CITY OF CONCORD, GEORGIA

FINANCIAL STATEMENTS

JULY 31, 2014

CITY OF CONCORD, GEORGIA
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MELVIN, ROOKS & HOWELL, PC
Certified Public Accountants & Consultants
Griffin, Georgia

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of City Council
City of Concord
Concord, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Concord, Georgia, as of and for the year ended July 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund, of the City of Concord, Georgia, as of July 31, 2014, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2–7 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2014 on our consideration of the City of Concord, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 read in conjunction with this report in considering the results.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Concord, GA's basic financial statements. The introductory section is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Melvin, Rooks & Howell, P.C.

Griffin, Georgia
January 22, 2015

CITY OF CONCORD, GEORGIA
MANAGEMENT DISCUSSION AND ANALYSIS
JULY 31, 2014

As management of the City of Concord, Georgia, (the "City") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended July 31, 2014. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the City's financial performance.

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Overview of the Financial Statements

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities).* The governmental activities of the City include general government, public safety, and streets and sanitation. The business-type activities of the City include water and sewer utilities and the Concord Jubilee.

Fund financial statements. *A fund is* a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented *for governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The City maintains three individual governmental funds. All three funds are accounted for as major funds.

Proprietary funds. The City's *Enterprise funds* are considered proprietary funds and are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer utilities fund and the Concord Jubilee fund.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

City-Wide Financial Analysis

Net Position

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. As of July 31, 2014, assets exceeded liabilities by $2,341,479.

The following table provides a comparison of the City's net position as of July 31, 2014 with its net position as of July 31, 2013.

Table 1
Net Position

	2014	2013
Assets		
Current and Other Assets	$ 224,821	$ 238,273
Capital Assets (Net)	2,180,142	2,194,590
Total Assets	$ 2,404,963	$ 2,432,863
Liabilities		
Current and Other Liabilities	$ 63,484	$ 73,467
Long-Term Liabilities	-0-	-0-
Total Liabilities	$ 63,484	$ 73,467
Net Position		
Net Investment in Capital Assets	$ 2,170,142	$ 2,174,590
Restricted	(177,037)	(159,217)
Unrestricted	348,374	344,023
Total Net Position	$ 2,341,479	$ 2,359,396

The largest portion of the City's net position (93%) reflects its investment in capital assets such as land, buildings, equipment, and furniture and fixtures, less any related debt, used to acquire those assets, that is still outstanding. The City uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of fiscal year 2014, the City of Concord had positive balances in two of its three categories of net position for the government as a whole.

Changes in Net Position. Governmental and business-type activities decreased the City's net position by $17,917 in fiscal year 2014. The following table indicates the changes in net position for fiscal year 2014 and 2013.

	Changes in Net Position	
	2014	2013
Revenues		
Program Revenues:		
Charges for Services	$ 247,592	$ 246,212
Operating Grants and Contributions	-0-	-0-
Capital Grants and Contributions	5,476	17
General Revenues:		
General Purpose Sales and Use Taxes	59,173	60,972
Property Taxes	55,919	61,658
Other Taxes	14,339	14,050
Investment Earnings	149	215
Other Revenues	29,843	24,564
Total Revenues	412,491	407,688
Expenses		
General Government	99,979	140,259
Public Services	63,702	62,530
Interest on Long-Term Debt	1,242	1,465
Water and Sewer Utilities	251,100	249,072
Jubilee	14,385	10,063
Total Expenses	430,408	463,389
Revenues Over (Under) Expenses	(17,917)	(55,701)
Beginning Net Position	2,359,396	2,415,097
Ending Net Position	$ 2,341,479	$ 2,359,396

Governmental Activities. The governmental activities showed a decrease in revenues over expenditures by $9,661. There was a decrease in general purpose and property taxes. Overall, the revenues and expenses of the governmental activities were fairly consistent with the prior year.

Business-type Activities. The City's business-type activities, which include the Water and Sewer Utility Fund and the Concord Jubilee Fund, decreased net assets by $8,256 in fiscal year 2014. The Utility Fund revenues and expenses were consistent with the prior year. The Concord Jubilee's net loss from operations was due to an increase in supply costs for the Jubilee and expenses related to the Lighting of Concord.

Overall, the City's net position decreased by $17,917.

Financial Analysis of the City's Funds

Governmental Funds Overview. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of July 31, 2014, the combined ending fund balances of the City's governmental funds were ($39,119). Approximately $135,417 of this consists of unreserved/undesignated fund balance, which is available as working capital for current spending in accordance with the purposes of the specific funds. The remainder of fund balance, ($174,536), is reserved to indicate that it is not available for new spending because it is committed for capital projects.

The City has two major governmental funds, which are the general fund and the capital projects fund. The general fund is the primary operating fund of the City of Concord's government. It accounts for many of the City's core services such as protection, roads and streets, and administration. The capital projects fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds Overview. The City's proprietary fund statements provide the same type of information found in the government-wide statements, but in more detail.

As discussed in the business-type activities above, the City's net position decreased by $8,256 as a result of operations in the proprietary funds.

Significant Transactions

Interfund Activity. *Interfund activity* is reported as loans, services provided reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Budgetary Highlights

Annually, the Mayor submits to the Council a proposed operating budget for the coming fiscal year which is required to be approved prior to July 31st. Public hearings are held prior to adoption to allow citizens the opportunity to comment on the proposed budget.

The original budget was not amended during the fiscal year. Total budgeted revenues and expenditures decreased by less than 1% from the prior year. Actual expenditures remained consistent with the previous year.

Budgets are adopted for the general fund and the Water & Sewer Utility Fund. Budgets for the Proprietary Funds are prepared for planning and control purposes only. The legal level of budgetary control is the department level, with the Commissioners being the only body authorized to make amendments to the budget. No supplemental appropriations were made for the year ended July 31, 2014.

Future Economic Highlights

The City will continue its improvement of the downtown area. The City continues to make improvements to the historic Strickland Building, which now serves as a community center. Several old land and building parcels that the City has purchased in the past few years will continue to be evaluated to determine if they need to be torn down for the betterment of the City or remodeled for a new purpose. Through the Nelson Memorial Beautification Fund, the City will continue to landscape throughout the City.

Capital Asset

The City's investment in capital assets for its governmental and business-type activities as of July 31, 2014 amounts to $2,180,142. This investment in capital assets includes land, improvements, buildings, furniture, and equipment. Additional information on the City's capital assets can be found in Note 6 of the notes to the financial statements of this report.

Debt Administration

At the end of the current fiscal year, the City had total debt outstanding of $10,000. Debt obligations decreased by $10,000 during the current fiscal year. Also, interest was paid on the debt. Additional information on the City's long term debt can be found in Note 7 of the notes to the financial statements of this report.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. John Strickland, Mayor Pro tem, P.O. Box 175 Concord, Georgia 30206.

CITY OF CONCORD, GEORGIA
STATEMENT OF NET POSITION
JULY 31, 2014

	Governmental Activites	Business-Type Activities	Total
ASSETS			
Cash	$ 132,698	$ 36,656	$ 169,354
Taxes Receivable	1,330	-0-	1,330
Accounts Receivable	-0-	17,995	17,995
Other Current Assets	6,459	4,510	10,969
Internal Balances	(201,200)	201,200	-0-
Restricted Assets - Certificates of Deposits	4,747	-0-	4,747
Restricted Assets - Cash	20,426	-0-	20,426
Land	430,609	10,020	440,629
Capital Assets, Net	496,475	1,243,038	1,739,513
Total Assets	891,544	1,513,419	2,404,963
LIABILITIES			
Accounts Payable	3,107	6,450	9,557
Payroll Taxes Payable	472	2,529	3,001
Customer Deposits	-0-	40,926	40,926
Notes Payable-Current Portion	10,000	-0-	10,000
Total Liabilties	13,579	49,905	63,484
NET POSITION			
Net Investment in Capital Assets	917,084	1,253,058	2,170,142
Restricted for Capital Projects	(177,037)	-0-	(177,037)
Unrestricted	137,918	210,456	348,374
Total Net Position	$ 877,965	$ 1,463,514	$ 2,341,479

See accompanying notes and auditor's report.

CITY OF CONCORD, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2014

		Program Revenues			Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities							
General Government	$ 99,979	$ 336	$ -0-	$ -0-	$ (99,643)	$ -0-	$ (99,643)
Public Safety	-0-	20,844	-0-	-0-	20,844	-0-	20,844
Public Services	63,702	-0-	-0-	5,476	(58,226)	-0-	(58,226)
Interest on Long-Term Debt	1,242	-0-	-0-	-0-	(1,242)	-0-	(1,242)
Total Governmental Activities	164,923	21,180	-0-	5,476	(138,267)	-0-	(138,267)
Business-Type Activities							
Water and Sewer Utilities	251,100	214,863	-0-	-0-	-0-	(36,237)	(36,237)
Concord Jubliee	14,385	11,549	-0-	-0-	-0-	(2,836)	(2,836)
Total Business-Type Activities	265,485	226,412	-0-	-0-	-0-	(39,073)	(39,073)
Total Primary Government	$ 430,408	$ 247,592	$ -0-	$ 5,476	$ (138,267)	$ (39,073)	$ (177,340)
General Revenues							
Taxes:							
General Purpose Sales and Use Taxes					$ 59,173	$ -0-	$ 59,173
Property Taxes					55,919	-0-	55,919
Other Taxes					14,339	-0-	14,339
Investment Income					119	30	149
Other Revenues					29,843	-0-	29,843
Transfers					(30,787)	30,787	-0-
Total General Revenues and Transfers					128,606	30,817	159,423
Change in Net Position					(9,661)	(8,256)	(17,917)
Net Position, August 1, 2013					887,626	1,471,770	2,359,396
Net Position, July 31, 2014					$ 877,965	$ 1,463,514	$ 2,341,479

See accompanying notes and auditor's report.

CITY OF CONCORD, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JULY 31, 2014

	General Fund	Capital Projects Fund	Total
ASSETS			
Cash	$ 131,207	$ 1,491	$ 132,698
Taxes Receivable	1,330	-0-	1,330
Other Current Assets	6,459	-0-	6,459
Restricted Assets - Cash	20,426	-0-	20,426
Restricted Assets-Certificates of Deposit	4,747	-0-	4,747
Total Assets	$ 164,169	$ 1,491	$ 165,660
LIABILTIES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 3,107	$ -0-	$ 3,107
Payroll Taxes Payable	472	-0-	472
Due To Other Funds	-0-	201,200	201,200
Total Liabilities	3,579	201,200	204,779
Fund Balances			
Nonspendable:			
Prepaid Items	6,459	-0-	6,459
Restricted for:			
Capital Projects - Strickland Building	17,925	-0-	17,925
Capital Projects - General Improvements	2,501	-0-	2,501
Concord Community Club	4,747	-0-	4,747
Unassigned	128,958	(199,709)	(70,751)
Total Fund Balances	160,590	(199,709)	(39,119)
Total Liabilities and Fund Balances	$ 164,169	$ 1,491	$ 165,660

Amounts reported for governmental activities in the Statement of Net Position are different because:	
- Capital Assets Used in Governmental Activities are Not Financial Resources and Therefore, are Not Reported in the Funds	927,084
- General Long Term Debt is Included in the Statement of Net Position	(10,000)
Net Position of Government Activities	$ 877,965

See accompanying notes and auditor's report.

CITY OF CONCORD, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JULY 31, 2014

	General Fund	Capital Projects Fund	Total
REVENUES			
Taxes	$ 115,092	$ -0-	$ 115,092
Franchise Taxes	14,339	-0-	14,339
Licenses and Permits	336	-0-	336
Intergovernmental Revenue	5,476	-0-	5,476
Interest	95	24	119
Insurance Proceeds	20,844	-0-	20,844
Miscellaneous	2,768	-0-	2,768
Strickland Center Rent	12,075	-0-	12,075
Lease Revenue	15,000	-0-	15,000
Total Revenues	186,025	24	186,049
EXPENDITURES			
Current			
General Government	78,894	10	78,904
Streets	60,307	-0-	60,307
Debt Service			
Principal Retirement	10,000	-0-	10,000
Interest	1,242	-0-	1,242
Capital Outlay	1,120	-0-	1,120
Total Expenditures	151,563	10	151,573
Excess of Revenues over Expenditures and Uses	34,462	14	34,476
OTHER FINANCING SOURCES			
Transfers to/from Utility Fund	-0-	(30,787)	(30,787)
Transfers to/from General Fund	(13,924)	13,924	-0-
Total Other Financing Sources and Uses	(13,924)	(16,863)	(30,787)
Net Change In Fund Balance	20,538	(16,849)	3,689
FUND BALANCE - BEGINNING OF YEAR	140,052	(182,860)	(42,808)
FUND BALANCE - END OF YEAR	$ 160,590	$ (199,709)	$ (39,119)

See accompanying notes and auditor's report.

CITY OF CONCORD, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
JULY 31, 2014

Net Change in Fund Balances-Total Governmental Funds		$ 3,689
Amounts reported for governmental activities in Statement of Net Position are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives:		
Expenditures for Capital Assets	1,120	
Less Current Year Depreciation	(24,470)	(23,350)
Repayment of notes is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		10,000
Changes in Net Position of Governmental Funds		$ (9,661)

See accompanying notes and auditor's report.

CITY OF CONCORD, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED JULY 31, 2014

	GENERAL FUND		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	$ 120,750	$ 115,092	$ (5,658)
Franchise Taxes	14,500	14,339	(161)
Licenses and Permits	425	336	(89)
Intergovernmental Revenue	-0-	5,476	5,476
Interest	150	95	(55)
Insurance Proceeds	18,500	20,844	2,344
Miscellaneous	500	2,768	2,268
Strickland Center Rent	15,000	12,075	(2,925)
Lease Revenue	15,000	15,000	-0-
Total Revenues	184,825	186,025	1,200
EXPENDITURES			
Current			
General Government	94,675	78,894	15,781
Streets	78,550	60,307	18,243
Debt Service			
Principal Retirement	10,000	10,000	-0-
Interest	1,600	1,242	358
Capital Outlay	-0-	1,120	(1,120)
Total Expenditures	184,825	151,563	33,262
Excess of Revenues over Expenditures	-0-	34,462	34,462
Transfers	-0-	(13,924)	(13,924)
Net Change in Fund Balance	-0-	20,538	20,538
FUND BALANCE - BEGINNING OF YEAR	70,374	140,052	69,678
FUND BALANCE - END OF YEAR	$ 70,374	$ 160,590	$ 90,216

See accompanying notes and auditor's report.

CITY OF CONCORD, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JULY 31, 2014

	Water and Sewer Utility	Concord Jubilee	Total
ASSETS			
Current Assets:			
Cash	$ 23,497	$ 13,159	$ 36,656
Accounts Receivable	17,995	-0-	17,995
Due From Other Funds	201,200	-0-	201,200
Other Current Assets	4,510	-0-	4,510
Total Current Assets	247,202	13,159	260,361
Non-Current Assets:			
Property and Equipment			
Land and Buildings	10,020	-0-	10,020
Water Delivery System	1,505,501	-0-	1,505,501
Improvements	26,489	7,698	34,187
Equipment	205,399	10,479	215,878
Vehicles	35,710	-0-	35,710
Less Accumulated Depreciation	(539,598)	(8,640)	(548,238)
Net Property and Equipment	1,243,521	9,537	1,253,058
Total Non-Current Assets	1,243,521	9,537	1,253,058
TOTAL ASSETS	$ 1,490,723	$ 22,696	$ 1,513,419
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ 6,450	$ -0-	$ 6,450
Payroll Taxes Payable	2,529	-0-	2,529
Customer Deposits	40,926	-0-	40,926
Total Current Liabilities	49,905	-0-	49,905
Long-Term Liabilities:	-0-	-0-	-0-
Total Long-Term Liabilities	-0-	-0-	-0-
TOTAL LIABILITIES	$ 49,905	$ -0-	$ 49,905
NET POSITION			
Invested in Capital Assets	$ 1,243,521	$ 9,537	$ 1,253,058
Unrestricted	197,297	13,159	210,456
TOTAL NET POSITION	$ 1,440,818	$ 22,696	$ 1,463,514

See accompanying notes and auditor's report.

CITY OF CONCORD, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JULY 31, 2014

	Water and Sewer Utility	Concord Jubilee	Total
OPERATING REVENUES			
Charges and Fees	$ 214,863	$ 11,549	$ 226,412
Total Operating Revenues	214,863	11,549	226,412
OPERATING EXPENSES			
Salaries and Wages	64,521	-0-	64,521
Payroll Taxes	4,843	-0-	4,843
Insurance	5,529	-0-	5,529
Chemicals and Supplies	7,674	-0-	7,674
Conference and Meetings	1,940	-0-	1,940
Repairs and Maintenance	23,554	-0-	23,554
Postage	2,693	95	2,788
Uniforms	2,088	-0-	2,088
Utilities and Telephone	15,000	-0-	15,000
Vehicle and Equipment Expenses	11,104	-0-	11,104
Depreciation	45,073	1,933	47,006
Dues and Subscriptions	1,484	-0-	1,484
Miscellaneous	3,426	728	4,154
Advertising	446	292	738
Contractual Expenses	43,203	-0-	43,203
Legal and Professional Fees	4,914	-0-	4,914
Parts and Supplies	7,216	1,988	9,204
Rental Equipment	2,146	1,235	3,381
Security	-0-	480	480
Supplies for Jubilee	-0-	1,099	1,099
Supplies for Lighting of Concord	-0-	3,926	3,926
Office Expenses	2,376	-0-	2,376
Casual Labor	-0-	2,609	2,609
Purchase of Water	1,070	-0-	1,070
Retirement Expense	800	-0-	800
Total Operating Expenses	251,100	14,385	265,485
Operating Income (Loss)	(36,237)	(2,836)	(39,073)
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	21	9	30
Total Non-Operating Revenues (Expenses)	21	9	30
Income (Loss) Before Operating Transfers	(36,216)	(2,827)	(39,043)
Transfer to/from Capital Projects Fund	30,787	-0-	30,787
Change in Net Position	(5,429)	(2,827)	(8,256)
Total Net Position, August 1, 2013	1,446,247	25,523	1,471,770
Total Net Position, July 31, 2014	$ 1,440,818	$ 22,696	$ 1,463,514

See accompanying notes and auditor's report.

CITY OF CONCORD, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JULY 31, 2014

	Water and Sewer Utility	Concord Jubilee	Total
Cash Flows from Operating Activities			
Cash Received from Customers	$ 214,626	$ 10,654	$ 225,280
Cash Paid to Employees	(59,678)	-0-	(59,678)
Cash Paid to Suppliers	(142,394)	(12,452)	(154,846)
Net Cash Flows from Operating Activities	12,554	(1,798)	10,756
Cash Flows from Non-Capital Financing Activities			
Due from Other Funds	-0-	-0-	-0-
Net Cash from Non-Capital Financing Activities	-0-	-0-	-0-
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(48,210)	(7,698)	(55,908)
Transfers In (Out)	30,787	-0-	30,787
Net Cash Flow from Capital and and Related Financing Activities	(17,423)	(7,698)	(25,121)
Cash Flows from Investing Activities			
Interest Earned on Investments	21	9	30
Net Cash Flows from Investing Activities	21	9	30
Net Change in Cash	(4,848)	(9,487)	(14,335)
Cash at Beginning of Year	28,345	22,646	50,991
Cash at End of Year	$ 23,497	$ 13,159	$ 36,656
Reconciliation of Operating Income to Net Cash Flows from Operating Activities			
Operating Income (Loss)	$ (36,237)	$ (2,836)	$ (39,073)
Depreciation	45,073	1,933	47,006
(Increase)/Decrease in Assets			
Accounts Receivable	876	-0-	876
Other Current Assets	(1,113)	-0-	(1,113)
Increase/(Decrease) in Liabilities			
Accounts Payable	2,237	-0-	2,237
Payroll Taxes Payable	609	-0-	609
Customer Deposits	1,109	(895)	214
Net Cash Flows from Operating Activities	$ 12,554	$ (1,798)	$ 10,756

See accompanying notes and auditor's report.

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The City of Concord was incorporated July 29, 1914, under provisions of the laws of the State of Georgia. The City operates under a mayor-council form of government and provides the following services in addition to general administrative responsibilities: streets and sanitation, and water and sewerage.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP, used by the City, are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis- for State and Local Governments.* Certain of the significant changes required by the Statement include the following:

- Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.

- Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc.).

- A change in the fund financial statements to focus on the major funds.

B. Financial Reporting Entity – Basis of Presentation

Primary Government and Component Units:
The City has implemented Governmental Accounting Standards Board Statement 14 "The Financial Reporting Entity". Statement 14 applies levels to all state and local governments. The Statement applies to financial reporting by primary governments, governmental joint ventures, jointly governed organizations, and other stand-alone governments; and it applies to the separately issued financial statements of governmental component units. The financial reporting entity consists of (a) primary governments, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The nucleus of a financial reporting entity usually is a primary government. However, a governmental organization other than a primary government (such as a component unit, joint venture, jointly governed organization or another stand-alone government) serves as the nucleus for its own reporting entity when it issues separate financial statements.

In conformity with GASB Statement 14, the City of Concord, Georgia has no component units that meet the criteria for component units requiring discrete presentation in the primary governmental financial reporting entity.

Basic Financial Statements – Government-Wide Statements:
The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and the fund financial statements categorize primary activities as either governmental or business type. The City's streets and sanitation, and general administrative services are classified as governmental activities. The City's water and sewerage and Jubilee services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) are reported on a full accrual basis, and (c) use an economic resources measurement focus, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts-invested in capital assets, net of related debt; restricted for capital projects; and unrestricted. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (public works, etc.). The functions are also supported by the general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes. Program revenues must be directly associated with the function (public works, etc.) or a business-type activity.

Proprietary funds distinguish *operating* revenue and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as non-operating revenues and expenses.

Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

In the event that an expense is incurred for purposes for which both restricted and unrestricted net assets are available, it is the policy of the City to first expend restricted resources.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, sales taxes, etc).

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the City are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The City uses governmental funds and proprietary funds.

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- Capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

The proprietary funds employ the economic resources measurement focus. The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The City's proprietary funds are considered enterprise funds in that they are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual – Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

Modified Accrual – The governmental funds financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Those revenues susceptible to accrual are property taxes, sales taxes, alcoholic beverage taxes, interest revenue and charges for services. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Fines and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash.

E. Major Funds

The City reports the following major governmental funds:

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

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

The City reports the following major proprietary funds:

The *water and sewerage utility fund* accounts for the activities of the government's water and sewer distribution system, and sanitation services to citizens and certain neighboring residents to the City.

The *Concord Jubilee fund* accounts for the activities of the annual City arts and crafts street fair.

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, certificates of deposit with an original maturity of less than 90 days are considered to be cash equivalents.

G. Investments

Investments are stated at cost plus accrued interest. The stated amounts approximate market value. Short-term investments shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of funds of the Issuer:

(i) Any bonds or other obligations which, as to principal and interest, constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the Federal agencies set forth in clause (ii) below to the extent unconditionally guaranteed by the United States of America;

(ii) Obligations of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration and Federal Mortgage Association;

(iii) Direct and general agreement secured by any one or more of the securities described in clauses (i) or (ii) above.

H. Prepaid Items

Prepaid items represent payments made to vendors for whom the benefits are applicable to future accounting periods. Since these assets represent financial resources which are not available for current appropriation or expenditure from the governmental funds, there is a corresponding reservation of the respective fund's fund balance for them.

I. Capital Assets

Capital assets, which include property, plant, and equipment assets, are reported in the governmental or business type activities in the government-wide statement of net position and depreciated over their estimated useful lives in the government-wide statement of changes in net position. Capital assets are defined by the City as assets with an initial, individual cost of $1,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Depreciation is provided over the estimated useful lives of assets using the straight line-line method. Assets which are fully depreciated and no longer in use are removed from capital assets.

The estimated useful lives for the various classes of capital assets are as follows:

Buildings	15-50 years
Water Distribution systems	10-50 years
Machinery and equipment	5-10 years
Autos and trucks	5-7 years
Furniture and Fixtures	5-7 years

Expenditures for maintenance and repairs which do not add to the value of assets or materially extend their useful lives are expenses as incurred. However, expenditures for repairs or upgrading which do materially add to the value or life of an asset are capitalized.

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

K. Compensated Absences

Costs of vacation and sick pay are not recorded until such benefits are paid.

L. Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investments in capital assets (net of related debt), restricted and unrestricted.

- **Net Investment in Capital Assets** is intended to reflect the portion of net assets which are associated with non-liquid capital assets less outstanding capital asset related debt.

- **Restricted Net Position** represent funds for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose.

- **Unrestricted Net Position** represent unrestricted liquid assets. While City management may have categorized and segmented portions for various purposes, the City Council has the unrestricted authority to revisit or alter these managerial decisions.

M. Fund Equity

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

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follow:

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

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

- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.

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

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

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

- Committed
- Assigned
- Unassigned

Net Position – Net position represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

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

N. Interfund Activity

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

O. Joint Venture

The City is a member of the McIntosh Trail Regional Development Center (RDC). Membership in a RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia, OCGA 50-8-39.1 which provides that the member governments are liable for any debts or obligations of a RDC. A copy of the RDC audit can be obtained by contacting them directly.

Note 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets and Budgetary Accounting – An annual budget is required by Section 36-81-3 of the Official Code of Georgia Annotated, to be prepared based on anticipated revenues and expenditures using a consolidated economic entity approach rather than a separate legal entity (fund accounting) approach. Council discusses annually the preparation of the budget prior to the expiration of the previous fiscal year. Once the budget is prepared, citizens have opportunities to observe the proposed budget or make comments. Upon approval of the budget, Council recognizes it may become necessary to amend the budget and does so on occasion. Any changes to the budget other than transfers between line items must be approved by the Council. Revenue anticipations are designed to help insure fiscal responsibility and maintain a balanced budget. Expenditure anticipations may not exceed anticipated revenues on a consolidated basis; however, in any one fund, such anticipated expenditures may exceed anticipated revenues. Budgets have been adopted for the General Fund and the Water and Sewerage Utility Fund. Capital projects, when applicable, have a project-long budget adopted at the commencement of the project.

Encumbrances – Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general fund. Encumbrances outstanding at year-end are reported as a reservation of fund balance, since they do not constitute expenditures or liabilities. The City has not utilized these procedures since no such items existed as of the balance sheet date.

B. Budget/GAAP Reconciliation

The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles.

The budget for the Water and Sewer Utility Fund is prepared for planning and control purposes only. Proprietary Fund budgets are adopted on a basis consistent with generally accepted accounting principles, except that capital outlay and debt service are budgeted as expenses and bad debt expense is not budgeted.

Note 3 – CASH AND INVESTMENTS

The total cash and certificates of deposit on the Statement of Net Position of $194,527 represent cash deposits in banks. All deposits were covered by Federal Depository Insurance. All uncollateralized deposits are exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Currently, the City has no custodial credit risk policy.

Category 1 Insured or collateralized with securities held by the entity or by its agent in the entity's name.	$ 194,527
Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.	-0-
Category 3 Uncollateralized, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent but not in the entity's name.	-0-
Cash and Certificates of Deposit on Combined Balance Sheet	$ 194,527

Category 3 balances are acceptable under Georgia Law.

Note 4 – RECEIVABLES

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the enterprise funds are recognized at the end of each year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year. As of July 31, 2014, there is no amount deemed uncollectible.

Note 5– INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds: Outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services, goods, short-term non-operating subsidies and other miscellaneous transactions between funds. This activity is similar to lending/borrowing arrangements and outstanding balances at year-end are presented as 'due to/from other funds". Balances between governmental or proprietary funds are netted when presented in the government-wide statements and reported as "internal balances". Interfund receivables and payables are not expected to be paid back within one year. As of July 31, 2014 interfund receivables and payables that resulted from various interfund transactions were as follows:

Receivable Fund	Payable Fund	Total
Water & Sewer Utility Fund	Capital Projects Fund	$ 201,200

Each year the Utility Fund loans money to the Capital Projects Fund to use for capital improvements.

Transfers and payments: Routine transfers and payments between funds are to subsidize operations, fund capital projects, pay for capital asset acquisition and to re-allocate special revenues. As of July 31, 2014 interfund transfers were as follows:

Source Fund	Transfer Fund	Amount
General Fund	Capital Projects Fund	$ 13,924
Capital Projects Fund	Utility Fund	$ 30,787

See auditor's report.

Note 6– CAPITAL ASSETS

Capital asset activity for the year ended July 31, 2014 was as follows:

	Balance August 1, 2013	Increases	Decreases	Balances July 31, 2014
Governmental Activities				
Non-Depreciable:				
Land	$ 430,609	$ -0-	$ -0-	$ 430,609
Total	430,609	-0-	-0-	430,609
Depreciable:				
Buildings	592,973	-0-	-0-	592,973
Building Improvements	141,919	-0-	-0-	141,919
Vehicles	12,693	-0-	5,798	6,895
Furniture and Fixtures	13,442	-0-	-0-	13,442
Machinery and Equipment	41,626	1,120	4,352	38,394
Total	802,653	1,120	10,150	793,623
Less Accumulated Depreciation				
Buildings	138,157	14,824	-0-	152,981
Building Improvements	80,441	8,534	-0-	88,975
Vehicles	9,193	1,000	5,798	4,395
Furniture and Fixtures	13,442	-0-	-0-	13,442
Machinery and Equipment	41,595	112	4,352	37,355
Total	282,828	24,470	10,150	297,148
Net Book Value	519,825	(23,350)	-0-	496,475
Governmental Activities Capital Assets, Net	$ 950,434	$ (23,350)	$ -0-	$ 927,084
Business-type Activities				
Non-Depreciable:				
Land	$ 10,020	$ -0-	$ -0-	$ 10,020
Total	10,020	-0-	-0-	10,020
Depreciable:				
Water Delivery System	1,505,501	-0-	-0-	1,505,501
Improvements	26,489	7,698	-0-	34,187
Vehicles	15,500	24,710	4,500	35,710
Equipment	198,163	23,500	5,785	215,878
Total	1,745,653	55,908	10,285	1,791,276
Less Accumulated Depreciation				
Water Delivery System	433,356	33,104	-0-	466,460
Improvements	1,840	1,268	-0-	3,108
Vehicles	7,800	2,818	4,500	6,118
Equipment	68,521	9,816	5,785	72,552
Total	511,517	47,006	10,285	548,238
Net Book Value	1,234,136	8,902	-0-	1,243,038
Business-type Activities Capital Assets,Net	$ 1,244,156	$ 8,902	$ -0-	$ 1,253,058

See auditor's report.

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

General government	$ 21,075
Public services	3,395
Total	$ 24,470

Note 7 – LONG TERM DEBT

The following is a summary of the changes in long-term obligations of the City for the year ended July 31, 2014.

	Balance August 1, 2013	Additions	Reductions	Balance July 31, 2014	Current Portion	Long-Term Portion
Governmental Activities:						
Notes Payable-Crawford	$ 20,000	$ -0-	$ 10,000	$ 10,000	$ 10,000	$ -0-
Total	$ 20,000	$ -0-	$ 10,000	$ 10,000	$ 10,000	$ -0-

Principal and interest requirements to amortize all long-term debt as of July 31, 2014 are as follows:

General Obligation Debt				
Original loan $40,000 05/27/02	2015	$ 10,000	$ 1,064	$ 11,064
1 year loan @ 4% interest. Monthly interest-only payments $88.66, with balloon payment to be re-financed annually. Secured by real estate.				

Note 8 – LITIGATION

The City has been named as the defendant, in lawsuits through its normal course of operation. The City vigorously defends its position. Excluding claims covered by insurance, Counsel does not expect any potential loss to be a material amount.

Note 9 – PENSION PLANS

In FY 2014, the City began offering its' employees the opportunity to participate in a 457 (b) Deferred Compensation Plan. The employees can set their own monthly contribution amount to this Plan. During Fiscal Year 2014, employees of the City contributed $1,880 to this plan. The City also offers a 401 (a) Defined Contribution Plan. The City contributes $50 per month per employee to this plan as long as the employee is contributing to the 457 (b) Plan and is employed by the City. During Fiscal Year 2014, the City contributed $900 to this plan.

Note 10 – PROPERTY TAXES

The City recognizes all billed but uncollected property taxes as taxes receivable.

The distribution of the City's levy (tax rate per $1,000 assessed value) to its funds is as follows:

	2014	2013	2012	2011
General Fund	$ 8.00	$ 8.00	$ 8.00	$ 8.60
Total	$ 8.00	$ 8.00	$ 8.00	$ 8.60

The levy was made on assessed valuations as of January 1. The property tax levy was established by the City Council on September 17, 2013. Taxpayers were billed by October 15, 2013 with tax payments due on or before December 31, 2013. A 1% penalty is assessed for the first three months. On the third month an additional 10% penalty is charged. Thereafter the penalty is 1% per month. Property liens may be executed when taxes become delinquent.

Note 11 – RESTRICTED ASSETS

A restriction was placed on a certificate of deposit in the amount of $4,747 to cover a donation made by the Concord Community Club. The funds will be used to provide scholarships for local high school graduating seniors. The City also has restricted cash of $20,426 to fund improvements to various city assets.

Note 12 – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded or changed commercial insurance coverage over the past three years.

Note 13 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS/DEFICIT FUND EQUITY

Expenditures exceeded appropriations in the following General Fund department as follows:

Capital Outlay	$ 1,120

In order to prevent excess expenditures in following years, the City's management will monitor monthly budget reports and make adjustments or amendments when necessary, with proper approval by the City Council.

Note 14 – SUBSEQUENT EVENTS

In October 2014, the mayor of the City, Jim Roberts, was arrested on charges not related to the City of Concord. At Mayor Roberts request, Mayor Pro tem John Strickland is handling the day-to-day business of the City until this matter is resolved.

CITY OF CONCORD, GEORGIA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL-WATER & SEWER FUND
FOR THE YEAR ENDED JULY 31, 2014

	Actual	Adjustment to Budgetary Basis	Actual to Budgetary Basis	Budget	Variance Favorable (Unfavorable)
OPERATING REVENUES					
Charges and Fees	$ 214,863	$ -0-	$ 214,863	$ 226,200	$ (11,337)
Total Operating Revenues	214,863	-0-	214,863	226,200	(11,337)
OPERATING EXPENSES					
Salaries and Wages	64,521	-0-	64,521	62,800	(1,721)
Payroll Taxes	4,843	-0-	4,843	6,000	1,157
Insurance	5,529	-0-	5,529	7,300	1,771
Chemicals and Supplies	7,674	-0-	7,674	5,000	(2,674)
Conferences and Meetings	1,940	-0-	1,940	2,000	60
Repairs and Maintenance	23,554	-0-	23,554	14,300	(9,254)
Postage	2,693	-0-	2,693	2,500	(193)
Uniforms	2,088	-0-	2,088	2,000	(88)
Utilities and Telephone	15,000	-0-	15,000	17,000	2,000
Vehicles and Equipment	11,104	-0-	11,104	8,000	(3,104)
Depreciation	45,073	(45,073)	-0-	-0-	-0-
Dues and Subscriptions	1,484	-0-	1,484	600	(884)
Miscellaneous	3,426	-0-	3,426	2,430	(996)
Advertising	446	-0-	446	750	304
Contractual Expenses	43,203	-0-	43,203	53,400	10,197
Legal and Professional Fees	4,914	-0-	4,914	4,500	(414)
Parts and Supplies	7,216	-0-	7,216	8,000	784
Rental Equipment	2,146	-0-	2,146	1,000	(1,146)
Office Expenses	2,376	-0-	2,376	3,000	624
Purchase of Water	1,070	-0-	1,070	200	(870)
Retirement Benefits	800	-0-	800	-0-	(800)
Total Operating Expenses	251,100	(45,073)	206,027	200,780	(5,247)
OPERATING INCOME (LOSS)	(36,237)	45,073	8,836	25,420	(16,584)
NON-OPERATING REVENUES (EXPENSES)					
Transfer from Capital Projects Fund	30,787	-0-	30,787	(25,470)	56,257
Interest Revenue	21	-0-	21	50	(29)
Total Non-Operating Revenues (Expenses)	30,808	-0-	30,808	(25,420)	56,228
NET INCOME (LOSS)	(5,429)	45,073	39,644	-0-	39,644
Net Position (Deficit), August 1, 2013	1,446,247	167,364	1,613,611	3,655	1,609,956
Net Position (Deficit), July 31, 2014	$ 1,440,818	$ 212,437	$ 1,653,255	$ 3,655	$ 1,649,600

See auditor's report.

MELVIN, ROOKS & HOWELL, PC
Certified Public Accountants & Consultants

Griffin, Georgia

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and City Council
City of Concord, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of City of Concord, Georgia, as of and for the year ended July 31, 2014 and the related notes to the financial statements, which collectively comprise City of Concord, Georgia's basic financial statements, and have issued our report thereon dated January 22, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Melvin, Rooks & Howell, P.C.

Griffin, Georgia
January 22, 2015