CITY OF CONCORD, GEORGIA

FINANCIAL STATEMENTS

JULY 31, 2016

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of the City of Concord, Georgia, as of July 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3–8 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 31 is presented for the purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from, and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2017 on our consideration of the City of Concord, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Concord, Georgia's internal control over financial reporting and compliance.

Melvin, Rooks & Howell

Griffin, Georgia
January 17, 2017

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, 2016. 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, 2016, assets exceeded liabilities by $2,344,909.

The following table provides a comparison of the City's net position as of July 31, 2016 with its net position as of July 31, 2015.

Table 1
Net Position

	2016	2015
Assets		
Current and Other Assets	$ 326,451	$ 276,152
Capital Assets (Net)	2,072,923	2,117,359
Total Assets	$ 2,399,374	$ 2,393,511
Liabilities		
Current and Other Liabilities	$ 54,465	$ 51,603
Long-Term Liabilities	-0-	-0-
Total Liabilities	$ 54,465	$ 51,603
Net Position		
Net Investment in Capital Assets	$ 2,072,923	$ 2,117,359
Restricted	28,583	22,196
Unrestricted	243,403	202,353
Total Net Position	$ 2,344,909	$ 2,341,908

The largest portion of the City's net position (89%) 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. As of July 31, 2016, there is no debt related to the capital assets.

At the end of fiscal year 2016, the City of Concord had positive balances in all of its three categories of net position for the government as a whole.

Changes in Net Position. Governmental and business-type activities increased the City's net position by $3,001 in fiscal year 2016. The following table indicates the changes in net position for fiscal year 2016 and 2015.

	Changes in Net Position	
	2016	2015
Revenues		
Program Revenues:		
Charges for Services	$ 238,944	$ 230,348
Operating Grants and Contributions	-0-	-0-
Capital Grants and Contributions	5,420	5,436
General Revenues:		
General Purpose Sales and Use Taxes	59,713	59,201
Property Taxes	53,171	57,426
Insurance Premium Tax	24,495	22,948
Other Taxes	14,546	14,681
Investment Earnings	167	131
Gain on Disposal of Assets	-0-	4,850
Other Revenues	40,683	42,978
Total Revenues	437,139	437,999
Expenses		
General Government	96,215	112,885
Public Services	79,076	76,695
Interest on Long-Term Debt	-0-	355
Water and Sewer Utilities	244,362	238,335
Jubilee	14,485	9,300
Total Expenses	434,138	437,570
Revenues Over (Under) Expenses	3,001	429
Beginning Net Position	2,341,908	2,341,479
Ending Net Position	$ 2,344,909	$ 2,341,908

Governmental Activities. The governmental activities showed an increase in revenues over expenditures by $40,089. General purpose taxes and property taxes remained consistent with the previous year. 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 $37,088 in fiscal year 2016. The Utility Fund revenues and expenses were fairly consistent with the prior year. The Concord Jubilee's net loss from operations was due to an increase in expenses related to the Lighting of Concord and the Concord Jubilee.

Overall, the City's net position increased by $3,001.

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, 2016, the combined ending fund balances of the City's governmental funds were $39,346. Approximately $186,105 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, ($146,759), 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 $37,088 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, 2016.

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. The City has begun the process of creating a website in order to serve the community better.

During FY 2016, the City began installing new roofs on two of its buildings, City Hall and the Strickland Building. These projects were completed in FY 2017. The City also received S.P.L.O.S.T. money in FY 2017 to make needed road repairs throughout the City. See Footnote 13 for more information on various projects throughout the City.

Capital Asset

The City's investment in capital assets for its governmental and business-type activities as of July 31, 2016 amounts to $2,072,923. 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 no debt outstanding.

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, P.O. Box 175 Concord, Georgia 30206.

CITY OF CONCORD, GEORGIA
STATEMENT OF NET POSITION
JULY 31, 2016

	Governmental Activites	Business-Type Activities	Total
ASSETS			
Cash	$ 205,793	$ 58,809	$ 264,602
Taxes Receivable	909	-0-	909
Accounts Receivable	-0-	18,833	18,833
Other Current Assets	9,020	4,504	13,524
Internal Balances	(201,200)	201,200	-0-
Restricted Assets - Certificates of Deposits	3,775	-0-	3,775
Restricted Assets - Cash	24,808	-0-	24,808
Land	430,609	10,020	440,629
Construction In Progress	27,675	-0-	27,675
Capital Assets, Net	467,387	1,137,232	1,604,619
Total Assets	968,776	1,430,598	2,399,374
LIABILITIES			
Accounts Payable	2,746	5,485	8,231
Payroll Taxes Payable	1,013	1,471	2,484
Other Liabilities	-0-	-0-	-0-
Customer Deposits	-0-	43,750	43,750
Total Liabilities	3,759	50,706	54,465
NET POSITION			
Net Investment in Capital Assets	925,671	1,147,252	2,072,923
Restricted for Capital Projects	28,583	-0-	28,583
Unrestricted	10,763	232,640	243,403
Total Net Position	$ 965,017	$ 1,379,892	$ 2,344,909

See accompanying notes and auditor's report.

CITY OF CONCORD, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2016

		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	$ 96,215	$ 3,913	$ -0-	$ -0-	$ (92,302)	$ -0-	$ (92,302)
Public Safety	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Public Services	79,076	-0-	-0-	5,420	(73,656)	-0-	(73,656)
Interest on Long-Term Debt	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Governmental Activities	175,291	3,913	-0-	5,420	(165,958)	-0-	(165,958)
Business-Type Activities							
Water and Sewer Utilities	244,362	222,792	-0-	-0-	-0-	(21,570)	(21,570)
Concord Jubliee	14,485	12,239	-0-	-0-	-0-	(2,246)	(2,246)
Total Business-Type Activities	258,847	235,031	-0-	-0-	-0-	(23,816)	(23,816)
Total Primary Government	$ 434,138	$ 238,944	$ -0-	$ 5,420	$ (165,958)	$ (23,816)	$ (189,774)
General Revenues							
Taxes:							
General Purpose Sales and Use Taxes					$ 59,713	$ -0-	$ 59,713
Property Taxes					53,171	-0-	53,171
Insurance Premium Tax					24,495	-0-	24,495
Other Taxes					14,546	-0-	14,546
Investment Income					139	28	167
Other Revenues					40,683	-0-	40,683
Transfers					13,300	(13,300)	-0-
Total General Revenues and Transfers					206,047	(13,272)	192,775
Change in Net Position					40,089	(37,088)	3,001
Net Position August 1, 2015					924,928	1,416,980	2,341,908
Net Position, July 31, 2016					$ 965,017	$ 1,379,892	$ 2,344,909

See accompanying notes and auditor's report.

CITY OF CONCORD, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JULY 31, 2016

	General Fund	Capital Projects Fund	Total
ASSETS			
Cash	$ 179,935	$ 25,858	$ 205,793
Taxes Receivable	909	-0-	909
Other Current Assets	9,020	-0-	9,020
Restricted Assets - Cash	24,808	-0-	24,808
Restricted Assets-Certificates of Deposit	3,775	-0-	3,775
Total Assets	$ 218,447	$ 25,858	$ 244,305
LIABILTIES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 2,746	$ -0-	$ 2,746
Payroll Taxes Payable	1,013	-0-	1,013
Due To Other Funds	-0-	201,200	201,200
Total Liabilities	3,759	201,200	204,959
Fund Balances			
Nonspendable:			
Prepaid Items	9,020	-0-	9,020
Restricted for:			
Capital Projects - Strickland Building	2,002	-0-	2,002
Capital Projects - General Improvements	22,806	-0-	22,806
Concord Community Club	3,775	-0-	3,775
Unassigned	177,085	(175,342)	1,743
Total Fund Balances	214,688	(175,342)	39,346
Total Liabilities and Fund Balances	$ 218,447	$ 25,858	$ 244,305

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	925,671
Net Position of Government Activities	$ 965,017

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, 2016

	General Fund	Capital Projects Fund	Total
REVENUES			
Taxes	$ 112,884	$ -0-	$ 112,884
Franchise Taxes	14,546	-0-	14,546
Licenses and Permits	3,913	-0-	3,913
Intergovernmental Revenue	5,420	-0-	5,420
Interest	125	14	139
Insurance Premium Tax	24,495	-0-	24,495
Miscellaneous	4,433	-0-	4,433
Strickland Center Rent	21,250	-0-	21,250
Lease Revenue	15,000	-0-	15,000
Total Revenues	202,066	14	202,080
EXPENDITURES			
Current			
General Government	74,644	-0-	74,644
Streets	67,600	-0-	67,600
Debt Service			
Principal Retirement	-0-	-0-	-0-
Interest	-0-	-0-	-0-
Capital Outlay	36,079	-0-	36,079
Total Expenditures	178,323	-0-	178,323
Excess of Revenues over Expenditures and Uses	23,743	14	23,757
OTHER FINANCING SOURCES			
Transfers to/from Utility Fund	-0-	13,300	13,300
Transfers to/from General Fund	8,196	(8,196)	-0-
Total Other Financing Sources and Uses	8,196	5,104	13,300
Net Change In Fund Balance	31,939	5,118	37,057
FUND BALANCE - BEGINNING OF YEAR	182,749	(180,460)	2,289
FUND BALANCE - END OF YEAR	$ 214,688	$ (175,342)	$ 39,346

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, 2016

Net Change in Fund Balances-Total Governmental Funds		$ 37,057
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	36,079	
Less Current Year Depreciation	(33,047)	3,032
Changes in Net Position of Governmental Funds		$ 40,089

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, 2016

	GENERAL FUND		
	Original and Final Budget	Actual	Variance
REVENUES			
Taxes	$ 111,300	$ 112,884	$ 1,584
Franchise Taxes	15,000	14,546	(454)
Licenses and Permits	550	3,913	3,363
Intergovernmental Revenue	-0-	5,420	5,420
Interest	75	125	50
Insurance Proceeds	23,000	24,495	1,495
Miscellaneous	500	4,433	3,933
Strickland Center Rent	30,000	21,250	(8,750)
Lease Revenue	15,000	15,000	-0-
Total Revenues	195,425	202,066	6,641
EXPENDITURES			
Current			
General Government	101,175	74,644	26,531
Streets	70,250	67,600	2,650
Debt Service			
Principal Retirement	-0-	-0-	-0-
Interest	-0-	-0-	-0-
Capital Outlay	-0-	36,079	(36,079)
Total Expenditures	171,425	178,323	(6,898)
Excess of Revenues over Expenditures	24,000	23,743	(257)
Transfers	24,000	8,196	32,196
Net Change in Fund Balance	-0-	31,939	31,939
FUND BALANCE - BEGINNING OF YEAR	70,374	182,749	112,375
FUND BALANCE - END OF YEAR	$ 70,374	$ 214,688	$ 144,314

See accompanying notes and auditor's report.

CITY OF CONCORD, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JULY 31, 2016

	Water and Sewer Utility	Concord Jubilee	Total
ASSETS			
Current Assets:			
Cash	$ 45,498	$ 13,311	$ 58,809
Accounts Receivable	18,833	-0-	18,833
Due From Other Funds	201,200	-0-	201,200
Other Current Assets	4,504	-0-	4,504
Total Current Assets	270,035	13,311	283,346
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	9,198	35,687
Equipment	205,943	6,279	212,222
Vehicles	24,710	-0-	24,710
Less Accumulated Depreciation	(632,896)	(7,992)	(640,888)
Net Property and Equipment	1,139,767	7,485	1,147,252
Total Non-Current Assets	1,139,767	7,485	1,147,252
TOTAL ASSETS	$ 1,409,802	$ 20,796	$ 1,430,598
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ 5,485	$ -0-	$ 5,485
Other Liabilities	1,471	-0-	1,471
Customer Deposits	43,750	-0-	43,750
Total Current Liabilities	50,706	-0-	50,706
Long-Term Liabilities:	-0-	-0-	-0-
Total Long-Term Liabilities	-0-	-0-	-0-
TOTAL LIABILITIES	$ 50,706	$ -0-	$ 50,706
NET POSITION			
Invested in Capital Assets	$ 1,139,767	$ 7,485	$ 1,147,252
Unrestricted	219,329	13,311	232,640
TOTAL NET POSITION	$ 1,359,096	$ 20,796	$ 1,379,892

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, 2016

	Water and Sewer Utility	Concord Jubilee	Total
OPERATING REVENUES			
Charges and Fees	$ 222,792	$ 12,239	$ 235,031
Total Operating Revenues	222,792	12,239	235,031
OPERATING EXPENSES			
Salaries and Wages	65,262	1,118	66,380
Payroll Taxes	5,157	-0-	5,157
Insurance	7,336	-0-	7,336
Chemicals and Supplies	9,685	-0-	9,685
Conference and Meetings	1,260	-0-	1,260
Repairs and Maintenance	13,985	75	14,060
Postage	2,824	49	2,873
Uniforms	1,753	-0-	1,753
Utilities and Telephone	15,216	-0-	15,216
Vehicle and Equipment Expenses	4,249	26	4,275
Depreciation	50,082	1,786	51,868
Dues and Subscriptions	1,239	-0-	1,239
Miscellaneous	4,542	1,041	5,583
Advertising	372	112	484
Contractual Expenses	44,400	-0-	44,400
Legal and Professional Fees	6,274	-0-	6,274
Parts and Supplies	6,992	655	7,647
Rental Equipment	60	920	980
Security	-0-	480	480
Supplies for Jubilee	-0-	615	615
Donations	-0-	658	658
Office Expenses	640	-0-	640
Casual Labor	1,044	336	1,380
Purchase of Water	790	-0-	790
Retirement Expense	1,200	-0-	1,200
Lighting of Concord	-0-	5,548	5,548
Walking Path	-0-	1,066	1,066
Total Operating Expenses	244,362	14,485	258,847
Operating Income (Loss)	(21,570)	(2,246)	(23,816)

See accompanying notes and auditor's report.

CITY OF CONCORD, GEORGIA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION (Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JULY 31, 2016

NON-OPERATING REVENUES (EXPENSES)			
Interest Income	20	8	28
Total Non-Operating Revenues (Expenses)	20	8	28
Income (Loss) Before Transfers	(21,550)	(2,238)	(23,788)
Transfer to/from Capital Projects Fund	(13,300)	-0-	(13,300)
Change in Net Position	(34,850)	(2,238)	(37,088)
Total Net Position, August 1, 2015	1,393,946	23,034	1,416,980
Total Net Position, July 31, 2016	$ 1,359,096	$ 20,796	$ 1,379,892

See accompanying notes and auditor's report.

CITY OF CONCORD, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JULY 31, 2016

	Water and Sewer Utility	Concord Jubilee	Total
Cash Flows from Operating Activities			
Cash Received from Customers	$ 221,619	$ 11,079	$ 232,698
Cash Paid to Employees	(70,419)	(1,118)	(71,537)
Cash Paid to Suppliers	(118,273)	(11,581)	(129,854)
Net Cash Flows from Operating Activities	32,927	(1,620)	31,307
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	(2,900)	(1,500)	(4,400)
Transfers In (Out)	(13,300)	-0-	(13,300)
Net Cash Flow from Capital and and Related Financing Activities	(16,200)	(1,500)	(17,700)
Cash Flows from Investing Activities			
Interest Earned on Investments	20	8	28
Net Cash Flows from Investing Activities	20	8	28
Net Change in Cash	16,747	(3,112)	13,635
Cash at Beginning of Year	28,751	16,423	45,174
Cash at End of Year	$ 45,498	$ 13,311	$ 58,809
Reconciliation of Operating Income to Net Cash Flows from Operating Activities			
Operating Income (Loss)	$ (21,570)	$ (2,246)	$ (23,816)
Depreciation	50,082	1,786	51,868
(Increase)/Decrease in Assets			
Accounts Receivable	(493)	-0-	(493)
Other Current Assets	(680)	-0-	(680)
Increase/(Decrease) in Liabilities			
Accounts Payable	3,465	-0-	3,465
Payroll Taxes Payable	1,471	-0-	1,471
Other Liabilities	-0-	-0-	-0-
Customer Deposits	652	(1,160)	(508)
Net Cash Flows from Operating Activities	$ 32,927	$ (1,620)	$ 31,307

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 investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. 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 Three Rivers Regional Commission (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 $293,185 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.	$ 293,185
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	$ 293,185

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, 2016, 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, 2016 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, 2016 interfund transfers were as follows:

Source Fund	Transfer Fund	Amount
Utility Fund	Capital Projects Fund	$ 13,300
Capital Projects Fund	General Fund	$ 8,196

Note 6– CAPITAL ASSETS

Capital asset activity for the year ended July 31, 2016 was as follows:

	Balance August 1, 2015	Increases	Decreases	Balances July 31, 2016
Governmental Activities				
Non-Depreciable:				
Land	$ 430,609	$ -0-	$ -0-	$ 430,609
Construction In Progress	-0-	27,675	-0-	27,675
Total	430,609	27,675	-0-	458,284
Depreciable:				
Buildings	592,973	-0-	-0-	592,973
Building Improvements	141,919	-0-	-0-	141,919
Vehicles	28,972	-0-	-0-	28,972
Furniture and Fixtures	13,442	-0-	-0-	13,442
Machinery and Equipment	38,473	8,404	639	46,238
Total	815,779	8,404	639	823,544
Less Accumulated Depreciation				
Buildings	167,805	14,824	-0-	182,629
Building Improvements	97,509	8,524	-0-	106,033
Vehicles	8,295	8,671	-0-	16,966
Furniture and Fixtures	13,442	-0-	-0-	13,442
Machinery and Equipment	36,698	1,028	639	37,087
Total	323,749	33,047	639	356,157
Net Book Value	492,030	(24,643)	-0-	467,387
Governmental Activities Capital Assets, Net	$ 922,639	$ 3,032	$ -0-	$ 925,671
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	34,187	1,500	-0-	35,687
Vehicles	24,710	-0-	-0-	24,710
Equipment	213,522	2,900	4,200	212,222
Total	1,777,920	4,400	4,200	1,778,120
Less Accumulated Depreciation				
Water Delivery System	499,564	33,104	-0-	532,668
Improvements	4,761	1,728	-0-	6,489
Vehicles	5,560	4,942	-0-	10,502
Equipment	83,335	12,094	4,200	91,229
Total	593,220	51,868	4,200	640,888
Net Book Value	1,184,700	(47,468)	-0-	1,137,232
Business-type Activities Capital Assets,Net	$ 1,194,720	$ (47,468)	$ -0-	$ 1,147,252

See auditor's report.

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

General government	$ 21,571
Public services	11,476
Total	$ 33,047

Note 7 – 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 8 – PENSION PLANS

In Fiscal Year 2014, the City began offering its' employees the opportunity to participate in a 457 (b) Deferred Compensation Plan. This plan was established in accordance with section 457 (b) of the Internal Revenue Code. This plan is a defined contribution plan which was adopted by the City Council and effective in November 2013. The employees can set their own monthly contribution amount to this Plan. During Fiscal Year 2016, employees of the City contributed $2,620 to this plan. The City also offers a 401 (a) Defined Contribution Plan. This plan was established in accordance with Section 401 (a) of the Internal Revenue Code. This plan is a defined contribution plan which was adopted by the City Council and effective in November 2013. 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 2016, the City contributed $1,800 to this plan. Both plans are administered by The Newport Group.

Note 9 – 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:

	2016	2015	2014	2013
General Fund	$ 8.045	$ 8.00	$ 8.00	$ 8.00
Total	$ 8.045	$ 8.00	$ 8.00	$ 8.00

The levy was made on assessed valuations as of January 1. The property tax levy was established by the City Council on September 8, 2015. Taxpayers were billed by November 1, 2015 with tax payments due on or before December 31, 2015. 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 10 – RESTRICTED ASSETS

A restriction was placed on a certificate of deposit in the amount of $3,775 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 $24,808 to fund improvements to various city assets.

Note 11 – 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 12 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS/DEFICIT FUND EQUITY

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

Capital Outlay	$ 36,079

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 13 – SUBSEQUENT EVENTS

Water Tower Lease

The City entered into an agreement with Verizon Wireless to lease tower space so that Verizon can install, maintain, and operate the radio communications equipment, antennas, and other appurtenances on the tower. The annual rent will be $27,000 and will be paid in monthly installments of $2,250. Installation is expected to begin during FY 2017.

Roofing for City Hall and the Strickland Building

The City entered in to a contract to reroof City Hall and the Strickland Building. The total cost of the project is $55,350. One-half of the balance ($27,675) was paid in FY 2016 and has been recorded in General Fixed Assets as Construction-In-Progress. The remaining balance of $27,675 was paid in FY 2017.

Water Main Repair

The City paid $17,350 for a water main repair in September 2016. This was not a budgeted expense.

S.P.L.O.S.T.

The city will receive approximately $170,000 in S.P.L.O.S.T. proceeds over the next 5 years. The City plans to use the proceeds to repair roads within the City. As of the date of this report, the repairs had been made. After paying for the repairs, the city has an additional $5,614.50 in S.P.L.O.S.T. funds remaining.

Walking Path

The City made some improvements to it's walking path. Improvements included updates to the water line and the electrical line. The project was started in FY 2016 and completed in FY 2017. The total cost of the project was approximately $12,000.

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, 2016

	Actual	Adjustment to Budgetary Basis	Actual to Budgetary Basis	Budget	Variance Favorable (Unfavorable)
OPERATING REVENUES					
Charges and Fees	$ 222,792	$ -0-	$ 222,792	$ 224,200	$ (1,408)
Total Operating Revenues	222,792	-0-	222,792	224,200	(1,408)
OPERATING EXPENSES					
Salaries and Wages	65,262	-0-	65,262	65,420	158
Payroll Taxes	5,157	-0-	5,157	5,000	(157)
Insurance	7,336	-0-	7,336	6,200	(1,136)
Chemicals and Supplies	9,685	-0-	9,685	8,500	(1,185)
Conferences and Meetings	1,260	-0-	1,260	2,000	740
Repairs and Maintenance	13,985	-0-	13,985	13,500	(485)
Postage	2,824	-0-	2,824	2,350	(474)
Uniforms	1,753	-0-	1,753	2,000	247
Utilities and Telephone	15,216	-0-	15,216	17,000	1,784
Vehicles and Equipment	4,249	-0-	4,249	5,500	1,251
Depreciation	50,082	(50,082)	-0-	-0-	-0-
Dues and Subscriptions	1,239	-0-	1,239	1,200	(39)
Miscellaneous	4,542	-0-	4,542	2,250	(2,292)
Advertising	372	-0-	372	450	78
Contractual Expenses	44,400	-0-	44,400	47,600	3,200
Legal and Professional Fees	6,274	-0-	6,274	4,500	(1,774)
Parts and Supplies	6,992	-0-	6,992	10,000	3,008
Rental Equipment	60	-0-	60	1,000	940
Office Expenses	640	-0-	640	2,580	1,940
Casual Labor	1,044	-0-	1,044	1,000	(44)
Purchase of Water	790	-0-	790	1,000	210
Retirement Benefits	1,200	-0-	1,200	1,200	-0-
Total Operating Expenses	244,362	(50,082)	194,280	200,250	5,970
Operating Income (Loss)	(21,570)	50,082	28,512	23,950	4,562
NON-OPERATING REVENUES (EXPENSES)					
Interest Revenue	20	-0-	20	50	(30)
Total Non-Operating Revenues (Expenses)	20	-0-	20	50	(30)
Income (Loss) Before Transfers	(21,550)	50,082	28,532	24,000	4,532
Transfer to/from Capital Projects Fund	(13,300)	-0-	(13,300)	(24,000)	(10,700)
Change in Net Position	(34,850)	50,082	15,232	-0-	15,232
Net Position (Deficit), August 1, 2015	1,393,946	264,609	1,658,555	3,655	1,654,900
Net Position (Deficit), July 31, 2016	$ 1,359,096	$ 314,691	$ 1,673,787	$ 3,655	$ 1,670,132

See auditor's report.

MELVIN, ROOKS & HOWELL, P.C.
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, 2016 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 17, 2017.

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

Griffin, Georgia
January 17, 2017

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