City of Rincon, Georgia

Audited Financial Statements

For the Year Ended
December 31, 2023

City of Rincon, Georgia
Audited Financial Statements
For the year ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Mayor Pro Tem and City Council
City of Rincon, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the City of Rincon, Georgia, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Rincon, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the City of Rincon, Georgia as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Rincon, Georgia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Rincon, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 City of Rincon, Georgia's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Rincon, Georgia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified, if any, during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the budgetary comparison information on pages 38 through 40, and the schedule of changes in net pension liability and related ratios and the schedule of contributions on pages 41 and 42 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.

The management of the City of Rincon, Georgia, has omitted the management's discussion analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rincon, Georgia's basic financial statements. The Hotel/Motel Tax Fund Schedule of Revenues, Expenditures and Changes in Fund balances - Budget and Actual, The Schedule of Hotel/Motel Tax, the Schedule of Projects Constructed with Special Local Option Sales Tax Proceeds and the Schedule of Projects Constructed with Transportation Special Local Option Sales Tax Proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Hotel/Motel Tax Fund Schedule of Revenues, Expenditures and Changes in Fund balances - Budget and Actual, The Schedule of Hotel/Motel Tax, the Schedule of Projects Constructed with Special Local Option Sales Tax Proceeds and the Schedule of Projects Constructed with Transportation Special Local Option Sales Tax Proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2025, on our consideration of the City of Rincon, 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 City of Rincon, Georgia's internal control over financial reporting and compliance.

Caines, Hodges & Company, P.C.

September 23, 2025

City of Rincon, Georgia
Statement of Net Position
December 31, 2023

	Primary Government		
	Governmental Activities	**Business-type Activities**	**Total**
Assets			
Current assets:			
Cash and cash equivalents	$ 26,557,472	$ 13,594,921	$ 40,152,393
Restricted cash	1,914,450	1,196,639	3,111,089
Receivables:			
Taxes	1,255,213		1,255,213
Intergovermental	422,807		422,807
Accounts	166,504	763,010	929,514
Inventory		2,000	2,000
Internal balances	(277,596)	277,596	0
Prepaid items	100,402		100,402
Capital assets:			
Nondepreciable capital assets	1,356,379	819,163	2,175,542
Depreciable capital assets, net	18,010,422	25,427,549	43,437,971
Total assets	49,506,053	42,080,878	91,586,931
Deferred Outflows of Resources			
Pension:			
Difference between expected and actual experience	102,495	23,451	125,946
Contributions after measurement date	90,850	26,717	117,567
Changes in assumptions		5,256	5,256
Net difference between projected and actual earnings on pension plan investments	325,907	93,423	419,330
Total deferred outflows of resources	519,252	148,847	668,099
Liabilities			
Current liabilities:			
Accounts payable	1,138,782	269,030	1,407,812
Accrued interest payable		9,811	9,811
Compensated absences payable	119,219	37,428	156,647
Other accrued expenses	142,649	34,723	177,372
Customer deposits		599,521	599,521
Unearned revenue	3,727,786	550,750	4,278,536
Financed purchases payable (current portion of long-term)		9,105	9,105
Bonds payable (current portion of long-term)		502,077	502,077
Notes payable (current portion of long-term)		172,982	172,982
Long-term liabilities:			
Compensated absences (net of current portion)	79,479	24,953	104,432
Net pension liability	548,364	157,191	705,555
Financed purchases payable (net of current portion)		3,665	3,665
Bonds payable (net of current portion)		1,839,901	1,839,901
Notes payable (net of current portion)		3,250,956	3,250,956
Total liabilities	5,756,279	7,462,093	13,218,372
Deferred Inflows of Resources			
Pension:			
Difference between expected and actual experience	1,648	475	2,123
Net difference between projected and actual earnings on pension plan investments	226,749	64,997	291,746
Total deferred inflows of resources	228,397	65,472	293,869
Net Position			
Net investment in capital assets	19,366,801	20,468,026	39,834,827
Restricted for:			
Public safety	2,008,364		2,008,364
Housing and development	19,372		19,372
Capital projects	7,921,765	1,196,639	9,118,404
Unrestricted	14,724,327	13,037,495	27,761,822
Total net position	$ 44,040,629	$ 34,702,160	$ 78,742,789

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

City of Rincon, Georgia
Statement of Activities
For the Year Ended December 31, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Function/Program	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General Government							
City Council	$ 159,870				$ (159,870)		$ (159,870)
General administration	1,241,134	$ 56,144			(1,184,990)		(1,184,990)
Financial administration	290,005				(290,005)		(290,005)
Judicial	93,301				(93,301)		(93,301)
Public Safety - police	2,886,792	460,266		$ 309,245	(2,117,281)		(2,117,281)
Public Safety - fire	1,432,864	845,431	$ 382,953	212,258	7,778		7,778
Public Works - streets and lanes	872,704		7,581	451,051	(414,072)		(414,072)
Public Works - drainage				326,552	326,552		326,552
Public Works - water & sewer				1,306,208	1,306,208		1,306,208
Parks and Recreation	1,060,261	286,630		228,586	(545,045)		(545,045)
Housing & Development - building & zoning	387,522	1,267,479			879,957		879,957
Total governmental activities	8,424,453	2,915,950	390,534	2,833,900	(2,284,069)	$ 0	(2,284,069)
Business-type activities:							
Sanitation	786,137	847,055				60,918	60,918
Water and sewer	3,629,571	4,357,434				727,863	727,863
Stormwater	26,824	131,462				104,638	104,638
Golf course	1,067,908	822,750				(245,158)	(245,158)
Total business-type activities	5,510,440	6,158,701	0	0	0	648,261	648,261
Total - primary government	$ 13,934,893	$ 9,074,651	$ 390,534	$ 2,833,900	(2,284,069)	648,261	(1,635,808)
General revenues							
Local option sales tax					2,945,906		2,945,906
Transportation local option sales tax					2,586,332		2,586,332
Title ad valorem tax					299,033		299,033
Energy excise tax					120,808		120,808
Franchise taxes					1,254,211		1,254,211
Business occupation tax					142,357		142,357
Alcohol taxes					263,609		263,609
Insurance premium taxes					970,134		970,134
Real estate transfer and intangibles tax					116,946		116,946
Hotel/motel tax					19,372		19,372
Loss on disposition of assets					(52,520)		(52,520)
Investment earnings					623,790	390,275	1,014,065
Miscellaneous					152,416	207,989	360,405
Total general revenues					9,442,394	598,264	10,040,658
Transfers					(504,767)	504,767	0
Total general revenues and transfers					8,937,627	1,103,031	10,040,658
Change in net position					6,653,558	1,751,292	8,404,850
Net position beginning of year					37,387,071	32,950,868	70,337,939
Net position end of year					$ 44,040,629	$ 34,702,160	$ 78,742,789

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

City of Rincon, Georgia
Balance Sheet
Governmental Funds
December 31, 2023

	General	Fire Department Fund	SPLOST Capital Projects Fund	TSPLOST Capital Projects Fund	Hotel/Motel Tax Fund (non-major)	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 13,962,013		$ 8,161,233	$ 4,434,226		$ 26,557,472
Restricted cash and cash equivalents	130,163	$ 1,766,135			18,152	1,914,450
Receivables						
Taxes	994,075			259,918	1,220	1,255,213
Intergovernmental			422,807			422,807
Accounts		166,504				166,504
Interfund balances	427,745					427,745
Prepaid expenses	100,402					100,402
Total assets	$ 15,614,398	$ 1,932,639	$ 8,584,040	$ 4,694,144	$ 19,372	$ 30,844,593
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 459,795	$ 16,712	$ 662,275			$ 1,138,782
Accrued expenses	104,923	37,726				142,649
Unearned revenue	3,727,786					3,727,786
Interfund balances				$ 705,341		705,341
Total liabilities	4,292,504	54,438	662,275	705,341	$ 0	5,714,558
Fund balances						
Nonspendable - prepaid items	100,402					100,402
Restricted for:						
Public safety	130,163	1,878,201				2,008,364
Housing and development					19,372	19,372
Capital outlays			7,921,765	3,988,803		11,910,568
Unassigned	11,091,329					11,091,329
Total fund balances	11,321,894	1,878,201	7,921,765	3,988,803	19,372	25,130,035
Total liabilities and fund balances	$ 15,614,398	$ 1,932,639	$ 8,584,040	$ 4,694,144	$ 19,372	$ 30,844,593

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

City of Rincon, Georgia
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
December 31, 2023

Total governmental fund balances		$ 25,130,035
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 are therefore not reported in the funds. However, in the statement of net assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets	$ 29,259,071	
Less accumulated depreciation	(9,892,270)	19,366,801
Long-term liabilities do not require the use of current financial resources and are therefore not reported in the funds. However, they are recognized as liabilities in the statement of net assets.		
Compensated absences	(198,698)	
Net pension liability	(548,364)	(747,062)
The deferred outflows of resources below are not current assets or financial resources and the deferred inflows of resources are not due and payable in the current period and therefore are not reported in the governmental funds. Balances at December 31, 2023, are:		
Deferred outflows		519,252
Deferred inflows		(228,397)
Net position of governmental activities		$ 44,040,629

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

City of Rincon, Georgia

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2023

	General	Fire Department Fund	SPLOST Capital Projects Fund	TSPLOST Capital Projects Fund	Hotel/Motel Tax Fund (non-major)	Total Governmental Funds
Revenues						
Taxes	$ 6,113,004			$ 2,586,332	$ 19,372	$ 8,718,708
Licenses and permits	1,320,390					1,320,390
Intergovernmental	229,067	$ 382,953	$ 2,300,940			2,912,960
Charges for services	289,864	845,430				1,135,294
Fines and forfeitures	460,266					460,266
Investment earnings	576,974	46,816	311,474			935,264
Miscellaneous	127,280	25,136				152,416
Total Revenues	9,116,845	1,300,335	2,612,414	2,586,332	19,372	15,635,298
Expenditures						
Current:						
General Government - administration						
City Council	146,997					146,997
General administration	1,189,037					1,189,037
Financial administration	248,133					248,133
Judicial	88,773					88,773
Public Safety						
Police	2,577,768					2,577,768
Fire		1,225,052				1,225,052
Public Works - streets and lanes	547,862					547,862
Parks and Recreation	856,752					856,752
Housing & Development - building & zoning	402,176					402,176
Capital outlays			2,125,611			2,125,611
Total expenditures	6,057,498	1,225,052	2,125,611	0	0	9,408,161
Excess (deficit) of revenues to expenditures	3,059,347	75,283	486,803	2,586,332	19,372	6,227,137
Other financing (uses) - interfund transfers			(504,767)			(504,767)
Net change in fund balances	3,059,347	75,283	(17,964)	2,586,332	19,372	5,722,370
Fund balances beginning of year, as restated	8,262,547	1,802,918	7,939,729	1,402,471	0	19,407,665
Fund balances end of year	$ 11,321,894	$ 1,878,201	$ 7,921,765	$ 3,988,803	$ 19,372	$ 25,130,035

City of Rincon, Georgia

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

For the Year Ended December 31, 2023

Net changes in fund balances - total governmental funds		$ 5,722,370
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capitalized capital outlay in the current period.		
Depreciation expense	$ (944,564)	
Capitalized capital outlay	2,297,671	1,353,107
Proceeds from the disposition of capital assets is an other financing source in the governmental funds, but sales proceeds less the carrying value of the disposed assets is recognized as a gain (loss) in the statement of activities:		
Cost of assets disposed	(136,130)	
Accumulated depreciation of assets disposed	83,610	(52,520)
Compensated absences reported in the statement of activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds.		
Liability at 12/31/2023	(198,698)	
Liability at 12/31/2022	0	(198,698)
Net pension liability and pension-related deferred inflows and outflows of resources reported in the statement of activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds.		
Net pension liability		
Balance at 12/31/2023	(548,364)	
Balance at 12/31/2022	30,231	(518,133)
Deferred inflows/outflows of resources from pensions		
Balance at 12/31/2023	290,855	
Balance at 12/31/2022	56,577	347,432
Change in net position of governmental activities		$ 6,653,558

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

City of Rincon, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2023

	Sanitation	Water and Sewer	Golf Course	(Nonmajor) Stormwater	Total
Assets					
Current assets:					
Cash and cash equivalents	$ 714,125	$ 12,775,706	$ 850	$ 104,240	$ 13,594,921
Restricted cash		1,196,639			1,196,639
Accounts receivable	132,250	630,197	165	398	763,010
Interfund balances		745,426			745,426
Inventory			2,000		2,000
Total current assets	846,375	15,347,968	3,015	104,638	16,301,996
Noncurrent assets:					
Capital assets:					
Nondepreciable capital assets		374,163	445,000		819,163
Depreciable capital assets, net		23,422,627	2,004,922		25,427,549
Total capital assets	0	23,796,790	2,449,922	0	26,246,712
Total assets	846,375	39,144,758	2,452,937	104,638	42,548,708
Deferred outflows of resources					
Pension:					
Difference between expected and actual experience		23,451			23,451
Contributions after measurement date		20,787	5,930		26,717
Changes in assumptions			5,256		5,256
Net difference between projected and actual earnings on pension plan investments		74,566	18,857		93,423
Total deferred outflows of resources	0	118,804	30,043	0	148,847
Liabilities					
Current liabilities:					
Accounts payable	55,421	194,425	19,184		269,030
Accrued interest payable		9,748	63		9,811
Compensated absences payable		30,692	6,736		37,428
Other accrued expenses		24,374	10,349		34,723
Customer deposits		599,521			599,521
Interfund balances		256,290	211,540		467,830
Unearned revenue		550,750			550,750
Financed purchases payable (current portion of long-term)			9,105		9,105
Bonds payable (current portion of long-term)		502,077			502,077
Notes payable (current portion of long-term)		172,982			172,982
Total current liabilities	55,421	2,340,859	256,977	0	2,653,257
Long-term liabilities:					
Compensated absences payable (net of current portion)		20,462	4,491		24,953
Net pension liability		125,463	31,728		157,191
Financed purchases payable (net of current portion)			3,665		3,665
Bonds payable (net of current portion)		1,839,901			1,839,901
Notes payable (net of current portion)		3,250,956			3,250,956
Total long-term liabilities	0	5,236,782	39,884	0	5,276,666
Total liabilities	55,421	7,577,641	296,861	0	7,929,923
Deferred inflows of resources					
Pension:					
Difference between expected and actual experience		379	96		475
Difference between projected and actual earnings on investments		51,878	13,119		64,997
Total deferred inflows of resources	0	52,257	13,215	0	65,472
Net position					
Net investment in capital assets		18,030,874	2,437,152		20,468,026
Restricted for capital system improvements		1,196,639			1,196,639
Unrestricted	790,954	12,406,151	(264,248)	104,638	13,037,495
Total net position	$ 790,954	$ 31,633,664	$ 2,172,904	$ 104,638	$ 34,702,160

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

City of Rincon, Georgia
Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended December 31, 2023

	Sanitation	Water and Sewer	Golf Course	(Nonmajor) Stormwater	Total
Operating revenues					
Charges for services	$ 847,055	$ 4,242,248	$ 822,750	$ 131,462	$ 6,043,515
Other revenues		115,186			115,186
Total operating revenues	847,055	4,357,434	822,750	131,462	6,158,701
Operating expenses					
Depreciation		1,046,842	107,864		1,154,706
Contractual services	775,164	433,847	117,321	26,440	1,352,772
Salaries	0	786,393	323,237		1,109,630
Payroll taxes and employee benefits	(2,086)	245,376	74,806		318,096
Repairs and maintenance		211,045	72,604		283,649
Utilities and telephone		392,186	57,340		449,526
Operational supplies		163,754	140,638		304,392
Bank merchant fees		68,626			68,626
Miscellaneous		102	88,922		89,024
Insurance		17,699	13,975		31,674
Gas, oil and tires		23,752	15,291		39,043
Office supplies		32,610	4,857		37,467
Travel and training		2,692	330		3,022
Golf course grounds maintenance			41,043		41,043
Computer support		2,412	4,574		6,986
Leased equipment			1,074		1,074
Dues and subscriptions		659	2,266		2,925
Bad debts	13,059	72,624		384	86,067
Advertising/legal ads		666	277		943
Total operating expenses	786,137	3,501,285	1,066,419	26,824	5,380,665
Operating income (loss)	60,918	856,149	(243,669)	104,638	778,036
Non-operating revenues (expenses)					
Tower rental		207,989			207,989
Investment earnings		384,181	6,094		390,275
Interest expense		(128,286)	(1,489)		(129,775)
Total non-operating revenues	0	463,884	4,605	0	468,489
Income (loss) before interfund transfers	60,918	1,320,033	(239,064)	104,638	1,246,525
Interfund transfers - From SPLOST capital projects fund		504,767			504,767
Change in net position	60,918	1,824,800	(239,064)	104,638	1,751,292
Net position beginning of year, as restated	730,036	29,808,864	2,411,968	0	32,950,868
Net position end of year	$ 790,954	$ 31,633,664	$ 2,172,904	$ 104,638	$ 34,702,160

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

City of Rincon, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Sanitation	Water and Sewer	Golf Course	(Nonmajor) Stormwater	Total
Increase (decrease) in cash and cash equivalents					
Cash flows from operating activities					
Cash received from customers	$ 787,838	$ 4,018,797	$ 822,750	$ 130,680	$ 5,760,065
Cash payments to employees for personal services	(1,109)	(958,858)	(370,084)		(1,330,051)
Cash payments for goods and services	(719,743)	(1,161,699)	(541,404)	(26,440)	(2,449,286)
Net cash provided by (used for) operating activities	66,986	1,898,240	(88,738)	104,240	1,980,728
Cash flows from noncapital financing activities					
Interfund balances			136,613		366,195
Tower rental		207,989			207,989
Net cash provided by noncapital financing activities	0	437,571	136,613	0	574,184
Cash flows from capital and related financing activities					
Transfers from SPLOST Capital Projects Fund		504,767			504,767
Payments for capital acquisitions		(470,598)			(503,548)
Principal paid on long-term debt		(659,746)	(19,530)		(679,276)
Interest paid on debt		(131,375)	(1,489)		(132,864)
Net cash used for capital and related financing activities	0	(756,952)	(53,969)	0	(810,921)
Cash flows from investing activities					
Investment earnings		384,181			390,275
Net increase in cash and cash equivalents	66,986	1,963,040	0	104,240	2,134,266
Cash and cash equivalents beginning of year	647,139	12,009,305	850	0	12,657,294
Cash and cash equivalents end of year	$ 714,125	$ 13,972,345	$ 850	$ 104,240	$ 14,791,560
Cash and cash equivalents					
Unrestricted	$ 714,125	$ 12,775,706	$ 850	$ 104,240	$ 13,594,921
Restricted		1,196,639			1,196,639
	$ 714,125	$ 13,972,345	$ 850	$ 104,240	$ 14,791,560

(continued)

City of Rincon, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

(continued)

	Sanitation	Water and Sewer	Golf Course	(Nonmajor) Stormwater	Total
Reconciliation of operating income to net cash provided by operating activities					
Operating income (loss)	$ 60,918	$ 856,149	$ (243,669)	$ 104,638	$ 778,036
Adjustments:					
Depreciation		1,046,842	107,864		1,154,706
Increase in assets:					
Accounts receivable	(46,158)	(230,215)		(398)	(276,771)
Increase (decrease) in liabilities:					
Accounts payable	55,421	188,351	19,108	0	262,880
Compensated absences		51,154	11,227		62,381
Accrued expenses	(1,028)	(5,913)	1,832	0	(5,109)
Customer deposits		13,452			13,452
Unearned revenue		(49,250)			(49,250)
Net pension liability	(2,167)	27,670	14,900	0	40,403
Net cash provided by (used for) operating activities	$ 66,986	$ 1,898,240	$ (88,738)	$ 104,240	$ 1,980,728

Note 1 - Reporting Entity

The City of Rincon, Georgia (the City) was incorporated under the provisions of Georgia law on August 3, 1927. The City operates under a Council-City Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets and lanes, sanitation, planning and zoning, water and sewer, and various administrative services.

The reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

The City has no component units and there are no organizations which have been excluded from the reporting entity.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The most significant of the City's accounting policies are described below.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. The primary government is presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the City's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the City at year end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

Note 2 - Summary of Significant Accounting Policies (continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; and (2) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns on the fund statements.

Fund Accounting - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

Governmental Funds - Governmental funds are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:

The General Fund – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.

The Fire Fund – This fund is used to account for the operation of activities involved in providing fire services to City residents.

Note 2 - Summary of Significant Accounting Policies (continued)

The SPLOST Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction or other capital projects under the Special Local Option Sales Tax referendum.

The TSPLOST Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of transportation projects under the Transportation Special Local Option Sales Tax referendum.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The proprietary funds are classified as enterprise funds. The following are the City's major enterprise funds:

Sanitation Fund – This fund is used to account for the operation of activities involved in providing sanitation services to City residents.

Water and Sewer Fund – This fund is used to account for the construction of facilities and operation of activities involved in providing water and sewer utilities services to City residents.

Stormwater Fund – This fund is used to account for the activities related to providing stormwater services to City residents.

Golf Course Fund – This fund is used to account for the purchase of facilities and operation of activities involved in operating a municipal golf course. The golf course is being utilized as a dispersal site for sewer re-use water.

<u>Measurement Focus</u>

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Note 2 - Summary of Significant Accounting Policies (continued)

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On both the government-fund financial statements and the government-wide financial statements, revenues are deferred for grants and entitlements received before the eligibility requirements are met (e.g., cash advances).

Note 2 - Summary of Significant Accounting Policies (continued)

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

<u>Assets, Liabilities and Fund Equity</u>

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or Government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled utility charges are accrued as receivables and revenue at December 31.

Interfund Balances

On the fund financial statements, receivables and payables resulting from short term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current year end are recorded as expenses in the governmental funds using the purchases method and as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

Note 2 - Summary of Significant Accounting Policies (continued)

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value. The City maintains a capitalization threshold of $10,000 or at management's discretion for items under this threshold. The City's infrastructure consists of roads, bridges, water lines and sewer lines. Improvements to capital assets are capitalized. The City has capitalized only those infrastructure costs related to roads and bridges incurred after December 31, 2004. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Asset Class	Governmental Activities	Business-type Activities
Buildings and improvements	30-50 Years	30 years
Improvements, other than buildings		15 years
Equipment	5-10 years	7-10 Years
Vehicles	5-8 years	5 Years
Infrastructure	20 years	
Water and sewer collection systems		40 Years

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments. The cost of assets acquired with capital leases is capitalized and depreciated at the fund level for enterprise funds and at the government-wide level for governmental activities and business-type activities.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Effective January 1, 2023, the City amended its policy from the unused time at the end of the year expiring to allowing the rollover of up to 500 hours in unusued vacation benefits to the following year.

Note 2 - Summary of Significant Accounting Policies (continued)

The total compensated abesence liability is reported on the government-wide financial statements. The proprietary funds report total compensated absence liability at the fund level, if applicable. Governmental funds report compensated absence liability at the fund level only when immediately due.

Accrued Liabilities and Long-term Obligations
All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are “due for payment” during the current year. Capital leases are recognized as a liability in the governmental fund financial statements when due.

Debt Premiums, Discounts and Issuance Costs
On the government-wide statement of net position and the proprietary fund type statement of net position, debt premiums and discounts are netted against debt. On the government-wide and proprietary fund type statement of activities, debt premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

Debt issuance costs are recognized as an outflow of resources in the reporting period in which they are incurred.

Fund Equity
Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund 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 follows:

Nonspendable - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (1) not in spendable form (i.e., items that are not expected to be converted to cash) or (2) 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 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 approval of a motion. Only the City Council may modify or rescind the commitment.

Note 2 - Summary of Significant Accounting Policies (continued)

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. Intent can be expressed by the City or by an official or body to which the City Council delegates the authority.

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

Net Position Flow Assumptions – In order to report net position as a "restricted net position" and an "unrestricted net position" in the government-wide and proprietary fund financial statements, the City has established a flow assumption policy. It is the City's policy to use "restricted net position first before using "unrestricted net position."

Fund Balance Flow Assumptions – It is the City's policy to consider restricted fund balance to have been used before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, and finally (3) Unassigned.

Net Position - Net position represent the difference between assets and liabilities. Net position component "net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net asset amount also is adjusted by any debt issuance deferral amounts. The net position is 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. The balance of the net position is reported as unrestricted.

Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements of the City will sometimes report a separate section for deferred outflows of resources. This separate element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources in the form of expenditures until that time. The Governmental Activities, Business-Type Activities and the Proprietary Funds report deferred outflows for pension related items.

In addition to liabilities, the financial statements of the City will sometimes report a separate section for deferred inflows of resources. This separate element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources in the form of revenue until that time. The Governmental Activities, Business-Type Activities and the Proprietary funds report deferred inflows for pension related items.

Note 2 - Summary of Significant Accounting Policies (continued)

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and sewer and sanitation and charges for the activities of the golf course. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

Estimates

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

Recent accounting Pronouncement

In June 2017, GASB issued GASB Statement No. 87, "Leases." The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement requires recognition of certain lease assets and liabilities for leases that were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This statement is effective for the City in 2023. This statement did not have a material effect on the financial statements of the City in 2023.

Note 3 – Restatement of Prior Period

During 2024, the City determined that in the prior year it accrued a TSPLOST expenditure twice. The beginning net position of the TSPLOST fund has been restated to reflect the correction. The effect of this correction was a $81,912 increase in beginning fund balance. Also during 2024, the City determined that accounts payable in the Fire fund was overstated in 2023. The beginning fund balance of the Fire fund has been restated to reflect the correction. The effect of this correction was a $62,017 increase in beginning fund balance.

Note 4 – Stewardship, Compliance and Accountability

Budgetary Information

The City adopts an annual operating budget for the general fund and the capital projects fund. The budget resolution reflects the total of each department's appropriation in each fund.

The general and capital projects funds budgets are adopted on a basis consistent with GAAP. For fund level reporting purposes, capital outlays and debt service are reported separately from current operating expenditures. For budgetary purposes, capital outlays and debt service are included in the departmental expenses charged for the expenditures.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the City Council.

Transfer of budget amounts can occur within departments. All unexpended annual appropriations lapse at year-end.

Excess of Expenditures Over Appropriations

2023 expenditures exceeded appropriations in the following departments of the general fund:

City Council	$	0
Public Safety - police		0
Public Works - streets and lanes		0
Parks and Recreation		0

Note 5 - Deposits and Investments

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of December 31, 2023, the City was not exposed to custodial credit risk.

Note 6 - Receivables

Receivables at December 31, 2023, consisted of taxes, interest, and accounts (billings for user charges).

Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of the allowance for uncollectible accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. With council approval, trade receivables are written off when

deemed uncollectible. Recoveries of trade receivables previously written off are recorded as revenue when received. Allowances for uncollectible accounts, which was netted with accounts receivable, were $649,466 for the year ended December 31, 2023.

Note 7 - Property Taxes

Property taxes have not been imposed since 1998; therefore no tax bills were mailed in the current year.

Note 8 - Inventory

Inventory is stated at the lower of cost or market, and valued using the first in, first out method. Inventory in the Proprietary Fund consists of clothing and golf-related items sold to customers and expendable supplies held for future consumption. The cost is recorded as an expense as items are sold or consumed. Inventory balance at December 31, 2023, was $2,000.

Note 9 - Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2023, was as follows:

	Balance 12/31/22	Additions	Dispositions	Reclassi-ficaton	Balance 12/31/23
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 1,356,379				$ 1,356,379
Depreciable capital assets:					
Land improvements	4,604,257	$ 737,837			5,342,094
Buildings	3,108,586	74,699	$ (54,012)		3,129,273
Equipment	5,137,719	284,711	(42,158)		5,380,272
Vehicles	1,623,875	363,744			1,987,619

Note 9 - Capital Assets (continued)

	Balance 12/31/22	Additions	Dispositions	Reclassi-ficaton	Balance 12/31/23
Infrastructure	11,266,713	836,680	(39,960)		12,063,433
Total depreciable capital assets	25,741,150	2,297,671	(136,130)	$ 0	27,902,691
Total capital assets	27,097,529	2,297,671	(136,130)	0	29,259,070
Accumulated depreciation:					
Land improvements	902,491	95,803			998,294
Buildings	1,295,891	62,161	(26,270)		1,331,782
Equipment	3,937,640	322,250	(42,158)		4,217,732
Vehicles	1,269,661	159,835			1,429,496
Infrastructure	1,625,632	304,515	(15,182)		1,914,965
Total accumulated depreciation	9,031,315	944,564	(83,610)	0	9,892,269
Governmental activities capital assets, net	$ 18,066,214	$ 1,353,107	$ (52,520)	$ 0	$ 19,366,801

Governmental activities depreciation expense:	
General government	$ 30,659
Public safety - police	232,992
Public safety - fire	149,489
Public works - streets and lanes	358,025
Parks and recreation	169,071
Building and zoning	4,328
Total governmental activities depreciation expense	$ 944,564

Capital asset activity for business-type activities for the year ended December 31, 2023, was as follows:

	Balance 12/31/22	Additions	Dispositions	Reclassi-ficaton	Balance 12/31/23
Business-type activities:					
Capital assets not being depreciated:					
Land and rights	$ 819,163				$ 819,163
Construction in progress	238,702			$ (238,702)	0
Total capital assets not being depreciated	1,057,865	$ 0	$ 0	(238,702)	819,163
Depreciable capital assets:					
Buildings	775,684				775,684
Improvements, other than buildings	2,358,106				2,358,106
Water system	11,673,532	54,566			11,728,098

Note 9 - Capital Assets (continued)

	Balance 12/31/22	Additions	Dispositions	Reclassi-ficaton	Balance 12/31/23
Sewer plant	26,195,324	385,722	(24,550)	238,702	26,795,198
Equipment	718,947	63,260			782,207
Vehicles	305,004				305,004
Total depreciable capital assets	42,026,597	503,548	(24,550)	238,702	42,744,297
Total capital assets	43,084,462	503,548	(24,550)	0	43,563,460
Accumulated depreciation:					
Buildings	315,308	25,627			340,935
Improvements, other than buildings	701,576	58,880			760,456
Water system	3,762,997	302,188			4,065,185
Sewer plant	10,575,197	680,672	(24,550)		11,231,319
Equipment	555,048	63,313			618,361
Vehicles	276,466	24,026			300,492
Total accumulated depreciation	16,186,592	1,154,706	(24,550)	0	17,316,748
Business-type activities capital assets, net	$ 26,897,870	$ (651,158)	$ 0	$ 0	$ 26,246,712

Note 10 - Interfund Balances and Transfers

Interfund balances at December 31, 2023, consisted of the following amounts and represent charges for services or reimbursable expenses:

The Water Sewer Fund owed $256,290 the General Fund.

The Golf Course Fund owed $171,456 to the General Fund and $40,085 to the Water and Sewer Fund.

The Water Sewer Fund owed $26,708 the General Fund.

The TSPLOST Fund owed $705,340 to the Water and Sewer Fund.

These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The City expects to repay all interfund balances within one year.

Interfund transfers for the year ended December 31, 2023, were as follows:

SPLOST fund transferred $505,767 to the Water and Sewer fund for water and sewer system additions.

Note 11 - Long-Term Debt

Financed Purchases – The City has entered into equipment financed purchase agreements, each of which meets the criteria of a financed purchase since it transfers benefits and risks of ownership to the City at the end of the term. Payments are reflected as debt service expenditures at the governmental fund reporting level. At the fund level for enterprise funds and at the government-wide level for both governmental and business-type activities, the cost of the assets purchased is capitalized and depreciated over the estimated useful lives of the assets, and financed purchase liabilities are recorded at the net present value of the debt service payments and amortized over the lives of the agreements at the stated effective rates of interest in the agreements. Depreciation expense on capital assets purchased with through these agreements is reported as a direct expense in the activity that utilizes the asset.

Governmental Activities
The governmental activities had no long-term debt during 2023.

Business Type Activities
Refunding Revenue Bonds - Water and Sewer refunding revenue bonds, series 2015, in the amount of $6,150,000. The interest rate for the bonds is 2.5%. The bonds mature on June 1, 2028. The bonds were issued in order pay off GEFA debt, which was incurred constructing a wastewater treatment plant. The bonds are secured by a charge or lien on the revenues derived from the ownership and operation of the water and sewer system. Annual debt service requirements to amortize the bonds as of December 31, 2023, follow.

Year	Principal	Interest	Total
2024	$ 502,077	$ 52,830	$ 554,907
2025	514,774	40,133	554,907
2026	527,792	27,115	554,907
2027	541,139	13,768	554,907
2028	256,196	1,775	257,971
Total	$ 2,341,978	$ 135,621	$ 2,477,599

GEFA 2017 Loan (Water) - The purpose of the loan is to complete improvements to the water system. Total advances during the construction phase totaled $2,306,026. Construction was completed in 2021. This note is payable in equal monthly payments of $11,542 including interest at 1.89% beginning March 14, 2021, and ending October 14, 2040. The purpose of this loan was to complete improvements to the water system. Annual debt service requirements to amortize the loan as of December 31, 2023, follow.

Year	Principal	Interest	Total
2024	$ 100,697	$ 37,811	$ 138,508
2025	102,617	35,891	138,508
2026	104,573	33,935	138,508
2027	106,566	31,941	138,507
2028	108,598	29,910	138,508
2029-2033	574,840	117,697	692,537

Note 11 - Long-Term Debt (continued)

Year	Principal	Interest	Total
2034-2038	631,757	60,780	692,537
2039-2043	316,180	7,333	323,513
Total	$ 2,045,828	$ 355,298	$ 2,401,126

GEFA 2017 Loan (Sewer) - Note payable in equal monthly payments of $8,142 including interest at 1.89% beginning January 14, 2020, and ending May 1, 2040. The purpose of the loan was to complete improvements to the sewer system. Annual debt service requirements to amortize the loan as of December 31, 2023, follow.

Year	Principal	Interest	Total
2024	$ 72,285	$ 25,422	$ 97,707
2025	73,663	24,044	97,707
2026	75,067	22,640	97,707
2027	76,498	21,209	97,707
2028	77,956	19,750	97,706
2029-2033	412,650	75,884	488,534
2034-2038	453,514	35,020	488,534
2039-2043	136,477	1,866	138,343
	$ 1,378,110	$ 225,835	$ 1,603,945

Financed Purchase #1 - Financed purchase agreement payable in equal monthly payments of $651 including interest at 7.61% through April 2024. The purpose of this agreement was to purchase equipment for the golf course. The original principal amount of the lease was $34,218. The equipment acquired by the lease is included in business-type activities capital assets in the amount of $14,666 (cost of $34,218 less accumulated depreciation of $19,552). The outstanding balance of the corresponding liabilities is included in the business type activities long-term debt. Annual debt service requirements to amortize this financed purchase agreement as of December 31, 2023, follow.

Year	Principal	Interest	Total
2024	$ 4,063	$ 5	$ 4,068

Financed Purchase #2 - Financed purchase agreement payable in equal monthly payments of $828 including interest at 7.53% through May 2024. The purpose of this agreement was to purchase equipment for the golf course. The original principal amount of the lease was $26,875. The equipment acquired by the lease is included in business-type activities capital assets in the amount of $11,519 (cost of $26,875 less accumulated depreciation of $15,356). The outstanding balance of the corresponding liabilities is included in the business type activities long-term debt. Annual debt service requirements to amortize this financed purchase agreement as of December 31, 2023, follow.

Year	Principal	Interest	Total
2024	$ 2,570	$ 5	$ 2,575

Note 11 - Long-Term Debt (continued)

Financed Purchase #3 - Financed purchase agreement payable in equal monthly payments of $222 plus interest at 3.75% through May 2026. The purpose of this agreement was to purchase equipment for the golf course. The original principal amount of the lease was $11,000. The equipment acquired by the lease is included in business-type activities capital assets in the amount of $4,400 (cost of $11,000 less accumulated depreciation of $6,600). The outstanding balance of the corresponding liabilities is included in the business type activities long-term debt. Annual debt service requirements to amortize this financed purchase agreement as of December 31, 2023, follow.

Year	Principal	Interest	Total
2024	$ 2,472	$ 188	$ 2,660
2025	2,567	93	2,660
2026	1,098	10	1,108
Total	$ 6,137	$ 291	$ 6,428

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2023.

	Outstanding 12/31/22	Additions	Reductions	Outstanding 12/31/23	Amounts Due in One Year
Governmental Activities					
Capital lease	$ 0	347,039	$ 148,341	$ 198,698	$ 119,219
Business-Type Activities					
Series 2015 bonds	$ 2,831,973		$ 489,995	$ 2,341,978	$ 502,077
GEFA loan- Water Fund	2,144,647		98,819	2,045,828	100,697
GEFA loan- Sewer Fund	1,449,042		70,932	1,378,110	72,285
Golf Fund					
Financed purchase #1	13,312		9,249	4,063	4,063
Financed purchase #2	9,868		7,298	2,570	2,570
Financed purchase #3	602		602	0	0
Financed purchase #4	8,518		2,381	6,137	2,472
Total Business-Type Activities	$ 6,457,962	$ 0	$ 679,276	$ 5,778,686	$ 684,164

The governmental capital lease payable is being financed through future general fund expendable available financial sources as it becomes due. Principal and interest payments related to the City's revenue bonds and the GEFA loans are financed from income derived from the operation of the water and sewer system.

Total interest incurred (all of which was charged to operations) in the government-wide financial statements amounted to $0 for governmental activities and $108,756 for business-type activities.

Note 12 - Defined Benefit Pension Plan

General Information About the Pension Plan

Plan Description - All full-time city employees are eligible to participate in the Georgia Municipal Employees Benefit System (GMEBS) which is an agent multiple employer defined benefit plan administered by the Georgia Municipal Association which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the plan are established by state statute and an adoption agreement executed by City Council. The Georgia Municipal Association issues a publicly available annual report that includes financial statements and required supplementary information for the Georgia Municipal Employees Benefit System Retirement Trust. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia, 30303-3606.

Benefits Provided- GMEBS provides retirement, disability benefits and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with 5 years of total service are eligible to retire at age 55.

Employees Covered - At July 1, 2023, the following employees were covered by the benefit terms for the plan:

Inactive employees or beneficiaries currently receiving benefits	21
Inactive employees entitled to but not yet receiving benefits	65
Active employees	68
Total	154

Contributions- The City's employee's participation is noncontributory. The City is subject to minimum standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). Policy set by the City for contributing the annual pension expense exceeds the minimum requirements. Employer contribution rates are determined on an annual basis by the actuary and shall be effective on July 1 following the notice of a change in the rate.

The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The City's contributions to the plan were $138,798 for the year ended December 31, 2023.

Net Pension Liability

The City's net pension liability (NPL) for the plan is measured as the total pension liability (TPL), less the pension plan's fiduciary net position (FNP). The net pension liability of the plan is measured as of March 31, 2023, using an annual actuarial valuation as of July 1, 2023. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Valuation date	July 1, 2023
Measurement date	March 31, 2023
Actuarial cost method	Entry age normal
Amortization method	Closed level dollar for remaining unfunded liability

Note 12 - Defined Benefit Pension Plan (continued)

Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of twelve years.
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Discount rate	7.375%
Inflation rate	2.25%
Net investment rate of return	7.375%
Projected salary increase	2.25% plus service based merit increases
Cost of living adjustments	Not applicable
Postretirement benefit increase	Not applicable

The underlying mortality assumptions and all other actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period January 1, 2015, through June 30, 2019. Further details of the experience study can be obtained by contacting the Georgia Municipal Association.

Discount Rate - The discount rate used to measure the total pension liability was 7.375%. The discount rate did not change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2023, (see the discussion of the pension plan's investment policy) are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.40%
International equity	20%	6.80%
Domestic fixed income	20%	0.40%
Real estate	10%	3.90%

Note 12 - Defined Benefit Pension Plan (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global fixed income	5%	0.46%
Cash	0%	
Total	100%	

Changes in Net Pension Liability

The changes in the Net Pension Liability for the plan are as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/ (Asset)
Balances as of March 31, 2022	$ 3,055,017	$ 3,013,151	$ 41,866
Changes for the year:			
Service cost	128,955		128,955
Interest	231,869		231,869
Differences between expected and actual experience	89,703		89,703
Contributions - employer		124,435	(124,435)
Net investment income		(199,843)	199,843
Benefit payments	(79,973)	(79,973)	0
Administrative expense		(12,175)	12,175
Changes in benefit terms	125,579		125,579
Net changes	496,133	(167,556)	663,689
Balances as of March 31, 2023	$ 3,551,150	$ 2,845,595	$ 705,555

Sensitivity of the Net Pension (Asset) Liability to changes in the discount rate is as follows:

1% Decrease	Current Discount Rate	1% Increase
$ 1,252,611	$ 705,555	$ 259,178

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended December 31, 2023, the City recognized a pension expense of $67,547. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

Note 12 - Defined Benefit Pension Plan (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 125,946	$ (2,123)
Pension contributions subsequent to measurement date	117,567	
Changes in assumptions	5,256	
Net difference between projected and actual earnings on plan investments	419,330	(291,746)
Total	$ 668,099	$ (293,869)

$117,567 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended December 31, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a component of pension expense as follows:

Year ended December 31:	
2024	$ 56,934
2025	752
2026	114,326
2027	84,651
	$ 256,663

Note 13 - Net Investment in Capital Assets

The "net investment in capital assets" amount as reported on the government-wide statement of net position as of December 31, 2023, is as follows:

Investments in capital assets, net of related debt:	Governmental Activities	Business-Type Activities
Cost of capital assets	$ 29,259,070	$ 43,563,460
Less accumulated depreciation	9,892,269	17,316,748
Book value	19,366,801	26,246,712
Less capital related debt		5,778,686
Investments in capital assets, net of related debt	$ 19,366,801	$ 20,468,026

Note 14 - Risk Management

The City joined the Georgia Interlocal Risk Management Agency (GIRMA). Insurance coverage and deductible options for property, casualty and crime under the policy are selected by the City's management based on the anticipated needs. The City is required to pay all premiums, applicable deductibles and assessments billed by GIRMA, as well as following loss reduction and prevention procedures established by GIRMA. GIRMA's responsibility includes paying claims, and representing the city in defense and settlement of claims. GIRMA's basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary. The City has not compiled a record of claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims for which the City is liable (up to the applicable deductible) which were outstanding and unpaid at December 31, 2023. No provisions have been made in the financial statements for the year ended December 31, 2023, for any estimate of potential unpaid claims.

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (the Fund). As a participant in the Fund, the City has no legal obligation to pay its own workers' compensation claims. The City is required to make an annual contribution to the Fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the Fund permits the Fund to levy an assessment upon its members to make up any deficiency the Fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

Note 15 - Contingent Liabilities

State Grant Audits - The City has received state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

Litigation - The City was a defendant in several lawsuits at December 31, 2023. It is City management's opinion that the outcome of these contingencies will not have a material effect on the financial position of the City.

Note 16 - Hotel/Motel Tax

The City levies a 5% tax on hotel/motel lodging and disburses collected funds for the purpose of promoting tourism in accordance with O.C.G.A. 48-13-51. Revenues and expenditures for the year ended December 31, 2023, were $19,372, and $0, respectively.

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Note 17 - Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the coastal Georgia area, is a member of the Coastal Georgia Regional Commission (RC) and is required to pay annual dues thereto. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from Coastal Georgia Regional Commission, P. O. Box 2917, Brunswick, Georgia 31521.

Note 18 - Subsequent Events

Subsequent events have been evaluated by management through September 23, 2025, which is the date the financial statements were available to be issued.

City of Rincon, Georgia
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2023

	Original and Final Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	$ 4,544,000	$ 6,113,004	$ 6,113,004	$ 0
Licenses and permits	389,400	1,320,390	1,320,390	0
Intergovernmental	125,200	229,067	229,067	0
Charges for services	476,600	289,864	289,864	0
Fines and forfeitures	476,000	460,266	460,266	0
Investment earnings	9,000	576,974	576,974	0
Miscellaneous	246,000	127,280	127,280	0
Total revenues	6,266,200	9,116,845	9,116,845	0
Expenditures				
Current:				
General Government				
City Council	115,604	146,997	146,997	0
General administration	1,868,070	1,189,037	1,189,037	0
Financial administration	304,611	248,133	248,133	0
Judicial	95,781	88,773	88,773	0
Public Safety - police	2,475,192	2,577,768	2,577,768	0
Public Works - streets and lanes	529,884	547,862	547,862	0
Parks and Recreation	829,551	856,752	856,752	0
Housing and Development -				
Building and zoning	456,100	402,176	402,176	0
Total expenditures	6,674,793	6,057,498	6,057,498	0
Excess (deficit) of revenues to expenditures	(408,593)	3,059,347	3,059,347	0
Other financing sources - interfund transfers	701,251	701,251	0	(701,251)
Net change in fund balance	$ 292,658	$ 3,760,598	3,059,347	$ (701,251)
Fund balances beginning of year			8,262,547	
Fund balances end of year			$ 11,321,894	

See the accompanying notes to the required supplementary information.

City of Rincon, Georgia
Fire Department Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	$ 300,000	$ 382,953	$ 82,953
Charges for service	874,999	845,430	(29,569)
Investment earnings	1,500	46,816	45,316
Miscellaneous		25,136	25,136
Total revenues	1,176,499	1,300,335	123,836
Expenditures			
Public safety	1,506,617	1,225,052	281,565
Excess (deficit) of revenues to expenditures	$ (330,118)	75,283	$ 405,401
Fund balances			
Beginning of year		1,802,918	
End of year		$ 1,878,201	

See the accompanying notes to the required supplementary information.

Note 1 - Budgetary Information

The City adopts an annual operating budget for the general fund, each special revenue fund, each capital projects fund and the debt service fund.

All budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund.

The City Manager may approve budget transfers within departments. Any changes to a fund total or departmental appropriation within a fund requires approval of the City Council. During the year, the City Council did not approve any budget revisions.

All unexpended annual appropriations lapse at year-end.

City of Rincon, Georgia
Schedule of Changes in the Net Pension Liability and Related Ratios
Defined Benefit Pension Plan
For the Year Ended December 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	$ 128,955	$ 133,120	$ 127,760	$ 119,238	$ 101,862	$ 136,661	$ 108,123	$ 97,483	$ 88,655
Interest	231,869	204,371	187,279	171,775	163,752	140,700	141,487	130,270	116,317
Difference between expected and actual experience	89,703	129,197	(8,505)	(66,928)	(113,151)	(1,960)	(204,573)	(25,955)	43,628
Changes in assumptions				81,058		46,319			(15,768)
Benefit payments, including refunds of employee contributions	(79,973)	(99,559)	(60,544)	(68,704)	(57,002)	(54,411)	(55,969)	(58,166)	(47,411)
Changes in benefit terms	125,579								
Net change in total pension liability	496,133	367,129	245,990	236,439	95,461	267,309	(10,932)	143,632	185,421
Total pension liability - beginning	3,055,017	2,687,888	2,441,898	2,205,459	2,109,998	1,842,689	1,853,621	1,709,989	1,524,568
Total pension liability - ending	$ 3,551,150	$ 3,055,017	$ 2,687,888	$ 2,441,898	$ 2,205,459	$ 2,109,998	$ 1,842,689	$ 1,853,621	$ 1,709,989
Plan fiduciary net position									
Contributions - employer	$ 124,435	$ 125,464	$ 123,219	$ 117,342	$ 121,640	$ 129,365	$ 125,260	$ 111,719	$ 95,936
Net investment income	(199,843)	172,711	871,649	(142,765)	69,390	204,461	177,863	4,954	115,339
Benefit payments, including refunds of employee contributions	(79,973)	(99,559)	(60,544)	(68,704)	(57,002)	(54,411)	(55,969)	(58,166)	(47,411)
Administrative expense	(12,175)	(11,563)	(12,310)	(11,695)	(11,198)	(10,657)	(10,441)	(6,914)	(6,018)
Net change in fiduciary net position	(167,556)	187,053	922,014	(105,822)	122,830	268,758	236,713	51,593	157,846
Plan fiduciary net position - beginning	3,013,151	2,826,098	1,904,084	2,009,906	1,887,076	1,618,318	1,381,605	1,330,012	1,172,166
Plan fiduciary net position - ending	$ 2,845,595	$ 3,013,151	$ 2,826,098	$ 1,904,084	$ 2,009,906	$ 1,887,076	$ 1,618,318	$ 1,381,605	$ 1,330,012
Net pension liability - ending	$ 705,555	$ 41,866	$ (138,210)	$ 537,814	$ 195,553	$ 222,922	$ 224,371	$ 472,016	$ 379,977
Plan fiduciary net position as a percentage of total pension liability	80.13%	98.63%	105.14%	77.98%	91.13%	89.43%	87.82%	74.54%	77.78%
Covered employee payroll	3,434,140	2,623,827	2,697,584	2,571,392	2,459,722	2,010,635	2,495,005	2,058,549	1,810,133
Net position liability as a percentage of covered-employee payroll	20.55%	1.60%	-5.12%	20.92%	7.95%	11.09%	8.99%	22.93%	20.99%

Changes in assumptions
There are no changes in assumptions in the last two fiscal years

Benefit changes
Amounts reported for fiscal years ending in 2023 and later reflect that effective March 22, 2021, the Officials' benefit multiplier was increased from $25 to $50.

The City implemented GASB 68 for the fiscal year ended December 31, 2015. In time, this schedule will present the required ten years of data.

City of Rincon, Georgia
Schedule of Contributions
Defined Benefit Pension Plan
For the Year Ended December 31, 2023

	2022	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	*	$ 135,069	$ 122,262	$ 121,972	$ 115,799	$ 123,587	$ 131,291	$ 123,249	$ 107,875
Contributions in relation to actuarially determined contribution	*	123,813 **	123,437 **	121,972 **	115,799 **	123,587 **	131,291 **	123,249 **	107,875 **
Contribution deficiency (excess)	*	11,256	(1,175)	0	0	0	0	0	0
Covered-employee payroll	*	2,623,827 ***	2,697,584 ***	2,571,392 ***	2,459,722 ***	2,010,635 ***	2,495,005 ***	2,058,549 ***	1,810,196 ***
Contributions as a percentage of covered-employee payroll	*	4.72%	4.58%	4.74%	4.71%	6.15%	5.26%	5.99%	5.96%

Notes to Schedule of Contributions

* 2023 information will be determined after fiscal year end and will be included in the 2024 valuation report.

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

*** Covered payroll is based on data collected as of March 31, of each of the respective years for the actuarial valuations for the respective years.

The City implemented GASB 68 for the fiscal year ended December 31, 2015. In time this schedule will present the required ten years of data.

Valuation Date — The actuarially determined contribution rate was determined as of July 1, 2022, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending December 31, 2023.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method	Projected Unit Credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of twelve years.
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Inflation	2.25%
Salary increases	2.25%, plus service based merit increases
Investment rate of return	7.375%
Retirement age	Retirement rates are adjusted to closely reflect actual experience
Mortality rates	
Healthy	Pri-2012 head-count weighted Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females
Disabled	Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25
Plan termination basis (all lives)	1994 Group Annuity Reserving Unisex Table

City of Rincon, Georgia
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes		$ 19,372	$ 4,828
Expenditures			
Tourism promotion		0	24,900
Excess of revenues to expenditures	$ 0	19,372	29,728
Other financing uses - transfer to general fund		0	
Net change in fund balance	$ 0	19,372	$ 29,728
Fund balances beginning of year		0	
Fund balances end of year		$ 19,372	

City of Rincon, Georgia
Schedule of Projects Constructed with
Special Purpose Local Option Sales Tax Proceeds
For the Year Ended December 31, 2023

	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total	Estimated Percent Complete
2016 Effingham County SPLOST (Passed November, 2016; Began July 1, 2017)						
Public buildings	$ 1,183,000	$ 773,203	$ 21,175	$ 63,596	$ 84,771	10.96%
Police	961,838	764,353	764,353		764,353	100.00%
Fire	961,837	628,878	454,400	50,411	504,811	80.27%
Streets and drainage	2,959,500	1,935,007	1,028,100	906,907	1,935,007	100.00%
Recreation	1,035,825	677,253	264,102	65,333	329,435	48.64%
Water and sewerage	4,735,200	3,096,012	167,107	504,767	671,874	21.70%
Total	$ 11,837,200	$ 7,874,706	$ 2,699,237	$ 1,591,014	$ 4,290,251	
2021 Effingham County SPLOST (Passed November, 2021; Began July 1, 2022)						
City buildings	$ 248,000	$ 248,000				0.00%
Public safety	3,950,000	3,950,000		308,836	308,836	7.82%
Public works	5,724,000	5,724,000		730,528	730,528	12.76%
Recreation	900,000	900,000				0.00%
Total	$ 10,822,000	$ 10,822,000	$ 0	$ 1,039,364	$ 1,039,364	

Remaining fund balance at December 31, 2023:

2016 Effingham County SPLOST	$ 5,225,478
2021 Effingham County SPLOST	2,696,287
	$ 7,921,765

City of Rincon, Georgia
Schedule of Projects Constructed with
Transportation Special Purpose Local Option Sales Tax Proceeds
For the Year Ended December 31, 2023

	Original Estimated Cost*	Revised Estimated Cost	Prior Years	Current Year	Total	Estimated Percent Complete
E 4th St. (Hwy. 21 to city limits)	$ 625,000	$ 746,877	$ 748,148		$ 748,148	100.17%
E 9th St. (Hwy. 21 to end)	437,500	437,500				0.00%
Walthour intersection of Lockner	218,750	218,750				0.00%
Georgia Ave. (W 9th to end)	350,000	227,358	227,358		227,358	100.00%
Savannah Ave.	350,000	227,358	227,358		227,358	100.00%
Lisa St.	500,000	500,000				0.00%
Scott Ave.	375,000	375,000				0.00%
Weisenbaker Rd.	800,000	637,850	639,217		639,217	100.21%
7th St. (Giles Ave. to Middleground Rd.)	1,000,000	1,000,000				0.00%
Picket Fences alternative entrance	750,000	750,000				0.00%
Sidewalks	500,000	500,000				0.00%
Richland Ave./Rincon Branch culvert replacement	300,000	300,000	82,496		82,496	27.50%
Middleground Rd./Rincon Branch culvert replacement	300,000	1,015,000	971,068 *		971,068	95.67%
Drainage	500,000	500,000				0.00%
Contingency	500,000	70,557				0.00%
East - West Connector	250,000	250,000				0.00%
Total	$ 7,756,250	$ 7,756,250	$ 2,895,645	$ 0	$ 2,895,645	

*Reduced by $81,912 pursuant to restatement of prior year.

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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 Pro Tem and City Council
City of Rincon, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the City of Rincon, Georgia, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Rincon, Georgia's basic financial statements, and have issued our report thereon dated August 30, 2025.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the City of Rincon, Georgia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Rincon, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Rincon, 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. We identified certain deficienies in internal control, described in the accompanying schedule of findings and responses as 2023-01 through 2023-08, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Rincon, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* .

City of Rincon, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Rincon, Georgia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Rincon, Georgia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Caines, Hodges & Company, P.C.

September 23, 2025

INTERNAL CONTROL

2023-01 Management override of internal controls (repeat finding)

Condition: Staff were instructed to change internal control procedures that resulted in inadequate document maintenance and undetected errors in the recording of financial transactions.

Context: Changes in prescribed internal control procedures should be considered and approved by appropriate levels of management prior to implementation.

Effect: This condition led to unsubstantiated general ledger entries, inadequate ability of management to review transactions, and complications in completing the audit.

Cause: Staff were instructed to change procedures related to document maintenance, and adequate oversight of the process was not maintained.

Recommendation: Ensure that all changes to internal control procedures related to financial reporting are reviewed and approved in writing by appropriate levels of management.

Management response: Management agrees with the finding and will ensure that all internal control procedures related to financial reporting proposed by any level of management are reviewed and approved, in writing, by the city manager.

2023-02 Erroneous general ledger entries (repeat finding)

Condition: Several erroneous general ledger entries were made and not reversed or otherwise corrected.

Context: General ledger activity should be conducted by staff with adequate training, and review of such activity should be conducted regularly and in a timely manner to ensure timely detection and correction of any errors or other misstatements.

Effect: This condition led to several significant errors in the accounting records of the City.

Cause: Inexperienced staff conducted general ledger activity without sufficient management oversight.

Recommendation: Ensure that all general ledger activity is conducted by adequately trained personnel and is reviewed for errors and other misstatements in a timely manner.

Management response: Management agrees with the finding and will implement procedures to ensure that staff conducting general ledger activity are adequately trained and will ensure that general ledger activity is consistently reviewed for errors and other misstatements in a timely manner.

2023-03 Erroneous payroll withholding account balances (repeat finding

Condition: Payroll withholding liabilities were misstated due to large erroneous account balances.

Context: Payroll withholding liabilities should be periodically analyzed and adjusted to the actual liability.

Effect: Payroll withholding liabilities were materially misstated.

Cause: The City's portion of employee benefits was misclassified as a reduction of liabilities rather than expense and not adjusted; the allocation of the remaining balances among funds was not addressed by City personnel; the balances in payroll withholdings were not reconciled or properly adjusted to actual balances.

Recommendation: Establish procedures to periodically and at the end of each year review payroll withholding account activity, make necessary reclassifying and other adjusting entries, and calculate and reconcile to the actual liabilities.

Management response: Management agrees with the finding and will establish procedures to ensure that payroll liabilities are reconciled to actual amounts owed on a quarterly basis and that necessary adjusting entries are made accordingly.

2023-04 Utility receivables not reconciled to subsidiary ledger (repeat finding)

Condition: Utility receivables and revenue were materially misstated.

Context: Utility receivables should be reconciled each month to the underlying subsidiary ledger (listing of customer utility accounts receivables) to ensure that accounts receivable and revenue are properly recorded and that errors and other misstatements are prevented or detected and corrected in a timely manner.

Effect: Utility receivables and revenue were materially misstated in the City's general ledger.

Cause: No procedures to adjust the prior year receivables balance to amounts earned but not collected for services provided before current year-end were performed; further, no reconciliation of the balances in utility accounts receivable to the underlying subsidiary ledger was performed.

Recommendation: Ensure that regular reconciliations of the general ledger utility accounts receivable balances to the underlying subsidiary ledger are performed and that necessary adjustments are made in a timely manner to ensure that throughout the year, utility revenue and accounts receivable are properly recorded and that errors and other misstatements are prevented or detected and corrected in a timely manner.

Management response: Management agrees with the finding and will ensure that on a monthly basis, utility accounts receivable are reconciled to the underlying subsidiary ledger, that necessary adjusting entries are made and that significant discrepancies are investigated.

2023-05 Misstated cash balances (repeat finding)

Condition: Erroneous cash entries were made and not detected and corrected.

Context: Cash balances reflected in the general ledger at the end of each period should be reconciled to the general ledger; following any subsequent adjustments of those cash balances, bank reconciliations should be reperformed.

Effect: Cash balances were materially misstated.

Cause: Subsequent to the completion of bank reconciliations, erroneous entries were made to cash general ledger accounts. Following these entries, bank reconciliations were not reperformed.

Recommendation: Ensure that staff making general ledger entries are sufficiently trained to do so. Ensure that bank reconciliations are complete - that they are reperformed following any additional entries made to cash accounts following the initial performance of bank reconciliation procedures.

Management response: Management agrees with the finding and will ensure that general ledger activity is performed exclusively by staff adequately trained to do so. Management will ensure that such training includes the updating of bank reconciliations for subsequent entries and the review of those entries to verify proper recording.

2023-06 Unrecorded accounts payable (repeat finding)

Condition: Accounts payable recorded at year-end did not include several invoices for expenses that were incurred prior to year-end.

Context: The recording of accounts payable should be complete - all expenses incurred but not paid prior to year-end should be recorded as accounts payable.

Effect: Accounts payable and expenses were misstated.

Cause: Several invoices for expenses incurred before year-end were received subsequent to year-end and recorded in the subsequent year rather than in the correct period.

Recommendation: Establish procedures to ensure that expenses are recorded in the period incurred.

Management response: Management agrees with the finding and will establish procedures to ensure that invoices are recorded in the correct period.

2023-07 Misclassified revenue/cash receipts (repeat finding)

Condition: Receipts for various revenues were misclassified between accounts and funds.

Context: Grant funds received for specified purposes are required to be recognized as unearned revenue (a liability) until spent, at which point they are required to be recognized as revenue.

2023-07 Misclassified revenue/cash receipts, continued

Effect: Various revenue line items in multiple funds were significantly misstated at year end.

Cause: Several cash receipts were posted to incorrect funds and accounts

Recommendation: Establish procedures to review all revenue and cash receipts entries in a timely manner to ensure proper classification by fund and account.

Management response: Management agrees with the finding will establish procedures to review revenue recording for proper classification in a timely manner.

2023-08 Unreconciled interfund activity

Condition: Interfund balances and transfers did not balance throughout or at the end of the year.

Context: Interfund balances and transfers should be reconciled on a regular and timely basis throughout the year and at year end.

Effect: Interfund balances and transfers were significantly misstated.

Cause: Interfund balances and transfers were not reconciled during the year or at year end.

Recommendation: Establish procedures to ensure that interfund balances and transfers are reconciled throughout the year and at year end and that adjustments are made for imbalances.

Management response: Management agrees with the finding and will establish procedures to ensure that interfund balances and transfers are reconciled and, as necessary, adjusted throughout the year at regular intervals and at year and.