)</u>	<u>\$ 14,741</u>	<u>\$ 1,296,412</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, 2017*

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

Net change in fund balances - total governmental funds \$ (467,839)

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	\$ 249,714	
Depreciation expense	<u>(485,810)</u>	(236,096)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.

Disposal of capital assets	<u>(1,210)</u>	(1,210)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(6,773)	
Police fines	<u>(18,070)</u>	(24,843)

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:		
Notes payable	<u>120,254</u>	120,254

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. (254,145)

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	2,805	
Pension expense	<u>945</u>	<u>3,750</u>

Change in net position of governmental activities		<u><u>\$ (860,129)</u></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, 2017*

	Business-type Activities
	Enterprise Fund
	Water and Sewerage Fund
ASSETS	
CURRENT ASSETS	
Cash	\$ 1,166,344
Accounts receivable, net of allowances	285,089
Restricted assets, cash	
Customer deposits	239,842
Capital outlay	153,198
Total current assets	<u>1,844,473</u>
NON CURRENT ASSETS	
Capital assets:	
Non depreciable	314,528
Depreciable, net of accumulated depreciation	10,357,839
Total capital assets (net of accumulated depreciation)	<u>10,672,367</u>
Total non current assets	<u>10,672,367</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	<u>41,470</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	105,521
Accrued liabilities	4,182
Compensated absences	15,842
Customer deposits, payable with restricted assets	239,842
Capital lease payable, current portion	289,570
Notes payable, current portion	69,918
Other long-term liabilities, current portion	20,826
Total current liabilities	<u>745,701</u>
LONG-TERM LIABILITIES	
Capital lease payable	179,555
Notes payable	487,423
Advance from other funds	716,296
Net pension liability	163,455
Total long-term liabilities	<u>1,546,729</u>
Total liabilities	<u>2,292,430</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	<u>2,795</u>
NET POSITION	
Net investment in capital assets	9,645,901
Unrestricted	617,184
Total net position	<u>\$ 10,263,085</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, 2017*

	Business-type Activities
	Enterprise Fund
	Water and Sewerage Fund
OPERATING REVENUES	
Charges for services:	
Water sales	\$ 1,339,426
Sewer sales	1,165,177
Other charges	67,817
Sanitation charges	447,360
Total operating revenues	<u>3,019,780</u>
OPERATING EXPENSES	
Personnel costs	883,305
Contracted services	180,372
Supplies	1,202,264
Depreciation	337,336
Total operating expenses	<u>2,603,277</u>
Operating income	<u>416,503</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	15
Interest expense	(41,145)
Total nonoperating revenues (expenses)	<u>(41,130)</u>
Income before capital contributions and transfers	<u>375,373</u>
Capital contributions	142,632
Transfer in	257,769
Change in net position	775,774
NET POSITION, beginning of year	<u>9,487,311</u>
NET POSITION, end of year	<u>\$ 10,263,085</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, 2017*

	Business-type Activities Enterprise Funds Water and Sewerage Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 3,021,282
Payments to employees	(910,508)
Payments to suppliers for goods and services provided	(1,564,192)
Net cash provided by operating activities	<u>546,582</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers in	257,769
Interest paid on capital debt	(42,677)
Principal payments on long-term borrowings	(490,719)
Net cash used in capital and related financing activities	<u>(275,627)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	15
Net cash provided by investing activities	<u>15</u>
Net increase in cash and cash equivalents	270,970
Cash and cash equivalents, beginning of year (including restricted cash of \$377,694)	1,288,414
Cash and cash equivalents, end of year (including restricted cash of \$393,040)	<u>\$ 1,559,384</u>
Reconciliation of operating income to net cash provided by operating activities:	
Net operating income	\$ 416,503
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Change in assets, deferred outflows, liabilities, and deferred inflows:	
Depreciation	337,336
Increase in accounts receivable	(13,829)
Decrease in deferred outflows	13,985
Increase in accounts payable	13,756
Decrease in due to other funds	(195,312)
Decrease in accrued liabilities	(21,816)
Decrease in net pension liability	(14,500)
Increase in customer deposits	15,331
Decrease in compensated absences	(3,957)
Decrease in deferred inflows	(915)
Net cash provided by operating activities	<u>\$ 546,582</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, 2017

	Agency Fund
	<u> </u>
ASSETS	
Cash	\$ 62,771
	<u> </u>
Total assets	<u><u>\$ 62,771</u></u>
LIABILITIES	
Due to other governments	\$ 62,771
	<u> </u>
Total liabilities	<u><u>\$ 62,771</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, 2017

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, 2017*

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 2014 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, 2017

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, 2017*

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, 2017

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, 2017

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, 2017*

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

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.

Deficit Fund Balance

The SPLOST Fund has a deficit of \$550,237 as of the June 30, 2017. This will be funded when future sales tax revenue are received.

CITY OF BREMEN, GEORGIA

*Notes to the Basic Financial Statements
June 30, 2017*

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, 2017, all of the deposits of the City were fully collateralized in accordance with the state statutes.

Note 4. Receivables

Receivables at June 30, 2017, for the City’s individual funds, including the applicable allowances for uncollectible accounts are as follows:

	General	Water and Sewerage	Nonmajor Governmental	Total
Receivables:				
Taxes	\$ 263,355	\$ -	\$ 23,330	\$ 286,685
Accounts	103,691	357,264	-	460,955
Gross receivables	367,046	357,264	23,330	747,640
Less allowance for uncollectibles	(52,761)	(72,175)	-	(124,936)
Net total receivables	\$ 314,285	\$ 285,089	\$ 23,330	\$ 622,704

Property taxes attach as an enforceable lien on property as of January 3, 2017. 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, 2017 and not collected are recorded as receivables, net of estimated uncollectibles.

Amounts due from other governments at June 30, 2017, are broken down as follows:

SPLOST 6 Fund:

Sales tax collections	
Haralson County Board of Commissioners	\$ 51,446
Carroll County Board of Commissioners	529
	\$ 51,975

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements June 30, 2017

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2017 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	\$ 641,684	\$ -	\$ -	\$ 641,684
Construction in progress	38,244	9,988	-	48,232
Total	<u>679,928</u>	<u>9,988</u>	<u>-</u>	<u>689,916</u>
Capital assets, being depreciated:				
Buildings and improvements	7,273,611	-	-	7,273,611
Improvements other than buildings	3,162,365	166,909	-	3,329,274
Furniture and equipment	254,094	-	-	254,094
Vehicles	989,383	72,817	(58,835)	1,003,365
Total	<u>11,679,453</u>	<u>239,726</u>	<u>(58,835)</u>	<u>11,860,344</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,091,285)	(269,246)	-	(3,360,531)
Improvements other than buildings	(1,857,948)	(138,803)	-	(1,996,751)
Furniture and equipment	(198,928)	(8,368)	-	(207,296)
Vehicles	(783,445)	(69,393)	57,625	(795,213)
Total	<u>(5,931,606)</u>	<u>(485,810)</u>	<u>57,625</u>	<u>(6,359,791)</u>
Total capital assets, being depreciated, net	<u>5,747,847</u>	<u>(246,084)</u>	<u>(1,210)</u>	<u>5,500,553</u>
Governmental activities capital assets, net	<u>\$ 6,427,775</u>	<u>\$ (236,096)</u>	<u>\$ (1,210)</u>	<u>\$ 6,190,469</u>
Business Type activities:				
Capital assets, not being depreciated:				
Land	\$ 182,960	\$ -	\$ -	\$ 182,960
Construction in progress	-	131,568	-	131,568
Total	<u>182,960</u>	<u>131,568</u>	<u>-</u>	<u>314,528</u>
Capital assets, being depreciated:				
Water & sewer system	17,801,087	11,063	-	17,812,150
Furniture and equipment	300,917	-	-	300,917
Vehicles	208,620	-	-	208,620
Total	<u>18,310,624</u>	<u>11,063</u>	<u>-</u>	<u>18,321,687</u>
Less accumulated depreciation for:				
Water & sewer system	(7,457,220)	(287,090)	-	(7,744,310)
Furniture and equipment	(79,040)	(23,790)	-	(102,830)
Vehicles	(90,252)	(26,456)	-	(116,708)
Total	<u>(7,626,512)</u>	<u>(337,336)</u>	<u>-</u>	<u>(7,963,848)</u>
Total capital assets, being depreciated, net	<u>10,684,112</u>	<u>(326,273)</u>	<u>-</u>	<u>10,357,839</u>
Business type activities capital assets, net	<u>\$ 10,867,072</u>	<u>\$ (194,705)</u>	<u>\$ -</u>	<u>\$ 10,672,367</u>

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements June 30, 2017

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	198,606
Public works	109,376
Health and welfare	11,044
Culture and recreation	<u>149,490</u>
Total depreciation expense - governmental activities	<u>\$ 485,810</u>
Business-type activities:	
Water and sewerage	<u>\$ 337,336</u>
Total depreciation expense - business-type activities	<u>\$ 337,336</u>

Note 6. Long-Term Debt

Long-term liability activity for the year ended June 30, 2017 is as follows:

	<u>Beginning</u>			<u>Ending</u>	<u>Due</u>	<u>Due In</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Within</u>	<u>More Than</u>
					<u>One Year</u>	<u>One Year</u>
Governmental activities:						
Compensated absences	\$ 48,945	\$ 87,914	\$ 90,719	\$ 46,140	\$ 46,140	\$ -
Notes payable	1,597,969	-	120,254	1,477,715	125,616	1,352,099
OPEB obligation	1,670,852	353,004	98,859	1,924,997	-	1,924,997
Net pension liability	630,994	22,809	74,217	579,586	-	579,586
Governmental activities long-term liabilities	<u>\$ 3,948,760</u>	<u>\$ 463,727</u>	<u>\$ 384,049</u>	<u>\$ 4,028,438</u>	<u>\$ 171,756</u>	<u>\$ 3,856,682</u>
Business-type activities:						
Compensated absences	\$ 19,799	\$ 22,368	\$ 26,325	\$ 15,842	\$ 15,842	\$ -
Capital leases payable	762,118	-	292,993	469,125	289,570	179,555
Other long term debt	47,998	-	27,172	20,826	20,826	-
Notes payable	727,895	-	170,554	557,341	69,918	487,423
Net pension liability	177,955	6,433	20,933	163,455	-	163,455
Business-type activities long-term liabilities	<u>\$ 1,735,765</u>	<u>\$ 28,801</u>	<u>\$ 537,977</u>	<u>\$ 1,226,589</u>	<u>\$ 396,156</u>	<u>\$ 830,433</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, 2017*

Note 6. Long-Term Debt (Continued)

Governmental Activities:

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

<u>Interest Rate</u>	<u>Term (yrs)</u>	<u>Due Date</u>	<u>Monthly Payment</u>	<u>Original Balance</u>	<u>Balance</u>
4.37%	20	2027	\$ 15,641	\$ 2,500,000	\$ 1,477,715

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 125,616	\$ 62,080	\$ 187,696
2019	131,217	56,479	187,696
2020	137,067	50,629	187,696
2021	143,178	44,518	187,696
2022	149,562	38,134	187,696
2023-2027	791,075	84,838	875,913
	<u>\$ 1,477,715</u>	<u>\$ 336,678</u>	<u>\$ 1,814,393</u>

CITY OF BREMEN, GEORGIA

Notes to the Basic Financial Statements June 30, 2017

Business-type Activities:

Capital Lease Payable. The following is an analysis of leased assets under capital leases as of June 30, 2017:

Water and Sewerage Fund:	Cost	Amortization Expense	
		Current	Accumulated
Water Meters	\$ 2,158,454	\$ 35,974	\$ 397,215
Various Equipment	370,177	29,929	80,175
	\$ 2,528,631	\$ 65,903	\$ 477,390

In 2005, the City incurred debt to Old National Bank for construction of the radio-read water meter project. During the current fiscal year ended June 30, 2017, the City incurred debt for various equipment.

Interest Rate	Term (yrs)	Due Date	Monthly Payment	Original Balance	Balance
4.649%	13	2018	\$14,072 - \$19,537	\$ 1,842,737	\$ 209,957
2.530%	5	2020	\$7,104	400,000	259,168
					\$ 469,125

	Business-type Activities
Fiscal year ending June 30,	
2018	\$ 300,121
2019	85,251
2020	85,251
2021	14,208
2022	-
Total minimum lease payments	484,831
Less amount representing interest	15,706
Present value of minimum lease payments	\$ 469,125

CITY OF BREMEN, GEORGIA

*Notes to the Basic Financial Statements
June 30, 2017*

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.

Fiscal Year	Payments
2018	\$ 20,826
	\$ 20,826

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

Interest Rate	Term (yrs)	Due Date	Monthly Payment	Original Balance	Balance
3.00%	20	2025	34,831	1,245,500	557,341
					\$ 557,341

Fiscal Year	Principal	Interest	Total
2018	\$ 69,918	\$ 15,946	\$ 85,864
2019	72,039	13,825	85,864
2020	74,225	11,639	85,864
2021	76,477	9,388	85,865
2022	78,797	7,067	85,864
2023-2025	185,885	7,050	192,935
	\$ 557,341	\$ 64,915	\$ 622,256

CITY OF BREMEN, GEORGIA

*Notes to the Basic Financial Statements
June 30, 2017*

Note 7. Interfund receivables, payables and transfers

The composition of interfund balances as of June 30, 2017, is as follows:

Advance From	Advance To Water and Sewerage Fund		
General Fund	\$	716,296	
Total	\$	716,296	
Due To	Due From		Totals
	SPLOST Fund	Other Governmental Funds	
General Fund	\$	573,809	\$ 578,702
		\$	4,893
Total	\$	573,809	\$ 578,702

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, 2017, is as follows:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor governmental funds	\$ 102,904
Water and Sewerage Fund	SPLOST Fund	257,769
		\$ 360,673

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, 2017

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, 2017, the City purchased water from the Haralson County Water Authority at a cost of \$512,999. 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, 2017, the City paid \$6,290 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, 2017 follows:

	2017	Percentage of Total Available Receipts
Beginning balance for tourism expenditures	\$ 100,812	
Lodging tax receipts collected during current fiscal year	257,260	
Total lodging tax receipts available for current fiscal year	<u>358,072</u>	
Disbursements:		
General Fund	102,904	<u>29%</u>
Tourism expenditures:		
Bremen Textile and Railroad Museum	206,762	<u>58%</u>
Haralson County Chamber of Commerce	31,687	<u>9%</u>
Total expenditures during current fiscal year	<u>341,353</u>	
Ending balance for future tourism expenditures	<u>\$ 16,719</u>	

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, 2017

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, 2016, 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, 2017, the date of the most recent actuarial valuation, the plan membership included the following categories of participants.

Benefits for retired participants and beneficiaries	22
Terminated vested participants	18
Active vested participants	33
Total present value of vested benefits	<u>73</u>
Nonvested benefits	26
Total present value of accrued plan benefits	<u>99</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, 2017

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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017.

Actuarial assumptions. The total pension liability in the January 1, 2017 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, 2017. Mortality experience will be reviewed periodically and updated if necessary.

The actuarial assumptions used in the January 1, 2017 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, 2017

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, 2017 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	45%	6.75%	9.20%
International Equity	20%	7.45%	9.70%
Real Estate	10%	4.55%	4.80%
Global Fixed Income	5%	3.30%	7.00%
Domestic Fixed Income	20%	1.75%	
Cash	0%		
Total	<u>100%</u>		

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	Plan Fiduciary	Net Pension
	Pension Liability (a)	Net Position (b)	Liability (a) - (b)
Balances at September 30, 2016	\$ 3,715,685	\$ 2,906,736	\$ 808,949
Changes for the year:			
Service cost	69,047	-	69,047
Interest	278,687	-	278,687
Differences between expected and actual experience	46,880	-	46,880
Assumption Changes	-	-	-
Contributions—employer	-	147,886	(147,886)
Net investment income	-	319,830	(319,830)
Benefit payments, including refunds of employee contributions	(239,458)	(239,458)	-
Administrative expense	-	(7,194)	7,194
Net changes	<u>155,156</u>	<u>221,064</u>	<u>(65,908)</u>
Balances at September 30, 2017	<u>\$ 3,870,841</u>	<u>\$ 3,127,800</u>	<u>\$ 743,041</u>

CITY OF BREMEN, GEORGIA

*Notes to the Basic Financial Statements
June 30, 2017*

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	\$ 1,251,622	\$ 743,041	\$ 321,497

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, 2017, the City recognized pension expense of \$151,696. At June 30, 2017, 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	\$ 77,366	\$ -
Changes of assumptions	-	12,648
Net difference between projected and actual earnings on pension plan investments	-	4,130
City contributions from October 1, 2016 thru June 30, 2017	111,146	-
	<u>\$ 188,512</u>	<u>\$ 16,778</u>

CITY OF BREMEN, GEORGIA

*Notes to the Basic Financial Statements
June 30, 2017*

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:

Deferred Outflows(Inflows) Recognized in Future Years					
<u>Year Ended June 30</u>					
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Thereafter</u>
\$ 12,335	\$ 12,335	\$ 32,058	\$ (3,953)	\$ 7,813	\$ -

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, 2017.

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, 2017, employees contributed \$16,583 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, 2017.

CITY OF BREMEN, GEORGIA

*Notes to the Basic Financial Statements
June 30, 2017*

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, 2016.

Participants	
Actives fully eligible to retire	-
Actives not yet fully eligible to retire	63
Retirees	1
Total	64

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, 2017, were computed as follows:

	2017	2016
Annual Required Contribution	\$ 302,878	302,878
Interest on Net OPEB Obligation	50,126	42,317
Adjustment to the ARC	(82,763)	(69,870)
Annual OPEB Cost	270,241	275,325
Actual Contribution	(16,096)	(15,026)
Increase in Net OPEB Obligation	254,145	260,299
Net OPEB obligation, beginning of year	1,670,852	1,410,553
Net OPEB obligation, end of year	\$ 1,924,997	1,670,852

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
2017	\$ 270,241	\$ 16,096	5.96%	\$ 1,924,997
2016	275,325	15,026	5.46%	1,670,852
2015	237,078	14,229	6.00%	1,410,553

CITY OF BREMEN, GEORGIA

*Notes to the Basic Financial Statements
June 30, 2017*

Note 12. Other Post Employment Benefits (Continued)

OPEB Health Care Plan

As of the most recent valuation date, July 1, 2016, the funded status of the OPEB Health Care Plan was as follows:

Actuarial Value of Asset (AVA)	\$	-
Actuarial Accrued Liability (AAL)	\$	(1,750,615)
Unfunded Actuarial Accrued Liability (UAAL)	\$	(1,750,615)
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, 2016 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, 2016. The assumptions used in the July 1, 2016 actuarial valuation are as follows:

The assumptions used in the July 1, 2016 actuarial valuation are as follows:

Measurement Date	July 1, 2016
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	7.80%
Ultimate Health Care Trend Rate	5.00%
Fiscal Year the Ultimate Rate is Reached	Fiscal Year 2026
Actuarial Cost Method	Projected Unit Credit
(Alternative Measurement Method)	

CITY OF BREMEN, GEORGIA

*Notes to the Basic Financial Statements
June 30, 2017*

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.

Note 16. Subsequent Event

In September 2017, the City refinanced the public safety facility's notes payable. The payoff amount to refinance the notes payable was \$1,461,759.

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, 2017*

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,890,357	\$ 3,810,357	\$ 3,811,309	\$ 952
Licenses and permits	47,400	89,975	90,325	350
Intergovernmental	43,650	180,238	180,473	235
Charges for services	213,635	278,635	280,205	1,570
Fines and forfeitures	196,400	154,000	154,322	322
Contributions and donations	-	26,400	26,712	312
Miscellaneous	15,000	15,000	19,758	4,758
Total revenues	4,406,442	4,554,605	4,563,104	8,499
EXPENDITURES				
Current:				
General government				
City Council	13,755	13,755	11,460	2,295
Mayor	3,835	3,835	3,230	605
General administration	375,284	444,234	437,433	6,801
Total general government	392,874	461,824	452,123	9,701
Judicial				
Municipal court	17,400	20,400	19,962	438
Public safety				
Police	1,503,716	1,516,113	1,512,027	4,086
Fire	876,949	948,188	939,789	8,399
Total public safety	2,380,665	2,464,301	2,451,816	12,485
Public works				
Highways and streets	429,007	443,738	440,931	2,807
Health and welfare				
Senior citizens	152,613	140,894	127,932	12,962
Culture and recreation				
Parks	660,663	660,663	658,321	2,342
Libraries	339,690	339,690	333,235	6,455
Total culture and recreation	1,000,353	1,000,353	991,556	8,797
Housing and development				
Codes & inspection	101,530	101,530	97,615	3,915
Economic development	10,000	32,200	31,250	950
Total housing and development	111,530	133,730	128,865	4,865

(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, 2017*

	Budget		Actual	Variance With Final Budget
	Original	Final		
Total expenditures	4,484,442	4,665,240	4,613,185	52,055
Excess (deficiency) of revenues over (under) expenditures	(78,000)	(110,635)	(50,081)	60,554
OTHER FINANCING SOURCES				
Transfers in	78,000	102,904	102,904	-
Proceeds from sale of capital assets	-	7,731	7,731	-
Total other financing sources	78,000	110,635	110,635	-
Net change in fund balances	-	-	60,554	60,554
FUND BALANCE				
Beginning of year	1,771,354	1,771,354	1,771,354	-
End of year	<u>\$ 1,771,354</u>	<u>\$ 1,771,354</u>	<u>\$ 1,831,908</u>	<u>\$ 60,554</u>

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability										
Service cost	\$ 69,047	\$ 79,057	\$ 69,921							
Interest	278,687	265,819	257,145							
Differences between expected and actual experience	46,880	47,463	13,312							(Historical Information prior to implementation of GASB 67/68 is not required)
Assumption Changes	-	-	(25,294)							
refunds of employee contributions	(239,458)	(213,156)	(193,154)							
Net change in total pension liability	155,156	179,183	121,930							
Total Pension Liability										
Beginning of Year	3,715,685	3,536,502	3,414,572							
End of Year(a)	<u>\$ 3,870,841</u>	<u>\$ 3,715,685</u>	<u>\$ 3,536,502</u>							
Plan Fiduciary Net Position										
Contributions - employer	\$ 147,886	\$ 151,770	\$ 156,978							
Net investments income	319,830	35,187	304,562							
refunds of employee contributions	(239,458)	(213,156)	(193,154)							(Historical Information prior to implementation of GASB 67/68 is not required)
Administrative expense	(7,194)	(7,851)	(6,167)							
Net change in fiduciary net position	221,064	(34,050)	262,219							
Position										
Beginning of Year	2,906,736	2,940,786	2,678,567							
End of Year(b)	<u>\$ 3,127,800</u>	<u>\$ 2,906,736</u>	<u>\$ 2,940,786</u>							
City's Net Pension Liability(a) - (b)	<u>\$ 743,041</u>	<u>\$ 808,949</u>	<u>\$ 595,716</u>							
Plan's fiduciary net position as a percentage of the total pension liability	80.80%	78.23%	83.16%							(Historical Information prior to implementation of GASB 67/68 is not required)
Covered - employee payroll	\$ 2,343,527	\$ 2,343,527	\$ 2,343,527							
City's net pension liability as a percentage of covered employee payroll	31.71%	34.52%	25.42%							

Schedule of Contributions

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	*	\$ 147,784	\$ 153,098							
Contributions in relation to the actuarially determined contribution	*	147,784	153,098							(Historical Information prior to implementation of GASB 67/68 is not required)
Contribution deficiency (excess)	*	-	-							
Covered - employee payroll	*	\$ 2,171,624	*** \$ 2,343,527							
Contributions as a percentage of covered employee payroll	*	6.81%	6.53%							

* 2017 information will be determined after fiscal year end and will be included in the 2018 valuation report.

** Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions.

*** 2016 covered payroll is based on data collected as of August 31, 2015 for the 2016 actuarial valuation.

CITY OF BREMEN, GEORGIA

Notes to the Required Supplementary Information June 30, 2017

Notes to Schedule of Contributions

Valuation Date The actuarially determined contribution rate was determined as of January 1, 2017, 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, 2017.

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:

<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, 2017. 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, 2017

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 2017, 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, 2014.
 - 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, 2016, 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, 2015	\$ -	\$ 1,750,615	0.00%	\$ 1,750,615	Not Available	0.00%
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, 2017*

	Special Revenue Funds		
ASSETS	Hotel/ Motel	Confiscated Assets	Total
Cash	\$ 48,099	\$ 2,956	\$ 51,055
Taxes receivable	23,330	-	23,330
Total assets	\$ 71,429	\$ 2,956	\$ 74,385
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 54,710	\$ 41	\$ 54,751
Due to other funds	-	4,893	4,893
Total liabilities	54,710	4,934	59,644
FUND BALANCES			
Restricted for:			
Culture and recreation	16,719	-	16,719
Unassigned	-	(1,978)	(1,978)
Total fund balances	16,719	(1,978)	14,741
Total liabilities and fund balances	\$ 71,429	\$ 2,956	\$ 74,385

CITY OF BREMEN, GEORGIA

*Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2017*

	<u>Special Revenue Funds</u>		
	<u>Hotel/ Motel</u>	<u>Confiscated Assets</u>	<u>Total</u>
REVENUES			
Taxes	\$ 257,259	\$ -	\$ 257,259
Fines and forfeitures	-	995	995
Total revenues	<u>257,259</u>	<u>995</u>	<u>258,254</u>
EXPENDITURES			
Current:			
Public safety	-	7,268	7,268
Culture and recreation	238,448	-	238,448
Total expenditures	<u>238,448</u>	<u>7,268</u>	<u>245,716</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,811</u>	<u>(6,273)</u>	<u>12,538</u>
OTHER FINANCING SOURCES(USES)			
Transfers out	<u>(102,904)</u>	-	<u>(102,904)</u>
Total other financing sources(uses)	<u>(102,904)</u>	<u>-</u>	<u>(102,904)</u>
Net change in fund balances	(84,093)	(6,273)	(90,366)
FUND BALANCE, beginning of year	<u>100,812</u>	<u>4,295</u>	<u>105,107</u>
FUND BALANCE, end of year	<u>\$ 16,719</u>	<u>\$ (1,978)</u>	<u>\$ 14,741</u>

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

CITY OF BREMEN, GEORGIA

*Schedule of Expenditures of
Special Purpose Local Option Sales Tax Proceeds
For the Fiscal Year Ended June 30, 2017*

2014 Issue - Haralson County, Georgia				
Project Description	Original	Expenditures		
	Estimated Cost	Prior Years	Current Year	Total
Public Safety Facilities and Equipment	\$ 425,000	\$ 94,780	\$ 82,573	\$ 177,353
Water and Wastewater Facilities and Equipment	900,000	250,710	296,643	547,353
Recreation, Parks and Cultural Arts Facilities and Equipment	550,000	107,326	166,909	274,235
Public Safety Complex and Water Capital Improvements	1,790,000	277,732	482,721	760,453
Roads, Streets, Bridges, Sidewalks & Drainage Improvements	308,200	79,789	71,651	151,440
	<u>\$ 3,973,200</u>	<u>\$ 810,337</u>	<u>\$ 1,100,497</u>	<u>\$ 1,910,834</u>

2014 Issue - Carroll County, Georgia				
Project Description	Original	Expenditures		
	Estimated Cost	Prior Years	Current Year	Total
Water and Sewer Capital Outlay Projects, and Roads, Streets, Bridges, and Sidewalk Projects	\$ 38,400	\$ 840	\$ -	\$ 840
	<u>\$ 38,400</u>	<u>\$ 840</u>	<u>\$ -</u>	<u>\$ 840</u>

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

SPLOST Fund

Total Expenditures	\$ 842,728
Transfers out (A)	257,769
	<u>\$ 1,100,497</u>

SPLOST 2014 Issue

Haralson County	\$ 1,100,497
Carroll County	-
	<u>\$ 1,100,497</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, each major fund, and the aggregate remaining fund information of the City of Bremen, Georgia, as of and for the year ended June 30, 2017, 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 29, 2017.

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.

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

Our consideration of internal control was for the limited purpose described in the 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. We did identify certain deficiencies in internal control, described as 17-1 in the accompanying schedule of findings and responses that we consider to be material weaknesses..

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 no 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.



Carrollton, Georgia
December 29, 2017

CITY OF BREMEN, GEORGIA

Schedule of Findings and Responses For The Fiscal Year Ended June 30, 2017

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 17-1. 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, 2017 due to the total amount expended being less than \$750,000.

B. SCHEDULE OF FINDINGS AND RESPONSES

17-1 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.

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.

CITY OF BREMEN, GEORGIA

*Schedule of Findings and Responses
For The Fiscal Year Ended June 30, 2017*

C. FEDERAL AWARDS

There was not an audit of major federal award programs as of June 30, 2017 due to the total amount expended being less than \$750,000.

D. STATUS OF PRIOR YEAR FINDINGS: FINANCIAL STATEMENT AUDIT

There was not an audit of major federal award programs as of June 30, 2016 due to the total amount expended being less than \$750,000. Therefore, no prior findings to federal awards were noted.