CITY OF BREMEN
BOARD OF EDUCATION

FY 2011

ANNUAL FINANCIAL REPORT



HARALSON COUNTY, GEORGIA
FOR THE FISCAL YEAR
ENDED JUNE 30, 2011

INCLUDING INDEPENDENT AUDITOR'S REPORT

CITY OF BREMEN BOARD OF EDUCATION - HARALSON COUNTY

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FINANCIAL

DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

Russell W. Hinton
STATE AUDITOR
(404) 656-2174

March 28, 2012

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
City of Bremen Board of Education

INDEPENDENT AUDITOR'S COMBINED REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Ladies and Gentlemen:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information (Exhibits A through H) of the City of Bremen Board of Education, as of and for the year ended June 30, 2011, which collectively comprise the Board's basic financial statements of the Board's primary government as listed in the table of contents. These financial statements are the responsibility of the City of Bremen Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Bremen Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements of Bremen Educational Foundation, Inc. (Foundation) have not been audited, and we were not engaged to audit the Foundation's financial statements as part of our audit of the School District's basic financial statements. The Foundation's financial activities are included in the School District's basic financial statements as a discretely presented component unit.

Because the Foundation's financial statements have not been audited, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements of the Foundation as of and for the year ended June 30, 2011.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the City of Bremen Board of Education, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

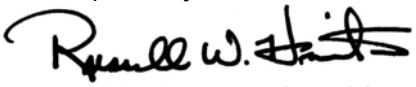
In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2012, on our consideration of the City of Bremen Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on pages i through viii and page 27 respectively, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. 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, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bremen Board of Education's financial statements. The accompanying supplementary information consists of Schedules 2 through 5, which includes the Schedule of Expenditures of Federal Awards as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* are presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, except for the matters discussed in the third paragraph on which we express no opinion, the information, is fairly stated, in all material respects, in relation to the financial statements as a whole.

A copy of this report has been filed as a permanent record in the office of the State Auditor and made available to the press of the State, as provided for by Official Code of Georgia Annotated section 50-6-24.

Respectfully submitted,



Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2011ARL-25X

CITY OF BREMEN BOARD OF EDUCATION - HARALSON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

INTRODUCTION

The School District's financial statements for the fiscal year ended June 30, 2011, includes a series of basic financial statements that report financial information for the School District as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Assets and the Statement of Activities provide financial information about all of the School District's activities and present both a short-term and long-term view of the School District's finances on a global basis. The fund financial statements provide information about all of the School District's funds. Information about these funds, such as the School District's General Fund, is important in its own right, but will also give insight into the School District's overall soundness as reported in the Statement of Net Assets and the Statement of Activities.

FINANCIAL HIGHLIGHTS

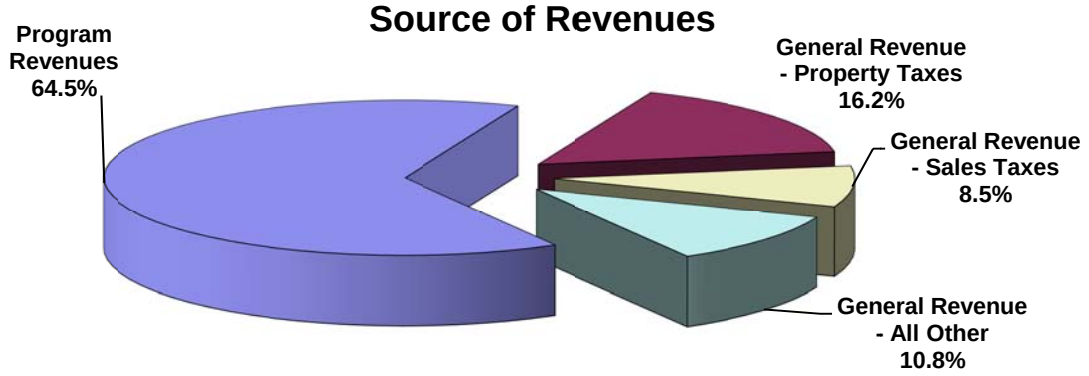
Key financial highlights associated with the Primary Government for fiscal year 2011 are as follows:

On the District-wide financial statements:

- District-wide net assets for the Primary Government at June 30, 2011, were just under $23.5 million. Net assets reflect the difference between all assets of the School District (including capital assets, net of depreciation) and all liabilities, both short-term and long-term. The net assets at June 30, 2011, of $23.5 million represented an increase of $1.4 million in net assets when compared to the prior year net assets.

- The School District had almost $18.5 million in expenses relating to governmental activities; only $12.8 million of these expenses were offset by program specific charges for services, grants and contributions. However, total general revenues and special items (primarily property and sales taxes) of $7.0 million were adequate to provide for these programs.

- As stated above, total general revenues and special items accounted for $7.0 million or about 36% of all revenues totaling $19.9 million. Program specific revenues in the form of charges for services, grants, and contributions accounted for the balance of these revenues



On the fund financial statements:

- Among major funds, the General Fund had just over $18.0 million in revenues and $17.4 million in expenditures. The General Fund balance of $4.3 million at June 30, 2011, increased by roughly $650,000.00 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial Statements consists of three parts; management's discussion and analysis (this section), the basic financial statements including notes to the financial statements and required supplementary information. The basic financial statements include two levels of statements that present different views of the School District. These include the District-wide and fund financial statements.

The District-wide financial statements include the 'Statement of Net Assets' and 'Statement of Activities.' These statements provide information about the activities of the School District presenting both short-term and long-term information about the School District's overall financial status.

The fund financial statements focus on individual parts of the School District, reporting the School District's operation in more detail. The 'Governmental Funds' statements disclose how basic services are financed in the short-term as well as what remains for future spending. The 'Fiduciary Funds' statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others. In the case of the City of Bremen School District, the General Fund, Capital Projects Funds, and Debt Service Funds are all considered to be major funds. The School District has no nonmajor funds as defined by GASB Statement 34 for the purposes of this report.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. Additionally, other supplementary information (not required) is also presented that further supplements understanding of the financial statements.

District-wide Statements

Since the City of Bremen School District has no operations that have been classified as "Business Activities," the District-wide financial statements are basically a consolidation of all of the School District's operating funds into one column called governmental activities. In reviewing the District-wide financial statements, a reader might ask the question, are we in a better financial position now than last year? The 'Statement of Net Assets' and the 'Statement of Activities' provides the basis for answering this question. These financial statements include all of the School District's assets and liabilities and use the **accrual basis of accounting** similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and any changes in those assets. The change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the results of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs, student-teacher ratios, and other factors.

When analyzing District-wide financial statements, it is important to remember these statements are prepared using an economic resources measurement focus (accrual accounting) and involve the following steps to format the Statement of Net Assets:

- Capitalize current outlays for capital assets
- Depreciate capital assets
- Report long-term debt as a liability
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting
- Allocate net assets as follows:

    - *Net Assets invested in capital assets, net of related debt*
    - *Restricted net assets* are those with constraints placed on the use by external sources such as creditors, grantors, contributors or laws and regulations.
    - *Unrestricted net assets* are net assets that do not meet any of the above restrictions.

Fund Financial Statements

The School District uses many funds or sub-funds to account for a multitude of financial transactions during the fiscal year. The fund financial statements presented in this report provide detail information about the School District's significant or major funds. As discussed previously, the School District has no nonmajor funds as defined by generally accepted accounting principles.

The School District has two kinds of funds as discussed below:

Governmental Funds – Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the **modified accrual method of accounting** which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The differences between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are reconciled in the financial statements.

Fiduciary Funds – The School District is the trustee, or fiduciary, for assets that belong to clubs, organizations and others within the principals' accounts. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net assets, which is the difference between total assets and total liabilities, is one indicator of the financial condition of the School District. When revenues exceed expenses, the result is an increase in net assets. When expenses exceed revenues, the result is a decrease in net assets. The relationship between revenues and expenses can be thought of as the School District's operating results. The School District's net assets, as measured in the Statement of Net Assets, can be one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net assets, as measured in the Statement of Activities are one indicator of whether its financial health is improving or deteriorating. However, the School District's

goal and mission is to provide success for each child's education, not to generate profits as private corporations do. For this reason, many other nonfinancial factors should be considered in assessing the overall health of the School District.

In the case of the City of Bremen School District, assets exceeded liabilities by roughly $23.5 million at June 30, 2011. To better understand the School District's actual financial position and ability to deliver services in future periods, it is necessary to review the various components of the net asset category. For example, of the $23.5 million of net assets, just over $1.7 million was restricted for continuation of Federal and other programs, debt service and ongoing capital projects. Accordingly, these funds were not available to meet the School District's ongoing obligations to citizens and creditors.

In addition, the School District had almost $17.6 million (net of related debt) invested in capital assets (e.g., land, buildings, and equipment). The School District uses these capital assets to provide educational services to students within geographic boundaries served by the School District. Because of the very nature and on-going use of the assets being reported in this component of net assets, it must be recognized that this portion of the net assets is *not* available for future spending.

The remaining balance of *unrestricted net assets* of $4.1 million may be used to meet the School District's ongoing obligations to citizens and creditors.

Table 1 provides a summary of the School District's net assets for this fiscal year as compared to the prior fiscal year.

Table 1
Net Assets

	Governmental Activities	
	Fiscal Year 2011	Fiscal Year 2010
Assets		
Current and Other Assets	$ 11,419,694	$ 7,156,102
Capital Assets, Net	27,426,162	27,765,468
Total Assets	$ 38,845,856	$ 34,921,570
Liabilities		
Current and Other Liabilities	$ 2,322,020	$ 2,114,617
Long-Term Liabilities	13,070,000	10,775,000
Total Liabilities	$ 15,392,020	$ 12,889,617
Net Assets		
Invested in Capital Assets, Net of Related Debt	$ 17,593,708	$ 17,470,296
Restricted	1,720,096	1,451,669
Unrestricted	4,140,032	3,109,988
Total Net Assets	$ 23,453,836	$ 22,031,953

Total net assets increased $1.4 million in fiscal year 2011 from the prior year net assets. This change in net assets is detailed in Table 2 as presented below. Table 2 also shows the changes in net assets as compared to the prior fiscal year.

Table 2
Change in Net Assets

	Governmental Activities	
	Fiscal Year 2011	Fiscal Year 2010
Revenues		
Program Revenues:		
Charges for Services and Sales	$ 1,446,139	$ 1,423,388
Operating Grants and Contributions	11,381,839	10,832,831
Total Program Revenues	$ 12,827,978	$ 12,256,219
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	$ 3,226,753	$ 3,147,483
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects/Debt Services	1,671,698	1,661,093
Other Sales Taxes	24,655	27,076
Grants and Contributions not		
Restricted to Specific Programs	1,126,557	1,216,593
Investment Earnings	34,392	48,360
Miscellaneous	1,100,703	851,996
Special Item		
Demolition of Administrative Offices for New Auditorium	-122,518	
Total General Revenues and Special Item	$ 7,062,240	$ 6,952,601
Total Revenues	$ 19,890,218	$ 19,208,820
Program Expenses:		
Instruction	$ 12,201,180	$ 12,170,957
Support Services		
Pupil Services	683,522	643,564
Improvement of Instructional Services	59,419	329,251
Educational Media Services	278,856	336,985
General Administration	602,001	392,032
School Administration	1,114,351	1,088,687
Business Administration	174,657	150,494
Maintenance and Operation of Plant	1,344,514	1,169,866
Student Transportation Services	117,546	112,153
Central Support Services	15,952	12,969
Other Support Services	326,724	163,404
Operations of Non-Instructional Services		
Enterprise Operations	312,497	359,258
Food Services	800,552	793,725
Interest on Short-Term and Long-Term Debt	436,564	461,665
Total Expenses	$ 18,468,335	$ 18,185,010
Increase in Net Assets	$ 1,421,883	$ 1,023,810

Cost of Providing Services

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting these services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. Net cost of services can be defined as the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The net cost reflects the financial burden on the School District's taxpayers by each activity as compared to the prior fiscal year.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2010
Instruction	$ 12,201,180	$ 12,170,957	$ 2,863,785	$ 3,287,364
Support Services:				
Pupil Services	683,522	643,564	379,090	404,621
Improvement of Instructional Services	59,419	329,251	-14,890	250,384
Educational Media Services	278,856	336,985	25,830	87,634
General Administration	602,001	392,032	3,393	-145,783
School Administration	1,114,351	1,088,687	514,146	500,336
Business Administration	174,657	150,494	174,244	150,222
Maintenance and Operation of Plant	1,344,514	1,169,866	735,534	569,436
Student Transportation Services	117,546	112,153	105,185	99,382
Central Support Services	15,952	12,969	15,952	12,928
Other Support Services	326,724	163,404	284,299	118,281
Operations of Non-Instructional Services:				
Enterprise Operations	312,497	359,258	55,076	134,533
Food Services	800,552	793,725	62,149	-2,212
Interest on Short-Term and Long-Term Debt	436,564	461,665	436,564	461,665
Total Expenses	$ 18,468,335	$ 18,185,010	$ 5,640,357	$ 5,928,791

Expenditures for fiscal year 2011 increased about $283,000 from prior year expenditures while the net cost of services for the School District decreased by $288,000. The reduction in the net costs of services for fiscal year 2011 was directly attributable to an increase in Operating Grants (State and Federal) of $550,000 as compared to the prior year.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Information about the School District's governmental funds is presented starting on Exhibit "C" of this report. Governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues of $19.9 million and total expenditures of $19.0 million in fiscal year 2011. Additionally, the School District secured another $2.9 in Other Financing Sources from the sale of General Obligation Bonds, which is totally restricted for Capital Outlay purposes. Even though governmental fund balances at June 30, 2011, increased about $3.9 million from the prior year, only about $650,000 of that increase was available for expenditures of a general operations nature.

General Fund Budget Highlights

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the General Fund. During the course of fiscal year 2011, the School District amended its general fund budget as needed.

The School District budget is adopted at the aggregate level and maintained at the program, function, object, and site levels to facilitate budgetary control. The budgeting systems are designed to control the total budget, but provide flexibility to meet the ongoing programmatic needs. The budgeting systems are also designed to control total site budgets but provide flexibility for site management as well.

For the General Fund, the final actual revenues of $18.0 million were greater than the final budgeted amount of $16.4 million by $1.6 million. About half of this variance was due to the fact miscellaneous revenues exceeded budgeted amounts by almost $800,000.

The General Fund's final actual expenditures of $17.4 million were greater than the final budget amount of $16.5 million by about $864,000. This small budget overexpenditure was fully funded as actual revenues also exceeded budgeted amounts as discussed.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At fiscal year ended June 30, 2011, the School District had almost $27.4 million invested in capital assets, net of accumulated depreciation, all in governmental activities. These assets are made up of a broad range of items including buildings; land; land improvements; and food service, transportation and maintenance equipment.

Table 4 reflects a summary of these balances, net of accumulated depreciation, as compared to the prior fiscal year.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2011	Fiscal Year 2010
Land	$ 1,734,268	$ 1,699,889
Construction In Progress	380,419	117,962
Land Improvements	167,869	161,906
Building and Improvements	24,906,248	25,492,200
Equipment	237,357	293,511
Total	$ 27,426,161	$ 27,765,468

Additional information about the School District's Capital Assets can be found in the Notes to the Basic Financial Statements.

Long-Term Debt

At June 30, 2011, the School District had just over $13.0 million in total debt outstanding which consisted totally of bond debt.

Table 5 summarizes the School District's debt as compared to the prior fiscal year.

Table 5
Debt at June 30

	Governmental Activities	
	Fiscal Year 2011	Fiscal Year 2010
Bonds Payable	$ 13,070,000.00	$ 10,775,000.00

Additional information about the School District's debt can be found in the Notes to the Basic Financial Statements.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

Currently known circumstances that are expected to have a significant effect on financial position or results of operations in future years are as follows:

- The School District is financially stable. The School District's operating millage for fiscal year 2011 was 14.95, which produced approximately $211,600.00 per mill. The School District plans to fund additional capital outlays with the one percent local sales tax revenue and state capital outlay grants.

- The School District is financially challenged by the continuing economic slowdown being experienced in most parts of the country. Revenues in fiscal year 2011 from Property taxes, State Funds, and Federal Funds increased in the aggregate 3% from the prior year. The District is working hard to manage expenditures and try to avoid the necessity of a tax increase to the local citizenry.

- The School District is in excellent financial condition. The General Fund has an unassigned fund balance of $3.7 million at June 30, 2011. The Board anticipates significant financial challenges going forward due to the slow economy, higher health insurance costs for employees and stagnant or lower assessments of property values within the District. In spite of these challenges, the School District will continue to be a good steward of tax dollars while providing a quality educational opportunity.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Celia Edwards, Director of Finance, City of Bremen Board of Education, 501 Pacific Avenue, Bremen, Georgia 30110. You may also email your questions to Ms. Edwards at celia.edwards@bremencs.com.

CITY OF BREMEN BOARD OF EDUCATION - HARALSON COUNTY

CITY OF BREMEN BOARD OF EDUCATION - HARALSON COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2011

EXHIBIT "A"

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	COMPONENT UNIT BREMEN EDUCATIONAL FOUNDATION, INC.
ASSETS		
Cash and Cash Equivalents	$ 8,950,974.90	$ 132,324.57
Investments	505,010.69	850,058.85
Accounts Receivable, Net		
Interest		10,538.62
Taxes	329,391.12	
State Government	1,301,518.18	
Federal Government	189,923.80	
Other	104.40	
Inventories	19,706.86	
Deferred Charges - Bond Issuance Costs	123,064.13	
Capital Assets, Non-Depreciable	2,114,688.00	
Capital Assets, Depreciable (Net of Accumulated Depreciation)	25,311,473.97	
Total Assets	$ 38,845,856.05	$ 992,922.04
LIABILITIES		
Accounts Payable	$ 185,345.51	
Salaries and Benefits Payable	2,018,421.48	
Interest Payable	118,253.59	
Long-Term Liabilities		
Due Within One Year	670,000.00	
Due in More Than One Year	12,400,000.00	
Total Liabilities	$ 15,392,020.58	
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	$ 17,593,707.74	
Restricted for		
Continuation of Federal and State Programs	131,909.32	
Debt Service	788,253.59	
Capital Projects	799,932.75	
Unrestricted		
Governmental Activities	4,140,032.07	
Bremen Educational Foundation, Inc.		$ 992,922.04
Total Net Assets	$ 23,453,835.47	$ 992,922.04
Total Liabilities and Net Assets	$ 38,845,856.05	$ 992,922.04

The notes to the basic financial statements are an integral part of this statement.

CITY OF BREMEN BOARD OF EDUCATION - HARALSON COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	EXPENSES	PROGRAM CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 12,201,180.15	$ 816,644.88
Support Services		
Pupil Services	683,521.68	
Improvement of Instructional Services	59,418.82	
Educational Media Services	278,855.53	
General Administration	602,001.46	
School Administration	1,114,351.03	
Business Administration	174,656.87	
Maintenance And Operation of Plant Services	1,344,513.76	
Student Transportation Services	117,545.61	
Support Services - Central	15,951.89	
Other Support Services	326,724.01	
Operations of Non-Instructional Services		
Enterprise Operations	312,497.44	257,421.72
Food Services	800,552.41	372,072.24
Interest on Short-Term And Long-Term Debt	436,564.32	
Total Governmental Activities	$ 18,468,334.98	$ 1,446,138.84
COMPONENT UNIT		
Bremen Educational Foundation, Inc.	$ 259,721.79	
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Sales Taxes		
Special Purpose Local Option Sales Tax		
Other Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Special Item		
Demolition of Administrative Offices for New Fine Arts Auditorium		
Total General Revenues and Special Item		
Change in Net Assets		
Net Assets - Beginning of Year		
Net Assets - End of Year		

The notes to the basic financial statements are an integral part of this statement.

REVENUES	NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS	
	PRIMARY	COMPONENT UNIT
OPERATING	GOVERNMENT	BREMEN
GRANTS AND	GOVERNMENTAL	EDUCATIONAL
CONTRIBUTIONS	ACTIVITIES	FOUNDATION, INC.
$ 8,520,749.60	$ -2,863,785.67	
304,431.25	-379,090.43	
74,308.98	14,890.16	
253,025.38	-25,830.15	
598,608.52	-3,392.94	
600,205.34	-514,145.69	
412.95	-174,243.92	
608,980.00	-735,533.76	
12,360.78	-105,184.83	
	-15,951.89	
42,424.70	-284,299.31	
	-55,075.72	
366,331.26	-62,148.91	
	-436,564.32	
$ 11,381,838.76	$ -5,640,357.38	
		$ -259,721.79
	$ 3,226,753.40	
	1,671,698.42	
	24,654.45	
	1,126,557.00	
	34,392.14	$ 15,921.35
	1,100,702.72	10,265.00
	-122,518.00	
	$ 7,062,240.13	$ 26,186.35
	$ 1,421,882.75	$ -233,535.44
	22,031,952.72	1,226,457.48
	$ 23,453,835.47	$ 992,922.04

CITY OF BREMEN BOARD OF EDUCATION - HARALSON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

EXHIBIT "C"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 4,312,538.52	$ 4,532,244.00	$ 106,192.38	$ 8,950,974.90
Investments	504,996.04	14.65		505,010.69
Accounts Receivable, Net				
Taxes	183,234.44	146,156.68		329,391.12
State Government	1,301,518.18			1,301,518.18
Federal Government	189,923.80			189,923.80
Other	104.40			104.40
Inventories	19,706.86			19,706.86
Total Assets	$ 6,512,022.24	$ 4,678,415.33	$ 106,192.38	$ 11,296,629.95
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 113,396.45	$ 71,949.06		$ 185,345.51
Salaries and Benefits Payable	2,018,421.48			2,018,421.48
Deferred Revenue	77,804.38			77,804.38
Total Liabilities	$ 2,209,622.31	$ 71,949.06		$ 2,281,571.37
FUND BALANCES				
Nonspendable	$ 19,706.86			$ 19,706.86
Restricted	112,202.46	$ 4,357,621.23	$ 106,192.38	4,576,016.07
Committed	399,727.80			399,727.80
Assigned	87,662.15	248,845.04		336,507.19
Unassigned	3,683,100.66			3,683,100.66
Total Fund Balances	$ 4,302,399.93	$ 4,606,466.27	$ 106,192.38	$ 9,015,058.58
Total Liabilities and Fund Balances	$ 6,512,022.24	$ 4,678,415.33	$ 106,192.38	$ 11,296,629.95

The notes to the basic financial statements are an integral part of this statement.

CITY OF BREMEN BOARD OF EDUCATION - HARALSON COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 9,015,058.58
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	$ 1,734,268.50	
Land Improvements	268,355.00	
Accumulated Depreciation - Land Improvements	-100,486.00	
Buildings	28,770,930.97	
Accumulated Depreciation - Buildings	-3,864,683.00	
Construction in Progress	380,419.50	
Machinery and Equipment	726,768.00	
Accumulated Depreciation - Machinery and Equipment	-489,411.00	
Total Capital Assets		27,426,161.97
Bond Issuance Costs to be amortized over the life of the bonds in the District-wide Financial Statements		
Unamortized Bond Issuance Costs		123,064.13
Some of the School District's tax revenues will be collected after year-end but are not available soon enough to pay for the current period expenditures		
Property Taxes		77,804.38
Long-Term Liabilities, including Bonds Payable and Interest thereon, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-Term Liabilities at year-end consist of:		
Accrued Interest on Long-Term Liabilities	$ -118,253.59	
General Obligation Bonds Payable	-13,070,000.00	
Total Long-Term Liabilities		-13,188,253.59
Net Assets of Governmental Activities (Exhibit "A")		$ 23,453,835.47

The notes to the basic financial statements are an integral part of this statement.

CITY OF BREMEN BOARD OF EDUCATION - HARALSON COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

EXHIBIT "E"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 3,163,930.51			$ 3,163,930.51
Sales Taxes	24,654.45	$ 595,974.93	$ 1,075,723.49	1,696,352.87
State Funds	10,841,567.81			10,841,567.81
Federal Funds	1,666,827.95			1,666,827.95
Charges for Services	1,446,138.84			1,446,138.84
Investment Earnings	32,210.00	2,139.93	42.21	34,392.14
Miscellaneous	851,868.93	248,833.79		1,100,702.72
Total Revenues	$ 18,027,198.49	$ 846,948.65	$ 1,075,765.70	$ 19,949,912.84
EXPENDITURES				
Current				
Instruction	$ 11,715,692.14			$ 11,715,692.14
Support Services				
Pupil Services	683,521.68			683,521.68
Improvement of Instructional Services	59,418.82			59,418.82
Educational Media Services	278,855.53			278,855.53
General Administration	596,529.73			596,529.73
School Administration	1,097,583.72			1,097,583.72
Business Administration	156,887.65	$ 76,748.31	$ 2,525.00	236,160.96
Maintenance and Operation of Plant	1,287,465.65	45,370.75		1,332,836.40
Student Transportation Services	91,099.00			91,099.00
Central Support Services	15,951.89			15,951.89
Other Support Services	326,362.97	361.04		326,724.01
Enterprise Operations	312,497.44			312,497.44
Food Services Operation	756,128.17			756,128.17
Capital Outlay		373,487.76		373,487.76
Debt Services				
Principal			645,000.00	645,000.00
Interest			428,573.49	428,573.49
Total Expenditures	$ 17,377,994.39	$ 495,967.86	$ 1,076,098.49	$ 18,950,060.74
Excess of Revenues over (under) Expenditures	$ 649,204.10	$ 350,980.79	$ -332.79	$ 999,852.10
OTHER FINANCING SOURCES (USES)				
Proceeds of Bonds		$ 2,940,000.00		$ 2,940,000.00
Transfers In			$ 106,075.20	106,075.20
Transfers Out		-106,075.20		-106,075.20
Total Other Financing Sources (Uses)		$ 2,833,924.80	$ 106,075.20	$ 2,940,000.00
Net Change in Fund Balances	$ 649,204.10	$ 3,184,905.59	$ 105,742.41	$ 3,939,852.10
Fund Balances - Beginning	3,653,195.83	1,421,560.68	449.97	5,075,206.48
Fund Balances - Ending	$ 4,302,399.93	$ 4,606,466.27	$ 106,192.38	$ 9,015,058.58

The notes to the basic financial statements are an integral part of this statement.

CITY OF BREMEN BOARD OF EDUCATION - HARALSON COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2011

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")		$ 3,939,852.10
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Capital Outlays are reported as expenditures in Governmental Funds. However, in the Statement of Activities, the cost of Capital Assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	$ 315,237.50	
Depreciation Expense - Buildings	-463,434.00	
Depreciation Expense - Equipment	-56,154.00	
Depreciation Expense - Land Improvements	-12,437.00	
Excess of Capital Outlay over Depreciation Expense		-216,787.50
In the Statement of Activities, only the gain or loss on the sale or disposal of the capital asset is reported, whereas in the Governmental Funds, the entire proceeds from the disposal decrease financial resources. Thus, the change in net assets differs from the change in fund balances by the carrying value of the capital assets sold or disposed.		-122,518.00
Certain tax revenues are not deferred in the Statement of Activities based on availability as they are in the Governmental Funds.		
Property Taxes		
July 1, 2010	$ -14,981.49	
June 30, 2011	77,804.38	
		62,822.89
Proceeds received from the execution of Capital Leases, Installment Sales, and from Bond Proceeds are reported as Liabilities in the Statement of Activities. Whereas, in the Governmental Funds, these proceeds are reported as Other Financing Sources.		
Sale of General Obligation Bonds		-2,940,000.00
Bond Issuance Costs are recorded as expenditures in the Governmental Funds when paid, but are amortized as expense in the Governmental Activities over the life of the Bond Issued.		
Unamortized Bond Costs:		
July 1, 2010	$ -61,560.04	
June 30, 2011	123,064.13	
		61,504.09
Accrued Interest on Long-Term Liabilities is reported in the Statement of Activities, but does not require the use of financial resources and therefore is not reported as an expenditure in the Governmental Funds.		
Accrued Interest on Long-Term Debt		
July 1, 2010	$ 110,262.76	
June 30, 2011	-118,253.59	
		-7,990.83
Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets. In the current year, these amounts consist of:		
Redemption of Bond Principal		645,000.00
Change in Net Assets of Governmental Activities (Exhibit "B")		$ 1,421,882.75

The notes to the basic financial statements are an integral part of this statement.

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CITY OF BREMEN BOARD OF EDUCATION - HARALSON COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 134,860.53
LIABILITIES	
Funds Held for Others	$ 134,860.53

The notes to the basic financial statements are an integral part of this statement.

Note 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

The City of Bremen Board of Education (School District) was established under the laws of the State of Georgia and operates under the guidance of a school board elected by the voters and a Superintendent appointed by the Board. The Board is organized as a separate legal entity and has the power to levy taxes and issue bonds. Its budget is not subject to approval by any other entity. Accordingly, the School District is a primary government and consists of all the organizations that compose its legal entity.

DISCRETELY PRESENTED COMPONENT UNIT

The Bremen Educational Foundation, Inc. is a non-profit organization established in 2001 as a permanent endowment created by alumni and supporters of the Bremen City School District to support the tradition of excellence in the system. The purpose of the Foundation is to improve the quality of education in the system and act a fiscal agent for donors who wish to sponsor approved projects for the system, its teachers and students. (See Note "15")

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The School District's basic financial statements are collectively comprised of the District-wide financial statements, fund financial statements and notes to the basic financial statements of the City of Bremen Board of Education.

District-wide Statements:
The Statement of Net Assets and the Statement of Activities display information about the financial activities of the overall School District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the School District related to the administration and support of the School District's programs, such as office and maintenance personnel and accounting) are not allocated to programs.

- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues

Fund Financial Statements:
The fund financial statements provide information about the School District's funds, including fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. Separate statements for each category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The School District had no funds that were reported as nonmajor funds.

The School District reports the following major governmental funds:

- General Fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.

- District-wide Capital Projects Fund accounts for and reports financial resources including Special Purpose Local Option Sales Tax (SPLOST), Bond Proceeds and donations that are restricted, committed or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

- Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund type:

- Agency funds account for assets held by the School District as an agent for various clubs or individuals.

BASIS OF ACCOUNTING

The basis of accounting determines when transactions are reported on the financial statements. The District-wide governmental and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales taxes is recognized in the fiscal year in which the underlying transaction (sale) takes place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

The School District funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the School District's policy to first apply grant resources to such programs, followed by cost-reimbursement grants, then general revenues.

The State of Georgia reimburses the School District for teachers' salaries and operating costs through the Quality Basic Education Formula Earnings program (QBE). Generally teachers are contracted for the school year (July 1 – June 30) and paid over a twelve month contract period, generally September 1 through August 31. In accordance with the respective rules and regulations of the QBE program, the State of Georgia reimburses the School District over the same twelve month period in which teachers are paid. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued. Since the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, the School District recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2011, the School District adopted the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The provisions of this Statement establish accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds.

CASH AND CASH EQUIVALENTS

Composition of Deposits
Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Official Code of Georgia Annotated Section 45-8-14 authorizes the School District to deposit its funds in one or more solvent banks, insured Federal savings and loan associations or insured chartered building and loan associations.

INVESTMENTS

Composition of Investments
Investments made by the School District in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. Both participating interest-earning contracts and money market investments with a maturity at purchase greater than one year are reported at fair value. The Official Code of Georgia Annotated Section 36-83-4 authorizes the School District to invest its funds. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity. Funds may be invested in the following:

(1) Obligations issued by the State of Georgia or by other states,

(2) Obligations issued by the United States government,

(3) Obligations fully insured or guaranteed by the United States government or a United States government agency,

(4) Obligations of any corporation of the United States government,

(5) Prime banker's acceptances,

(6) The Georgia Fund 1 administered by the State of Georgia, Office of the State Treasurer,

(7) Repurchase agreements, and

(8) Obligations of other political subdivisions of the State of Georgia.

The School District does not have a formal policy regarding investment policies that address credit risks, custodial credit risks, concentration of credit risks, interest rate risks or foreign currency risks.

RECEIVABLES

Receivables consist of amounts due from property and sales taxes, grant reimbursements due on Federal, State or other grants for expenditures made but not reimbursed and other receivables disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded on the basic financial statements do not include any amounts which would necessitate the need for an allowance for uncollectible receivables.

PROPERTY TAXES

The City of Bremen fixed the property tax levy for the 2010 tax digest year (calendar year) on August 26, 2010 (levy date). Taxes were due on December 1, 2010 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2010 tax digest are reported as revenue in the governmental funds for fiscal year 2011. The Bremen City Clerk charges $3.50 per bill as a fee for tax collection and remits the taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2011, for maintenance and operations amounted to $3,163,930.51.

The tax millage rate levied for the 2010 tax year (calendar year) for the City of Bremen Board of Education was as follows (a mill equals $1 per thousand dollars of assessed value):

School Operations	14.95 mills

SALES TAXES

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $1,671,698.42 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years. The most recent authorization for Haralson County expires on June 30, 2017. The most recent authorization for Carroll County expires on December 31, 2017.

INVENTORIES

Food Inventories

On the basic financial statements, inventories of donated food commodities used in the preparation of meals are reported at their Federally assigned value and purchased foods inventories are reported at cost (first-in, first out). The School District uses the consumption method to account for inventories whereby donated food commodities are recorded as an asset and as revenue when

received, and expenses/expenditures are recorded as the inventory items are used. Purchased foods are recorded as an asset when purchased and expenses/expenditures are recorded as the inventory items are used.

CAPITAL ASSETS

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the District-wide financial statements, all purchased capital assets are valued at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at estimated fair market value on the date donated. Disposals are deleted at depreciated recorded cost. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. Depreciation is computed using the straight-line method. The School District does not capitalize book collections or works of art. During the fiscal year 2011, no events or changes in circumstances affecting a capital asset that may indicate impairment were known to the School District.

Capitalization thresholds and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Land Improvements	$ 10,000.00	10 to 60 years
Buildings and Improvements	$ 50,000.00	45 to 60 years
Equipment	$ 10,000.00	5 to 30 years
Intangible Assets	$ 250,000.00	individually determined

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives, with the exception of intangible assets which are amortized.

Amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, copyrights and internally generated software is computed using the straight-line method over the estimated useful lives of the assets.

GENERAL OBLIGATION BONDS

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In the District-wide financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the debt.

In the fund financial statements, the School District recognizes bond premiums and discounts, as well as bond issuance costs during the fiscal year bonds are issued. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The outstanding amount of these bonds is recorded in the Statement of Net Assets.

NET ASSETS

The School District's net assets in the District-wide Statements are classified as follows:

Invested in capital assets, net of related debt - This represents the School District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net assets - These represent resources for which the School District is legally or contractually obligated to spend resources for bus replacement, continuation of Federal programs, debt service and capital projects in accordance with restrictions imposed by external third parties.

Unrestricted net assets - Unrestricted net assets represent resources derived from property taxes, sales taxes, grants and contributions not restricted to specific programs, charges for services, and miscellaneous revenues. These resources are used for transactions relating to the educational and general operations of the School District, and may be used at the discretion of the Board to meet current expenses for those purposes.

FUND BALANCES

The School District's fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Constraints are placed on the use of resources are either (1) externally imposed conditions by creditors, grantors, contributors, or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. The Board of Education is the School District's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (1) the Board of Education or (2) the budget or finance committee, or the Superintendent, or designee, to assign amounts to be used for specific purposes.

Unassigned – The residual classification for the General Fund. This classification represents fund balances that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Fund Balances of the Governmental Funds at June 30, 2011, are as follows:

Nonspendable		
Inventories		$ 19,706.86
Restricted		
Bus Replacement	$ 13,946.00	
Continuation of Federal Programs	98,256.46	
Capital Projects	3,557,306.43	
Debt Service	906,507.18	4,576,016.07
Committed		
School Activity Accounts		399,727.80
Assigned		
After School Program	$ 87,662.15	
Local Capital Outlay Projects	248,845.04	336,507.19
Unassigned		3,683,100.66
Fund Balance, June 30, 2011		$ 9,015,058.58

It is the goal of the School District to achieve and maintain an unassigned fund balance in the General Fund at fiscal year end of not less than 5% of the General Fund expenditures, not to exceed 15% of the total budget of the subsequent fiscal year, net of any Committed Reserve Balance for capital expenditures, in compliance with Official Code of Georgia Annotated Section 20-2-167(a) 5. If the unassigned fund balance at fiscal year end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

When multiple categories of fund balance are available for expenditure, the School District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3: DEPOSITS AND INVESTMENTS

COLLATERALIZATION OF DEPOSITS

Official Code of Georgia Annotated (O.C.G.A.) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. Section 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110 percent of the daily pool balance.

Acceptable security for deposits consists of any one of or any combination of the following:

(1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,

(2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,

(3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,

(4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,

(5) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,

(6) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and

(7) Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

PRIMARY GOVERNMENT

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2011, the bank balances were $9,977,485.73. All bank balances were either insured or collateralized with securities held by the pledging financial institution's trust department in the School District's name.

COMPONENT UNIT

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. The Foundation does not have a deposit policy for custodial credit risk. At June 30, 2011, the bank balances were $994,349.85. The bank balances were entirely covered by Federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the Foundation's name.

CATEGORIZATION OF INVESTMENTS

The School District's investments as of June 30, 2011, consisted of $504,996.04 invested in Certificates of Deposit and $14.65 invested in Georgia Fund 1. The investments categorized below do not include Certificates of Deposits as those amounts are included in the categorization of deposits previously disclosed.

The carrying amount of $14.65 of the School District's investment in Georgia Fund 1 is not required to be categorized since the School District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of the State Treasurer for the Georgia Fund 1 (Primary Liquidity Portfolio) does not provide for investment in derivatives or similar investments.

Additional information on the Georgia Fund 1 is disclosed in the *State of Georgia* Comprehensive Annual Financial Report. This audit can be obtained from the Georgia Department of Audits and Accounts at www.audits.ga.gov/SGD/CAFR.html.

The Primary Liquidity Portfolio consists of Georgia Fund 1 which is not registered with the SEC as an investment company but does operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, $1.00 per share. The pool is an AAAm rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2011, was 59 days.

Note 4: NON-MONETARY TRANSACTIONS

The School District receives food commodities from the United States Department of Agriculture (USDA) for school breakfast and lunch programs. These commodities are recorded at their Federally assigned value. **See Note 2 - Inventories**

Note 5: CAPITAL ASSETS

The following is a summary of changes in the Capital Assets during the fiscal year:

	Balances July 1, 2010	Increases	Decreases	Balances June 30, 2011
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 1,699,888.50	$ 34,380.00	$ 0.00	$ 1,734,268.50
Construction Work In Progress	117,962.00	262,457.50		380,419.50
Total Capital Assets, Not Being Depreciated	$ 1,817,850.50	$ 296,837.50	$ 0.00	$ 2,114,688.00
Capital Assets, Being Depreciated:				
Buildings and Improvements	$ 28,906,309.97		$ 135,379.00	$ 28,770,930.97
Equipment	726,768.00			726,768.00
Land Improvements	249,955.00	$ 18,400.00		268,355.00
Less: Accumulated Depreciation:				
Buildings and Improvements	3,414,110.00	463,434.00	12,861.00	3,864,683.00
Equipment	433,257.00	56,154.00		489,411.00
Land Improvements	88,049.00	12,437.00		100,486.00
Total Capital Assets, Being Depreciated, Net	$ 25,947,616.97	$ -513,625.00	$ 122,518.00	$ 25,311,473.97
Governmental Activity Capital Assets - Net	$ 27,765,467.47	$ -216,787.50	$ 122,518.00	$ 27,426,161.97

Current year depreciation expense by function is as follows:

Instruction		$ 437,583.00
Support Services		
General Administration	$ 4,930.00	
School Administration	15,113.00	
Maintenance and Operation of Plant	10,524.00	
Student Transportation Services	23,837.00	54,404.00
Food Services		40,038.00
		$ 532,025.00

Note 6: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2011, consisted of the following:

Transfer to	Transfers From District-wide Capital Projects
Debt Service Fund	$ 106,075.20

Transfers were used by the Capital Projects Fund to move Bond Proceeds for Capitalized Interest to the Debt Service Fund where those funds will be used for Debt Service.

Note 7: RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; job related illness or injuries to employees; acts of God and unemployment compensation.

The School District participates in the Georgia School Boards Association Risk and Insurance Management System, a public entity risk pool organized on July 1, 1994, to develop and administer a plan to reduce risk of loss on account of general liability, motor vehicle liability, or property damage, including safety engineering and other loss prevention and control techniques, and to administer one or more groups of self-insurance funds, including the processing and defense of claims brought against members of the system. The School District pays an annual premium to the system for its general insurance coverage. Additional coverage is provided through agreements by the system with other companies according to their specialty for property, boiler and machinery (including coverage for flood and earthquake), general liability (including coverage for sexual harassment, molestation and abuse), errors and omissions, crime and automobile risks. Payment of excess insurance for the system varies by line of coverage.

The School District is self-insured with regard to unemployment compensation claims. The School District accounts for claims within the same fund from that employee's salary and benefits were paid. The School District accounts for claims with expenses/expenditures with the liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

Changes in the unemployment compensation claims liability during the last two fiscal years are as follows:

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2010	$ 0.00	$ 7,066.00	$ 7,066.00	$ 0.00
2011	$ 0.00	$ 12,532.00	$ 12,532.00	$ 0.00

The School District has obtained commercial insurance for job related illness or injuries to employees. The School District has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceeded the School District's insurance coverage in any of the past three years.

The School District has purchased a surety bond to provide additional insurance coverage as follows:

Position Covered	Amount
Superintendent	$ 50,000.00

Note 8: OPERATING LEASES

The City of Bremen Board of Education has entered into various leases as lessee for mobile classrooms and various copiers. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2011, for governmental funds amounted to $4,421.00. Future minimum lease payments for these leases are as follows:

Year Ending	Governmental Funds
2012	$ 2,304.00

Note 9: LONG-TERM DEBT

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government - Series 2006	4.10% - 4.38%	$ 6,000,000.00
General Government - Series 2007	3.869%	4,130,000.00
General Government - Series 2011	2.64%	2,940,000.00
		$ 13,070,000.00

The changes in Long-Term Debt during the fiscal year ended June 30, 2011, were as follows:

	Governmental Funds				
	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Due Within One Year
G. O. Bonds	$ 10,775,000.00	$ 2,940,000.00	$ 645,000.00	$ 13,070,000.00	$ 670,000.00

At June 30, 2011, payments due by fiscal year which includes principal and interest for these items are as follows:

	General Obligation Debt	
	Principal	Interest
Fiscal Year Ended June 30:		
2012	$ 670,000.00	$ 470,402.01
2013	695,000.00	454,344.89
2014	1,190,000.00	426,874.99
2015	1,265,000.00	386,065.11
2016	1,310,000.00	342,774.54
2017 - 2021	5,875,000.00	1,008,357.78
2022 - 2023	2,065,000.00	91,328.14
Total Principal and Interest	$ 13,070,000.00	$ 3,180,147.46

Note 10: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $36,403.40 for health insurance and retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education
Paid to the Georgia Department of Community Health
For Health Insurance of Non-Certificated Personnel
In the amount of $31,163.40

Office of the State Treasurer
Paid to the Public School Employees' Retirement System
For Public School Employees Retirement (PSERS) Employer's Cost
In the amount of $5,240.00

Note 11: SPECIAL ITEM

During fiscal year 2011, the School District razed a former administrative office building for a new Fine Arts Building Auditorium to be built upon the land. The unamortized cost of $122,518.00 for the former office building was removed from the Capital Assets records as of June 30, 2011.

Note 12: SIGNIFICANT CONTINGENT LIABILITIES

Amounts received or receivable principally from the Federal government are subject to audit and review by grantor agencies. This could result in requests for reimbursement to the grantor agency for any costs which are disallowed under grant terms. The School District believes that such disallowances, if any, will be immaterial to its overall financial position.

The School District is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine School District operations. The ultimate disposition of these proceedings is not presently determinable, but is not believed to be material to the basic financial statements.

Note 13: POST-EMPLOYMENT BENEFITS

Georgia School Personnel Post-employment Health Benefit Fund

Plan Description. The Georgia School Personnel Post-employment Health Benefit Fund (School OPEB Fund) is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers eligible former employees of public school systems, libraries and regional educational service agencies. The School OPEB Fund provides health insurance benefits to eligible former employees and their qualified beneficiaries through the State Employees Health Benefit Plan administered by the Department of Community Health. The Official Code of Georgia Annotated (O.C.G.A.) assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees, to the Board of Community Health (Board). The Department of Community Health, which includes the School OPEB Fund, issues a separate stand alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

Funding Policy. The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. On average, plan members pay approximately 25 percent of the cost of the health insurance coverage.

Participating employers are statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rates are established to fund all benefits due under the health insurance plans for both active and retired employees based on projected "pay-as-you-go" financing requirements. Contributions are not based on the actuarially calculated annual required contribution (ARC) which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The combined active and retiree contribution rates established by the Board for employers participating in the School OPEB Fund were as follows for the fiscal year ended June 30, 2011:

For certificated teachers, librarians and regional educational service agencies:

July 2010 - April 2011	21.955%	of covered payroll for August - May Coverage
May 2011 - June 2011	1.429%	of covered payroll for June - July Coverage

For non-certificated school personnel:

July 2010 - December 2010	$162.72	per member per month
January 2011 - May 2011	$218.20	per member per month
June 2011	$246.20	per member per month

The Department of Education was appropriated an additional $25,081,633 for non-certificated personnel health insurance payments. The amount attributable to the School District is reflected in the On-behalf note disclosure.

No additional contribution was required by the Board for fiscal year 2011 nor contributed to the School OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the School plan for other post-employment benefits and are subject to appropriation.

The School District's combined active and retiree contributions to the health insurance plans, which equaled the required contribution, for the current fiscal year and the preceding two fiscal years were as follows:

Fiscal Year	Percentage Contributed	Required Contribution
2011	100%	$ 1,588,215.37
2010	100%	$ 1,691,791.31
2009	100%	$ 946,942.71

Note 14: RETIREMENT PLANS

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

Plan Description. The TRS is a cost-sharing multiple-employer defined benefit plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired members and ex-officio State employees is ultimately responsible for the administration of TRS. The Teachers Retirement System of Georgia issues a separate stand alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

On October 25, 1996, the Board created the Supplemental Retirement Benefits Plan of the Georgia Teachers Retirement System (SRBP-TRS). SRBP-TRS was established as a qualified excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of TRS. The purpose of SRBP-TRS is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRBP-TRS whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

TRS provides service retirement, disability retirement, and survivor's benefits. The benefit structure of TRS is defined and may be amended by State statute. A member is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. A member is eligible for early retirement after 25 years of creditable service.

Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of one-twelfth of 7% for each month the member is below age 60 or by 7% for each year or fraction thereof by which the member has less than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, will be made in future years. Retirement benefits are payable monthly for life. A member may elect to receive a partial lump-sum distribution in addition to a reduced monthly retirement benefit. Death, disability and spousal benefits are also available.

Funding Policy. TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation. Member contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2011, were 5.53% of annual salary. The member contribution rate will increase to 6.00% effective July 1, 2011. Employer contributions required for fiscal year 2011 were 10.28% of annual salary as required by the June 30, 2008, actuarial valuation. The employer contribution rate will increase to 11.41% effective July 1, 2011.

Employer contributions for the current fiscal year and the preceding two fiscal years are as follows:

Fiscal Year	Percentage Contributed		Required Contribution
2011	100%	$	1,042,283.53
2010	100%	$	993,162.32
2009	100%	$	932,450.39

PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)

Bus drivers, lunchroom personnel, and maintenance and custodial personnel are members of the Public School Employees' Retirement System of Georgia. The System is funded by contributions by the employees and by the State of Georgia. The School District makes no contribution to this plan.

Note 15: COMPONENT UNIT

The Bremen Educational Foundation, Inc. (Foundation) is a legally separate tax-exempt component unit of the City of Bremen Board of Education (School District). It was organized on December 17, 2001, as a Georgia Corporation pursuant to the provisions of the Georgia Non-Profit Corporation Code. The Foundation's governing board consists of 8 members consisting of alumni and/or local business persons plus ex-officio member to include the superintendent of the Bremen City School System. New members are elected by the Foundation Board. Although the School District does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon the Foundation holds and invests are restricted to the improvement of the quality of education of the School District and act as a fiscal agent for donors who wish to sponsor approved projects for the system, its teachers and students. Consequently, the Foundation is considered a component unit of the School District and is discretely presented in the School District's financial statements.

The Foundation utilizes the accrual method of accounting. The Foundation is subject to Statement of Financial Standards (SFAS) 117, "Financial Statement of Not-for-Profit Organizations". As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the School District's financial reporting entity for these differences. The Foundation's fiscal year is July 1, 2010, through June 30, 2011.

During the year ended June 30, 2011, the Foundation made contributions in the form of grants and gifts to the School District in the amount $254,761.79. These contributions consisted of gifts of $248,833.79 to the School District for a New Fine Arts Center and grants of $1,500.00 to Bremen High School, $1,500.00 to Bremen Middle School, $1,428.00 to Bremen Academy and $1,500.00 to Jones Elementary School.

Complete audited financial statements for the Foundation were not available as of the date of this report. Any inquiries or information about the Foundation can be obtained from Bremen Educational Foundation, Inc. The contacts are as follows: Mr. Dave Pollard, President, 201 Maple Street, Carrollton, Georgia 30117, 770-214-7277, e-mail address, david.pollard@raymondjames.com or Ms. Joanie Lowe, Treasurer, 214 Tallapoosa Street, Bremen, Georgia 30110, 770-537-1110, e-mail address, joanielowe@bellsouth.net.

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CITY OF BREMEN BOARD OF EDUCATION - HARALSON COUNTY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2011

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL
	ORIGINAL (1)	FINAL (1)	AMOUNTS
REVENUES			
Property Taxes	$ 3,037,039.00	$ 3,037,039.00	$ 3,163,930.51
Sales Taxes	110,000.00	110,000.00	24,654.45
State Funds	9,973,140.00	10,458,058.00	10,841,567.81
Federal Funds	1,136,396.25	1,486,423.00	1,666,827.95
Charges for Services	1,163,800.00	1,163,800.00	1,446,138.84
Investment Earnings	40,800.00	40,800.00	32,210.00
Miscellaneous	70,865.00	70,865.00	851,868.93
Total Revenues	$ 15,532,040.25	$ 16,366,985.00	$ 18,027,198.49
EXPENDITURES			
Current			
Instruction	$ 10,954,588.37	$ 11,325,991.64	$ 11,715,692.14
Support Services			
Pupil Services	480,896.68	602,697.93	683,521.68
Improvement of Instructional Services	75,748.25	93,901.17	59,418.82
Educational Media Services	281,503.33	281,503.33	278,855.53
General Administration	526,968.87	586,541.08	596,529.73
School Administration	1,146,675.17	1,146,675.17	1,097,583.72
Business Administration	157,593.36	157,593.36	156,887.65
Maintenance and Operation of Plant	1,272,142.47	1,279,942.47	1,287,465.65
Student Transportation Services	113,773.95	113,773.95	91,099.00
Central Support Services	21,900.00	21,900.00	15,951.89
Other Support Services	130,451.47	130,451.47	326,362.97
Enterprise Operations			312,497.44
Food Services Operation	768,215.00	773,215.00	756,128.17
Total Expenditures	$ 15,930,456.92	$ 16,514,186.57	$ 17,377,994.39
Net Change in Fund Balances	$ -398,416.67	$ -147,201.57	$ 649,204.10
Fund Balances - Beginning	4,086,429.93	4,086,429.93	3,653,195.83
Adjustments	6,026.88	-5,335.67	
Fund Balances - Ending	$ 3,694,040.14	$ 3,933,892.69	$ 4,302,399.93

Notes to the Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual

(1) Original and Final Budget amounts do not include budgeted revenues or expenditures of the various principal accounts.

The accompanying schedule of revenues, expenditures and changes in fund balances budget and actual is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements.

See notes to the basic financial statements.

CITY OF BREMEN BOARD OF EDUCATION - HARALSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

SCHEDULE "2"

FUNDING AGENCY PROGRAM/GRANT		CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD	
Agriculture, U. S. Department of					
Child Nutrition Cluster					
Pass-Through From Georgia Department of Education					
Food Services					
School Breakfast Program	*	10.553	N/A	(2)	
National School Lunch Program	*	10.555	N/A	$ 830,066.00	(1)
Total U.S. Department of Agriculture				$ 830,066.00	
Education, U. S. Department of					
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Special Education					
ARRA - Grants to States	*	84.391	N/A	$ 168,654.00	
ARRA - Preschool Grants	*	84.392	N/A	901.00	
Grants to States	*	84.027	N/A	373,805.00	
Preschool Grants	*	84.173	N/A	37,102.00	
Total Special Education Cluster				$ 580,462.00	
Title I, Part A Cluster					
Pass-Through From Georgia Department of Education					
ARRA - Title I Grants to Local Educational Agencies		84.389	N/A	$ 4,061.00	
Title I Grants to Local Educational Agencies		84.010	N/A	256,359.00	
Total Title I, Part A Cluster				$ 260,420.00	
Other Programs					
Pass-Through From Georgia Department of Education					
Career and Technical Education - Basic Grants to States		84.048	N/A	$ 24,945.00	
Education Job Fund	*	84.410	N/A	402,228.00	
Improving Teacher Quality State Grants		84.367	N/A	58,318.00	
Total Other Programs				$ 485,491.00	
Total U. S. Department of Education				$ 1,326,373.00	
Total Expenditures of Federal Awards				$ 2,156,439.00	

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

(1) Includes the Federally assigned value of donated commodities for the Food Donation Program in the amount of $45,782.12.

(2) Expenditures for the funds earned on the School Breakfast Program ($52,488.62) were not maintained separately and are included in the 2011 National School Lunch Program.

Major Programs are identified by an asterisk (*) in front of the CFDA number.

The School District did not provide Federal Assistance to any Subrecipient.

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the City of Bremen Board of Education and is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements.

See notes to the basic financial statements.

CITY OF BREMEN BOARD OF EDUCATION - HARALSON COUNTY
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2011

SCHEDULE "3"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPE GENERAL FUND
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 391,469.73
Pre-K Transition Coach Grant	80,000.00
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	735,959.00
Kindergarten Program - Early Intervention Program	56,780.00
Primary Grades (1-3) Program	1,637,605.77
Primary Grades - Early Intervention (1-3) Program	137,012.00
Upper Elementary Grades (4-5) Program	748,922.17
Upper Elementary Grades - Early Intervention (4-5) Program	56,409.00
Middle School (6-8) Program	1,174,861.36
High School General Education (9-12) Program	1,120,380.00
Vocational Laboratory (9-12) Program	292,753.00
Students with Disabilities	
Category I	59,185.00
Category II	9,169.00
Category III	474,699.00
Category IV	448,483.00
Category V	422,667.00
Gifted Student - Category VI	920,315.70
Remedial Education Program	100,546.00
Alternative Education Program	96,415.00
English Speakers of Other Languages (ESOL)	7,069.00
Media Center Program	228,596.00
20 Days Additional Instruction	66,312.00
Staff and Professional Development	44,352.00
Indirect Cost	
Central Administration	457,642.00
School Administration	534,847.00
Facility Maintenance and Operations	543,798.00
Categorical Grants	
Pupil Transportation	
Regular	12,101.00
Nursing Services	47,635.00
Vocational Supervisors	7,318.00
Education Equalization Funding Grant	1,126,557.00
Food Services	25,876.00
Vocational Education	23,294.00
Amended Formula Adjustment	-1,390,287.00
Other State Programs	
Dual Enrollment	2,016.00
Health Insurance	31,163.40
Industry Certification Related Equipment - State Bonds	5,000.00
Math and Science Supplements	11,882.68
Preschool Handicapped Program	45,249.00
Virtual Schools Grant	25.00
Office of State Treasurer	
Public School Employees Retirement	5,240.00
CONTRACT	
Human Resources, Georgia Department of	
Family Connection	42,250.00
	$ 10,841,567.81

See notes to the basic financial statements.

CITY OF BREMEN BOARD OF EDUCATION - HARALSON COUNTY
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2011

SCHEDULE "4"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	PROJECT STATUS
HARALSON COUNTY III					
ALL PROJECTS	$ 9,390,000.00	$ 17,288,668.79			
i) Funding a portion of the costs of the acquisition, construction and equipping, and furnishing of new school buildings and facilities, including, but not limited to, additional classrooms, a new middle school,				$ 12,488,301.40	Ongoing
ii) a new fine arts center,				117,962.00	Ongoing
iii) and new physical education/athletic facilities,				346,997.02	Ongoing
iv) the addition, renovation, repair, and improvement to existing school buildings and facilities, including, but not limited to, all existing schools, existing physical education/athletic facilities and the high school cafeteria,			$ 10,175.00	2,029,832.54	Ongoing
v) the acquisition and purchase of system-wide technology and safety equipment, including, but not limited to, computer hardware and software and security and safety equipment,			3,821.95	316,902.41	Ongoing
vi) the acquisition and purchase of school vehicles, including, but not limited to, school buses and maintenance vehicles,				22,134.00	Ongoing
vii) the addition, renovation, repair, paving and improvement to driveways and parking facilities,				12,050.00	Ongoing
viii) the acquisition and purchase of any property necessary and desirable therefore, both real and personal and the purchase of land (the "Bremen Projects"),				9,378.75	Ongoing
ix) capitalized interest on the Bremen Bonds through and including October 1, 2007.				262,809.07	Completed
Interest on Bonds and Bond Administrative Fees			431,098.49	1,237,206.16	Ongoing
Total Haralson County SPLOST III Projects	$ 9,390,000.00	$ 17,288,668.79	$ 445,095.44	$ 16,843,573.35	
CARROLL COUNTY III (TANS and Lease Purchase)					
ALL PROJECTS	$ 5,530,000.00	$ 5,530,000.00			
i) consisting of acquiring, constructing, adding to, renovating, modifying, repairing, improving and equipping schools and other buildings and facilities and acquiring any property necessary or desirable therefor, both real and personal;			$ 108,385.10	$ 603,562.81	Ongoing
ii) acquiring real estate for the construction of new schools and facilities;				22,246.00	Ongoing
iii) constructing and equipping new schools and facilities and acquiring any property necessary or desirable therefor, both real and personal; including but not limited to the following without prioritizing any of such items: completion and equipping of Bremen Middle School;			252,723.58	470,855.06	Ongoing
iv) constructing and equipping a fourth and fifth grade academy at the Bremen Middle School site;					Ongoing
v) acquiring real estate for the construction of new schools and facilities, including a new 3-5 school site;					Ongoing
vi) constructing and equipping a performing arts center;			44,212.23		Ongoing
vii) making system-wide technology improvements; and acquiring maintenance and transportation vehicles.					Ongoing
Interest on Capital Lease and Administrative Fees				53,482.54	Completed
Total Carroll County SPLOST III Projects	$ 5,530,000.00	$ 5,530,000.00	$ 405,320.91	$ 1,150,146.41	

CITY OF BREMEN BOARD OF EDUCATION - HARALSON COUNTY
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2011

SCHEDULE "4"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	PROJECT STATUS
HARALSON COUNTY IV					
ALL PROJECTS	$ 7,920,000.00	$ 7,920,000.00			
i) Funding the cost of the retirement of principal and interest on a portion of the City of Bremen School District General Obligation Bonds, Series 2006 and 2007, in the maximum amount of $5,449,918 and;					Ongoing
ii) the cost of acquiring, constructing, and equipping a new fine arts center;					Ongoing
iii) renovations and improvements to the stadium at Bremen High School;					Ongoing
iv) renovations to athletic facilities, maintenance and transportation equipment and facilities;					Ongoing
v) real estate acquisition, and any real or personal property necessary in connection with such projects within the Bremen School District in a maximum amount equal to the greater of $2,470,082 or the maximum amount of net proceeds to be raised by the tax for the Bremen School District after the retirement of said previously incurred general obligation debt.					Ongoing
Total Haralson County SPLOST IV Projects	$ 7,920,000.00	$ 7,920,000.00	$ 0.00	$ 0.00	
CARROLL COUNTY IV					
ALL PROJECTS	$ 4,147,500.00	$ 4,147,500.00			
i) Funding the cost of acquiring, constructing, and equipping a new fine arts center;					Ongoing
ii) renovations and improvements to the stadium at Bremen High School;					Ongoing
iii) renovations to athletic facilities, maintenance and transportation equipment and facilities;					Ongoing
iv) real estate acquisition, and any real or personal property necessary in connection with such projects within the Bremen School District, together with funding capitalized interest on the Bremen School District Debt hereinafter referred to (the "Bremen School Projects"), the maximum cost of such Bremen School Projects to be funded from the one percent sales and use tax in an amount not to exceed $4,147,500.					Ongoing
Bond Issuance Fees			$ 76,650.00		Completed
Total Carroll County SPLOST IV Projects	$ 4,147,500.00	$ 4,147,500.00	$ 76,650.00	$ 0.00	
	$ 26,987,500.00	$ 34,886,168.79	$ 927,066.35	$ 17,993,719.76	

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.

(2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.

(3) The voters of Haralson County, Carroll County, and the City of Bremen approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

See notes to the basic financial statements.

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CITY OF BREMEN BOARD OF EDUCATION - HARALSON COUNTY
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAM (QBE)
ALLOTMENTS AND EXPENDITURES - BY PROGRAM
YEAR ENDED JUNE 30, 2011

SCHEDULE "5"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	$ 793,679.00	$ 710,900.05	$ 11,773.94	$ 722,673.99
Kindergarten Program-Early Intervention Program	69,241.00	141,481.75	314.07	141,795.82
Primary Grades (1-3) Program	1,688,693.00	2,034,182.29	48,078.02	2,082,260.31
Primary Grades-Early Intervention (1-3) Program	164,044.00	29,819.49	329.84	30,149.33
Upper Elementary Grades (4-5) Program	813,029.00	940,188.22	29,900.87	970,089.09
Upper Elementary Grades-Early Intervention (4-5) Program	69,233.00			
Middle School (6-8) Program	1,242,728.00	1,004,905.08	35,460.48	1,040,365.56
High School General Education (9-12) Program	1,215,705.00	1,321,902.11	91,963.86	1,413,865.97
Vocational Laboratory (9-12) Program	333,912.00	457,866.08	38,287.84	496,153.92
Students with Disabilities	1,541,386.00			
Category I		158,217.69		158,217.69
Category II		45,947.86		45,947.86
Category III		537,433.66		537,433.66
Category IV		188,696.89		188,696.89
Category V		155,739.90		155,739.90
Gifted Student - Category VI	964,403.00	911,869.28	393.73	912,263.01
Remedial Education Program	109,850.00	196,543.07		196,543.07
Alternative Education Program	106,025.00	156,326.16	370.65	156,696.81
English Speakers of Other Languages (ESOL)	9,301.00	20,186.42		20,186.42
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	$ 9,121,229.00	$ 9,012,206.00	$ 256,873.30	$ 9,269,079.30
Media Center Program	251,192.00	251,263.57	26,731.58	277,995.15
Staff and Professional Development	48,926.00	17,790.53		17,790.53
TOTAL QBE FORMULA FUNDS	$ 9,421,347.00	$ 9,281,260.10	$ 283,604.88	$ 9,564,864.98

(1) Comprised of State Funds plus Local Five Mill Share.

(2) Allotments do not include the impact of the State amended formula adjustment.

See notes to the basic financial statements.

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

Russell W. Hinton
STATE AUDITOR
(404) 656-2174

March 28, 2012

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
City of Bremen Board of Education

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*

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Bremen Board of Education as of and for the year ended June 30, 2011, which collectively comprise City of Bremen Board of Education's basic financial statements and have issued our report thereon dated March 28, 2012. The report was qualified for a scope limitation, as identified in the auditor's report on the basic financial statements. Except as discussed in the following paragraph, 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.

The financial statements of Bremen Educational Foundation, Inc. (Foundation) have not been audited, and we were not engaged to audit the Foundation's financial statements as part of our audit of the School District's basic financial statements. The Foundation's financial activities are included in the School District's basic financial statements as a discretely presented component unit. We do not express an opinion for the discretely presented component unit.

Internal Control Over Financial Reporting

Management of City of Bremen Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Bremen Board of Education's internal control over financial reporting as a basis for designing our auditing procedures 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 Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Bremen Board of Education's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

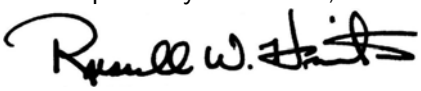
Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Bremen Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we have reported to management of City of Bremen Board of Education in a separate letter dated March 28, 2012.

This report is intended solely for the information and use of management, members of the City of Bremen Board of Education, others within the entity, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2011YB-10X

DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

Russell W. Hinton
STATE AUDITOR
(404) 656-2174

March 28, 2012

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
City of Bremen County Board of Education

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Ladies and Gentlemen:

Compliance

We have audited City of Bremen County Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2011. City of Bremen County Board of Education's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of City of Bremen County Board of Education's management. Our responsibility is to express an opinion on City of Bremen County Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bremen County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Bremen County Board of Education's compliance with those requirements.

In our opinion, the City of Bremen County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

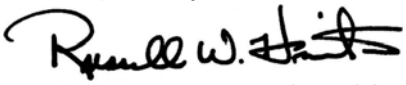
Management of City of Bremen County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered City of Bremen County Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bremen County Board of Education's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, members of the City of Bremen County Board of Education, others within the entity, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2011SA-10

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

CITY OF BREMEN BOARD OF EDUCATION - HARALSON COUNTY
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV

FINDINGS AND QUESTIONED COSTS

CITY OF BREMEN BOARD OF EDUCATION - HARALSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issue:

Governmental Activities; General Fund; Capital Projects Fund; Debt Service Fund; Aggregate Remaining Fund Information	Unqualified
Discretely Presented Component Unit	Disclaimer

Internal control over financial reporting:

- Material weakness identified? — No
- Significant deficiency identified? — None Reported

Noncompliance material to financial statements noted: — No

Federal Awards

Internal Control over major programs:

- Material weakness identified? — No
- Significant deficiency identified? — None Reported

Type of auditor's report issued on compliance for major programs:

All major programs	Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? — No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555,	Child Nutrition Cluster
84.027, 84.173, 84.391, 84.392	Special Education Cluster
84.410	Education Jobs Fund

Dollar threshold used to distinguish between Type A and Type B programs: $300,000.00

Auditee qualified as low-risk auditee? — No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.